UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

or

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

Commission file number 1-13079

GAYLORD ENTERTAINMENT COMPANY
(Exact name of registrant as specified in its charter)

Delaware	73-0664379
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Gaylord Drive
Nashville, Tennessee 37214
(Address of principal executive offices)
(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of July 31, 2002
Common Stock, $.01 par value	33,769,824 shares

GAYLORD ENTERTAINMENT COMPANY

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2002

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PART I - FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2002 AND 2001
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2002	2001
Revenues	$ 98,289	$ 70,105
Operating expenses:		
Operating costs	61,957	47,205
Selling, general and administrative	25,786	18,509
Preopening costs	650	2,413
Gain on sale of assets	(10,567)	--
Impairment and other charges	--	11,388
Restructuring charges, net	70	(2,304)
Depreciation	11,996	8,757
Amortization	802	996
Operating income (loss)	7,595	(16,859)
Interest expense, net of amounts capitalized	(12,749)	(12,121)
Interest income	550	2,177
Unrealized gain (loss) on Viacom stock, net	(44,012)	85,603
Unrealized gain (loss) on derivatives, net	49,835	(66,020)
Other gains and losses	260	5,570
Income (loss) before income taxes and discontinued operations	1,479	(1,650)
Benefit for income taxes	(15,227)	(195)
Income (loss) from continuing operations	16,706	(1,455)
Income (loss) from discontinued operations, net of taxes	1,403	(2,103)
Net income (loss)	$ 18,109	$ (3,558)
Income (loss) per share:		
Income (loss) from continuing operations	$ 0.50	$ (0.05)
Income (loss) from discontinued operations, net of taxes	0.04	(0.06)
Net income (loss)	$ 0.54	$ (0.11)
Income (loss) per share - assuming dilution:		
Income (loss) from continuing operations	$ 0.50	$ (0.05)
Income (loss) from discontinued operations, net of taxes	0.04	(0.06)
Net income (loss)	$ 0.54	$ (0.11)

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2002	2001
Revenues	$ 199,544	$ 150,338
Operating expenses:		
Operating costs	131,079	100,789
Selling, general and administrative	53,689	35,865
Preopening costs	6,356	4,308
Gain on sale of assets	(10,567)	--
Impairment and other charges	--	11,388
Restructuring charges, net	70	(2,304)
Depreciation	26,322	17,445
Amortization	1,739	1,884
Operating loss	(9,144)	(19,037)
Interest expense, net of amounts capitalized	(24,350)	(20,918)
Interest income	1,077	3,208
Unrealized gain on Viacom stock, net	2,421	84,405
Unrealized gain (loss) on derivatives, net	20,138	(27,081)
Other gains and losses	462	6,456
Income (loss) before income taxes, discontinued operations and cumulative effect of accounting change	(9,396)	27,033
Provision (benefit) for income taxes	(19,414)	9,049
Income from continuing operations before discontinued operations and cumulative effect of accounting change	10,018	17,984
Gain (loss) from discontinued operations, net of taxes	2,404	(9,327)
Cumulative effect of accounting change, net of taxes	(2,595)	11,909
Net income	$ 9,827	$ 20,566
Income (loss) per share:		
Income from continuing operations	$ 0.30	$ 0.54
Income (loss) from discontinued operations, net of taxes	0.07	(0.29)
Cumulative effect of accounting change, net of taxes	(0.08)	0.36
Net income	$ 0.29	$ 0.61
Income (loss) per share - assuming dilution:		
Income from continuing operations	$ 0.30	$ 0.54
Income (loss) from discontinued operations, net of taxes	0.07	(0.29)
Cumulative effect of accounting change, net of taxes	(0.08)	0.36
Net income	$ 0.29	$ 0.61

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2002 AND DECEMBER 31, 2001
(UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	JUNE 30, 2002	DECEMBER 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents - unrestricted	$ 73,208	$ 9,194
Cash and cash equivalents - restricted	17,083	64,993
Trade receivables, less allowance of $3,225 and $3,185, respectively	36,899	15,079
Deferred financing costs	26,865	26,865
Other current assets	12,362	16,649
Current assets of discontinued operations	8,415	50,530
Total current assets	174,832	183,310
Property and equipment, net of accumulated depreciation	1,048,844	993,347
Goodwill, net of accumulated amortization	9,630	13,851
Amortized intangible assets, net of accumulated amortization	6,271	6,299
Investments	561,052	561,359
Estimated fair value of derivative assets	159,501	158,028
Long-term deferred financing costs	119,051	137,513
Other long-term assets	33,220	30,099
Long-term assets of discontinued operations	29,872	84,016
Total assets	$ 2,142,273	$ 2,167,822
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 8,004	$ 88,004
Accounts payable and accrued liabilities	84,178	91,221
Current liabilities of discontinued operations	12,657	30,833
Total current liabilities	104,839	210,058
Secured forward exchange contract	613,054	613,054
Long-term debt, net of current portion	395,219	380,993
Deferred income taxes, net	210,170	165,824
Estimated fair value of derivative liabilities	66,760	85,424
Other long-term liabilities and deferred gain	80,171	52,304
Long-term liabilities of discontinued operations	--	7
Minority interest of discontinued operations	1,737	1,679
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value, 100,000 shares authorized, no shares issued or outstanding	--	--
Common stock, $.01 par value, 150,000 shares authorized, 33,767 and 33,736 shares issued and outstanding, respectively	338	337
Additional paid-in capital	520,300	519,515
Retained earnings	159,642	149,815
Other stockholders' equity	(9,957)	(11,188)
Total stockholders' equity	670,323	658,479
Total liabilities and stockholders' equity	$ 2,142,273	$ 2,167,822

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002 AND 2001
(UNAUDITED)
(IN THOUSANDS)

	2002	2001
Cash Flows from Operating Activities:		
Net income	$ 9,827	$ 20,566
Amounts to reconcile net income to net cash flows provided by operating activities:		
(Gain) loss on discontinued operations, net of taxes	(2,404)	9,327
Cumulative effect of accounting change, net of taxes	2,595	(11,909)
Unrealized gain on Viacom stock and related derivatives	(22,559)	(57,324)
Unamortized prior service costs related to benefit plans	3,751	--
Gain on sale of assets	(10,567)	--
Depreciation and amortization	28,061	19,329
Provision (benefit) for deferred income taxes	(18,599)	5,572
Amortization of deferred financing costs	17,940	18,492
Changes in (net of acquisitions and divestitures):		
Trade receivables	(21,820)	(3,100)
Accounts payable and accrued liabilities	(7,217)	(25,649)
Income tax refund received	64,598	23,868
Other assets and liabilities	10,747	7,511
Net cash flows provided by operating activities - continuing operations	54,353	6,683
Net cash flows provided by operating activities - discontinued operations	301	4,812
Net cash flows provided by operating activities	54,654	11,495
Cash Flows from Investing Activities:		
Purchases of property and equipment	(84,941)	(124,691)
Sale of assets	30,850	--
Other investing activities	(367)	(1,534)
Net cash flows used in investing activities - continuing operations	(54,458)	(126,225)
Net cash flows provided by investing activities - discontinued operations	79,357	17,364
Net cash flows provided by (used in) investing activities	24,899	(108,861)
Cash Flows from Financing Activities:		
Repayment of long-term debt	(150,773)	(237,501)
Proceeds from issuance of long-term debt	85,000	435,000
Deferred financing costs paid	--	(19,600)
(Increase) decrease in restricted cash and cash equivalents	47,910	(18,598)
Proceeds from exercise of stock option and purchase plans	758	597
Net cash flows provided by (used in) financing activities - continuing operations	(17,105)	159,898
Net cash flows provided by (used in) financing activities - discontinued operations	(637)	3,594
Net cash flows provided by (used in) financing activities	(17,742)	163,492
Net change in cash and cash equivalents	61,811	66,126
Change in cash and cash equivalents, discontinued operations	2,203	5,044
Cash, beginning of period	9,194	26,757
Cash, end of period	$ 73,208	$ 97,927

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION:

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and subsidiaries (the "Company") and have been prepared by the Company, without audit, 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 the Company believes that the disclosures are adequate to make the financial information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, filed with the Securities and Exchange Commission. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim period have been included. The results of operations for such interim period are not necessarily indicative of the results for the full year.

During 2001, the Financial Accounting Standards Board ("FASB") issued Statements of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" and SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company adopted the provisions of SFAS No. 142 during the first quarter of 2002 as further described in Note 12. The Company adopted the provisions of SFAS No. 144 during the third quarter of 2001 as further described in Note 4.

2. INCOME PER SHARE:

The weighted average number of common shares outstanding is calculated as follows:

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Weighted average shares outstanding	33,767	33,517	33,754	33,472
Effect of dilutive stock options	77	--	60	131
Weighted average shares outstanding - assuming dilution	33,844	33,517	33,814	33,603

For the three months ended June 30, 2001, the Company's effect of dilutive stock options was the equivalent of 179,000 shares of common stock outstanding. These incremental shares were excluded from the computation of diluted earnings per share as the effect of their inclusion would have been anti-dilutive.

3. COMPREHENSIVE INCOME:

Comprehensive income (loss) is as follows for the three months and six months of the respective periods:

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Net income (loss)	$ 18,109	$ (3,558)	$ 9,827	$ 20,566
Unrealized loss on investments	--	--	--	(17,957)
Unrealized loss on interest rate hedges	(114)	(106)	(262)	(106)
Foreign currency translation	--	134	792	487
Comprehensive income (loss)	$ 17,995	$ (3,530)	$ 10,357	$ 2,990

4. DISCONTINUED OPERATIONS:

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

In accordance with the provisions of SFAS No. 144, the Company has presented the operating results, financial position, cash flows and any gain or loss on disposal of the following businesses as discontinued operations in its financial statements as of June 30, 2002 and December 31, 2001 and for the three months and six months ended June 30, 2002 and 2001: Acuff-Rose Music Publishing, Word Entertainment ("Word"), the Company's international cable networks, the Oklahoma Redhawks (the "Redhawks"), GET Management, Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television, Gaylord Production Company, and the Company's water taxis. During the second quarter of 2002, the Company committed to a plan of disposal of its Acuff-Rose Music Publishing catalog entity. Subsequent to June 30, 2002, the Company agreed to sell the Acuff-Rose Music Publishing entity to Sony/ATV Music Publishing for approximately $157.0 million in cash. The Company expects the sale to be completed during the third quarter and expects to record a nonrecurring gain related to the sale of Acuff-Rose Music Publishing. During the first quarter of 2002, the Company committed to a plan of disposal of its ownership interests in the Redhawks, a minor league baseball team based in Oklahoma City, Oklahoma. Also during the first quarter of 2002, the Company sold or otherwise ceased operations of Word and the international cable networks. The other businesses listed above were sold during 2001.

During January 2002, the Company sold Word's domestic operations to an affiliate of Warner Music Group for $84.1 million in cash (subject to certain future purchase price adjustments). The Company recognized a pretax gain of $0.5 million during the three months ended March 31, 2002 related to the sale in discontinued operations in the accompanying condensed consolidated statements of operations. Proceeds from the sale of $80.0 million were used to reduce the Company's outstanding indebtedness as further discussed in Note 5.

On June 1, 2001, the Company adopted a formal plan to dispose of its international cable networks. During the first quarter of 2002, the Company finalized a transaction to sell certain assets of its Asia and Brazil networks. The terms of this transaction included the assignment of certain transponder leases, which resulted in a reduction of the Company's transponder lease liability and a related $3.8 million pretax gain which is reflected in discontinued operations in the accompanying condensed consolidated statements of operations.

The Company guaranteed $0.9 million in future lease payments by the assignee, which is not included in the pretax gain above and continues to be reserved as a lease liability. In addition, the Company has ceased its operations based in Argentina.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the three months and six months ended June 30:

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Revenues:				
Word Entertainment	$ --	$ 25,504	$ 2,594	$ 53,862
Acuff-Rose Music Publishing	4,404	4,515	7,654	7,639
International cable networks	--	1,243	744	2,551
Businesses sold to OPUBCO	--	--	--	2,195
Other	3,377	4,119	3,491	4,198
Total revenues of discontinued operations	$ 7,781	$ 35,381	$ 14,483	$ 70,445
OPERATING INCOME (LOSS):				
Word Entertainment	$ (54)	$ (3,081)	$ (906)	$ (6,630)
Acuff-Rose Music Publishing	1,056	1,024	1,393	1,528
International cable networks	--	(2,004)	(1,576)	(4,183)
Businesses sold to OPUBCO	--	--	--	(1,459)
Other	1,077	1,230	263	6
Total operating income (loss) of discontinued operations	2,079	(2,831)	(826)	(10,738)
INTEREST EXPENSE	--	(147)	(80)	(554)
INTEREST INCOME	27	90	50	156
OTHER GAINS AND LOSSES	(346)	(769)	4,623	(2,974)
Income (loss) before provision (benefit) for income taxes	1,760	(3,657)	3,767	(14,110)
PROVISION (BENEFIT) FOR INCOME TAXES	357	(1,554)	1,363	(4,783)
Income (loss) from discontinued operations	$ 1,403	$ (2,103)	$ 2,404	$ (9,327)

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

(in thousands)	JUNE 30, 2002	DECEMBER 31, 2001
Current assets:		
Cash and cash equivalents	$ 1,686	$ 3,889
Trade receivables, less allowance of $1,360 and $2,785, respectively	2,884	28,999
Inventories	228	6,486
Prepaid expenses	2,279	10,333
Other current assets	1,338	823
Total current assets	8,415	50,530
Property and equipment, net of accumulated depreciation	6,897	17,342
Goodwill, net of accumulated amortization	1,162	28,688
Amortizable intangible assets, net of accumulated amortization	3,986	6,125
Music and film catalogs	15,209	26,274
Other long-term assets	2,618	5,587
Total long-term assets	29,872	84,016
Total assets	$ 38,287	$ 134,546
Current liabilities:		
Current portion of long-term debt	$ 1,128	$ 5,515
Accounts payable and accrued expenses	11,529	25,318
Total current liabilities	12,657	30,833
Other long-term liabilities	--	7
Total long-term liabilities	--	7
Total liabilities	12,657	30,840
Minority interest of discontinued operations	1,737	1,679
Total liabilities and minority interest of discontinued operations	$ 14,394	$ 32,519

5. DEBT:

During 2001, the Company entered into a three-year delayed-draw senior term loan ("Term Loan") of up to $210.0 million with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. The Term Loan is primarily secured by the Company's ground lease interest in the Gaylord Palms Resort and Convention Center hotel in Kissimmee, Florida ("Gaylord Palms"). During the first three months of 2002, the Company sold Word's domestic operations, as described in Note 4, which required the prepayment of the Term Loan in the amount of $80.0 million. As required by the Term Loan, the Company used $15.9 million of the net cash proceeds, as defined under the Term Loan agreement, received from the sale of the Opry Mills investment described in Note 11 to reduce the outstanding balance of the Term Loan. Under the Term Loan during the first six months of 2002, the Company borrowed $85.0 million and made total payments of $100.0 million. As of June 30, 2002 and December 31, 2001, the Company had outstanding borrowings of $85.0 million and $100.0 million, respectively under the Term Loan. The Company's ability to borrow additional funds under the Term Loan expired on June 30, 2002. However, the lenders could reinstate the Company's ability to borrow additional funds at a future date.

The Term Loan requires that the net proceeds from all asset sales by the Company must be used to reduce outstanding borrowings until the borrowing capacity under the Term Loan has been reduced to $60.0 million. Excess cash flows, as defined, generated by Gaylord Palms must be used to reduce any amounts borrowed under the Term Loan until its borrowing capacity is reduced to $85.0 million. Debt repayments under the Term Loan reduce its borrowing capacity and are not eligible to be re-borrowed. The Term Loan requires the Company to maintain certain escrowed cash balances, comply with certain financial covenants, and imposes limitations related to the payment of dividends, the incurrence of debt, the guaranty of liens, and the sale of assets, as well as other customary covenants and restrictions. At June 30, 2002 and December 31, 2001, the unamortized balance of the deferred financing costs related to the Term Loan was $3.9 million and $5.6 million, respectively. The weighted average interest rate, including amortization of deferred financing costs, under the Term Loan for the six months ended June 30, 2002 was 9.6%, including 4.5% related to commitment fees and the amortization of deferred financing costs.

During the first quarter of 2001, the Company, through wholly-owned subsidiaries, entered into two loan agreements, a $275.0 million senior loan (the "Senior Loan") and a $100.0 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans"). The Senior Loan is secured by a first mortgage lien on the assets of the Gaylord Opryland Resort and Convention Center hotel in Nashville, Tennessee ("Gaylord Opryland") and is due in 2004. Amounts outstanding under the Senior Loan bear interest at one-month LIBOR plus approximately 0.9%. The Mezzanine Loan, secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, is due in 2004 and bears interest at one-month LIBOR plus 6.0%. The Nashville Hotel Loans require monthly principal payments of $0.7 million during their three-year terms in addition to monthly interest payments. At closing, the Company was required to escrow certain amounts, including $20.0 million related to future renovations and related capital expenditures at Gaylord Opryland. During the second quarter 2002, the Company utilized $18.0 million of the proceeds received from the federal income tax refund described in Note 13 to make a principal payment on the Mezzanine Loan. At June 30, 2002 and December 31, 2001, the unamortized balance of the deferred financing costs related to the Nashville Hotel Loans was $10.4 million and $13.8 million, respectively. For the six month period ended June 30, 2002, the weighted average interest rates for the Senior Loan and the Mezzanine Loan, including amortization of deferred financing costs, were 4.5% and 10.2%, respectively. At June 30, 2002, the Company had outstanding borrowings of $236.2 million and $82.0 million under the Senior Loan and Mezzanine Loan, respectively.

The terms of the Nashville Hotel Loans require that the Company maintain certain escrowed cash balances and comply with certain financial covenants, and impose limits on transactions with affiliates and indebtedness. The financial covenants under the Nashville Hotel Loans are structured such that noncompliance at one level triggers certain cash management restrictions and noncompliance at a second level results in an event of default. Based upon the financial covenant calculations at June 30, 2002 and December 31, 2001, the cash management restrictions are in effect which require that all excess cash flows, as defined, be escrowed and may

be used to repay principal amounts owed on the Senior Loan. During the first six months of 2002, $28.8 million of restricted cash was utilized to repay principal amounts outstanding under the Senior Loan.

The Company negotiated certain revisions to the financial covenants under the Nashville Hotel Loans and the Term Loan during the first and second quarters of 2002. After these revisions, the Company was in compliance with the covenants under the Nashville Hotel Loans and the covenants under the Term Loan in which the failure to comply would result in an event of default. There can be no assurance that the Company will remain in compliance with the covenants that would result in an event of default under the Nashville Hotel Loans or the Term Loan. The Company believes it has certain other possible alternatives to reduce borrowings outstanding under the Nashville Hotel Loans which would allow the Company to remedy any event of default. Any event of noncompliance that results in an event of default under the Nashville Hotel Loans or the Term Loan would enable the lenders to demand payment of all outstanding amounts, which would have a material adverse effect on the Company's financial position, results of operations and cash flows.

Like other companies in the hospitality industry, the Company was notified by the insurers providing its property and casualty insurance that policies issued upon renewal would no longer include coverage for terrorist acts. As a result, the servicer for the Senior Loan notified the Company in May of 2002 that it believed the lack of insurance covering terrorist acts and certain related matters did constitute a default under that credit facility. Although coverage for terrorist acts was never specifically required as part of the required property and casualty coverage, the Company determined to resolve this issue by obtaining coverage for terrorist acts. The Company has obtained coverage in an amount equal to the outstanding balance of the Senior Loan. Subsequent to June 30, 2002, the Company received notice from the servicer that any previous existing defaults are cured and coverage in an amount equal to the outstanding balance of the loan will satisfy the requirements of the Senior Loan. The servicer has reserved the right to impose additional insurance requirements if there is a change in, among other things, the availability or cost of terrorism insurance coverage, the risk of terrorist activity, or legislation affecting the rights of lenders to require borrowers to maintain terrorism insurance. Based upon the Company's curing any default which may have existed, this debt continues to be classified as long-term in the accompanying condensed consolidated balance sheets.

Accrued interest payable at June 30, 2002 and December 31, 2001 of $0.9 million and $1.1 million, respectively, is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets.

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

6. SECURED FORWARD EXCHANGE CONTRACT:

During May 2000, the Company entered into a seven-year secured forward exchange contract ("SFEC") with an affiliate of Credit Suisse First Boston with respect to 10,937,900 shares of Viacom Stock. The seven-year SFEC has a face amount of $613.1 million and required contract payments based upon a stated 5% rate. The Company has incurred deferred financing costs related to the SFEC including the prepayment of the required contract payments and other transaction costs. The unamortized balances of these deferred financing costs are classified as current assets of $26.9 million as of June 30, 2002 and December 31, 2001 and long-term assets of $104.8 million and $118.1 million in the accompanying condensed consolidated balance sheets as of June

30, 2002 and December 31, 2001, respectively. The Company is recognizing the contract payments associated with the SFEC as interest expense over the seven-year contract period using the effective interest method.

Under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, certain components of the secured forward exchange contract are considered derivatives, as discussed in Note 7. Changes in the fair market value of the derivatives are recorded as gains and losses in the accompanying condensed consolidated statements of operations.

7. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of its Viacom Stock. The Company recorded a gain of $11.9 million, net of taxes of $6.4 million, as a cumulative effect of an accounting change on January 1, 2001, the date of initial adoption of SFAS No. 133, to record the derivatives associated with the SFEC at fair value. For the three months ended June 30, 2002 and 2001, the Company recorded a pretax gain (loss) in the accompanying condensed consolidated statement of operations of $49.8 million and $(66.0 million), respectively, related to the estimated change in fair value of the derivatives associated with the SFEC. For the six months ended June 30, 2002 and 2001, the Company recorded a pretax gain (loss) in the accompanying condensed consolidated statement of operations of $20.1 million and $(27.1 million), respectively, related to the estimated change in fair value of the derivatives associated with the SFEC.

During 2001, the Company entered into three contracts to cap its interest rate risk exposure on its long-term debt. These interest rate caps qualify for hedge accounting and changes in the values of these caps are recorded as other comprehensive income and losses.

8. RESTRUCTURING CHARGES:

The following table summarizes the activities of the restructuring charges for the three months and six months ended June 30, 2002:

(in thousands)	BALANCE AT DECEMBER 31, 2001	RESTRUCTURING CHARGES AND ADJUSTMENTS	PAYMENTS	BALANCE AT MARCH 31, 2002
2002 restructuring charge	$ --	$ --	$ --	$ --
2001 restructuring charges	4,168	--	1,684	2,484
2000 restructuring charge	1,569	--	796	773
	$ 5,737	$ --	$ 2,480	$ 3,257

(in thousands)	BALANCE AT MARCH 31, 2002	RESTRUCTURING CHARGES AND ADJUSTMENTS	PAYMENTS	BALANCE AT JUNE 30, 2002
2002 restructuring charge	$ --	$ 1,149	$ 968	$ 181
2001 restructuring charges	2,484	(937)	800	747
2000 restructuring charge	773	(142)	166	465
	$ 3,257	$ 70	$ 1,934	$ 1,393

2002 Restructuring Charge

As part of the Company's ongoing assessment of operations, the Company identified certain duplication of duties within divisions and realized the need to streamline those tasks and duties. Related to this assessment, during the second quarter of 2002 the Company adopted a plan of restructuring to streamline certain operations and duties. Accordingly, the Company recorded a pretax restructuring charge of $1.1 million related to employee severance costs and other employee benefits. The restructuring charges all relate to continuing operations. These restructuring charges were recorded in accordance with Emerging Issues Task Force Issue ("EITF") No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". As of June 30, 2002, the Company has recorded cash charges of $1.0 million against the 2002 restructuring accrual. The remaining balance of the 2002 restructuring accrual at June 30, 2002 of $0.2 million is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets. The Company expects the remaining balances of the restructuring accruals to be paid during 2002.

2001 Restructuring Charges

During 2001, the Company recognized net pretax restructuring charges from continuing operations of $5.8 million related to streamlining operations and reducing layers of management. These restructuring charges were recorded in accordance with EITF No. 94-3. During the second quarter of 2002, the Company reversed $0.9 million of the 2001 restructuring charges related to continuing operations based upon the occurrence of certain triggering events. During the second quarter of 2002, the Company entered into two subleases to lease certain office space the Company previously had recorded in the 2001 restructuring charges. Also during the second quarter of 2002, the Company evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement agreements had expired. As of June 30, 2002, the Company has recorded cash charges of $4.2 million against the 2001 restructuring accrual. The remaining balance of the 2001 restructuring accrual at June 30, 2002 of $0.7 million is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets.

During the second quarter of 2002, the Company recognized additional pretax restructuring charges from discontinued operations of $3.3 million in 2001. The Company reversed $0.3 million of the 2001 restructuring charge related to discontinued operations. The $0.3 million reversal relates to certain subleases and reduction in contract termination fees negotiated by the Company. The remaining balance of the 2001 restructuring accrual related to discontinued operations at June 30, 2002 of $1.1 million is included in current liabilities of discontinued operations in the accompanying consolidated balance sheets.

The Company expects the remaining balances of the restructuring accruals for both continuing and discontinued operations to be paid during 2002.

2000 Restructuring Charge

The Company recognized pretax restructuring charges of $13.1 million related to continuing operations during 2000, in accordance with EITF Issue No. 94-3. Additional restructuring charges of $3.1 million during 2000 were included in discontinued operations. During the second quarter of 2002, the Company entered into a sublease that reduced the liability the Company was originally required to pay. The Company reversed $0.1 million of the 2000 restructuring charge related to the reduction in required payments. During 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of $4.0 million of the restructuring charges originally recorded during 2000. As of June 30, 2002, the Company has recorded cash charges of $11.8 million against the 2000 restructuring accrual. The remaining balance of the 2000 restructuring accrual at June 30, 2002 of $0.5 million, all of which relates to continuing operations, is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheets, which the Company expects to be paid during 2002.

9. SUPPLEMENTAL CASH FLOW DISCLOSURES:

Cash paid for interest related to continuing operations for the three months and six months ended June 30, 2002 and 2001 was comprised of:

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Debt interest paid	$ 4,911	$ 5,532	$ 9,436	$ 11,469
Deferred financing costs paid	-	272	-	19,600
Capitalized interest	(1,453)	(4,228)	(3,114)	(8,307)
	$ 3,458	$ 1,576	$ 6,322	$ 22,762

In addition, the Company paid debt interest of $0.1 million and $0.5 million related to discontinued operations during the three months and six months ended June 30, 2001, respectively.

10. IMPAIRMENT AND OTHER CHARGES:

During the second quarter of 2001, the Company recorded pretax impairment and other charges of $11.4 million. These charges included an investment in an IMAX movie of $5.7 million, a minority investment in a technology business of $4.6 million and an investment in idle real estate of $1.1 million. The Company began production of an IMAX movie during 2000 that portrayed the history of country music. After encountering a number of operational issues that created significant cost overruns, the carrying value of the IMAX film asset was reassessed during the second quarter of 2001 resulting in the $5.7 million impairment charge. During 2000, the Company made a minority investment in a technology start-up business. During 2001, the unfavorable environment for technology businesses created difficulty for this business to obtain adequate capital to execute its business plan. During the second quarter of 2001, the Company was notified that this technology business had been unsuccessful in arranging financing. As such, the Company reassessed the investment's realizability and reflected an impairment charge of $4.6 million during the second quarter of 2001. The impairment charge related to idle real estate of $1.1 million recorded during the second quarter of 2001 is based upon certain third-party offers received during the second quarter of 2001 for such property. The Company sold this idle real estate during the three months ended June 30, 2002. Proceeds from the sale approximated the carrying value of the property.

11. GAIN ON SALE OF ASSETS:

During 1998, the Company entered into a partnership with The Mills Corporation to develop the Opry Mills Shopping Center in Nashville, Tennessee. The Company held a one-third interest in the partnership as well as the title to the land on which the shopping center was constructed, which is being leased to the partnership. During the second quarter of 2002, the Company sold its partnership share to certain affiliates of The Mills Corporation for approximately $30.8 million in cash proceeds upon the disposition. In accordance with the provisions of SFAS No. 66, "Accounting for Sales of Real Estate", and other applicable pronouncements, the Company has deferred approximately $20.0 million of the gain representing the estimated present value of the continuing land lease interest between the Company and the Opry Mills partnership. The Company will recognize the $20.0 million deferred gain ratably over the approximately 70-year remaining term of the land lease. The deferred gain is recorded as other long-term liabilities in the accompanying condensed consolidated balance sheets. The Company recognized the remainder of the proceeds, net of certain transaction costs, as a gain of approximately $10.6 million during the second quarter of 2002.

12. GOODWILL AND INTANGIBLES:

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

The transitional provisions of SFAS No. 142 require the Company to perform an assessment of whether goodwill is impaired as of the beginning of the fiscal year in which the statement is adopted. Under the transitional provisions of SFAS No. 142, the first step is for the Company to evaluate whether the reporting unit's carrying amount exceeds its fair value. If the reporting unit's carrying amount exceeds it fair value, the second step of the impairment test must be completed. During the second step, the Company must compare the implied fair value of the reporting unit's goodwill, determined by allocating the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation in accordance with SFAS No. 141, to its carrying amount. The Company completed the transitional goodwill impairment reviews required by SFAS No. 142 during the second quarter of 2002. In performing the impairment reviews, the Company estimated the fair values of the reporting units using a present value method that discounted future cash flows. Such valuations are sensitive to assumptions associated with cash flow growth, discount rates and capital rates. In performing the impairment reviews, the Company determined one reporting unit's goodwill to be impaired. Based on the estimated fair value of the reporting unit, the Company impaired the goodwill amount of $4.2 million associated with the Radisson Hotel at Opryland in the hospitality segment. The circumstances leading to the goodwill impairment related to the Radisson Hotel at Opryland primarily relate to the effect of the September 11, 2001 terrorist attacks on the hospitality and tourism industries. In accordance with the provisions of SFAS No. 142, the Company has reflected the pretax $4.2 million impairment charge as a cumulative effect of a change in accounting principle in the amount of $2.6 million, net of tax benefit of $1.6 million, as of January 1, 2002 in the accompanying condensed consolidated statements of operations.

The changes in the carrying amounts of goodwill by business segment for the six months ended June 30, 2002 are as follows:

(in thousands)	BALANCE AS OF DECEMBER 31, 2001	TRANSITIONAL IMPAIRMENT LOSSES	BALANCE AS OF JUNE 30, 2002
Hospitality	$ 4,221	$ (4,221)	$ -
Attractions	7,265	-	7,265
Media	2,365	-	2,365
Corporate and Other	-	-	-
Total	$ 13,851	$ (4,221)	$ 9,630

The Company estimates that amortization expense for goodwill for continuing operations would have been $0.1 million and $0.2 million, net of taxes of $0.1 million and $0.1 million, for the three months and six months ended June 30, 2002, respectively.

The Company also reassessed the useful lives and classification of identifiable finite-lived intangible assets and determined the lives of these intangible assets to be appropriate. The carrying amount of amortized intangible assets in continuing operations, including the intangible assets related to benefit plans, was $6.7 million and

the related accumulated amortization was $0.4 million at June 30, 2002. The amortization expense related to intangibles from continuing operations during the three months and six months ended June 30, 2002 was $11,000 and $26,000, respectively, and is estimated to be $0.1 million for the twelve months ended December 31, 2002. The estimated amounts of amortization expense for the next five years are equivalent to $0.1 million per year.

The following table presents a reconciliation of net income and income per share assuming the nonamortization provisions of SFAS No. 142 were applied during 2001:

(in thousands, except per share data)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Reported net income (loss)	$ 18,109	$ (3,558)	$ 9,827	$ 20,566
Add back: Goodwill amortization	-	686	-	1,311
Adjusted net income (loss)	$ 18,109	$ (2,872)	$ 9,827	$ 21,877
Basic earnings (loss) per share				
Reported net income (loss)	$ 0.54	$ (0.11)	$ 0.29	$ 0.61
Add back: Goodwill amortization	-	0.02	-	0.04
Adjusted net income (loss)	$ 0.54	$ (0.09)	$ 0.29	$ 0.65
Diluted earnings (loss) per share				
Reported net income (loss)	$ 0.54	$ (0.11)	$ 0.29	$ 0.61
Add back: Goodwill amortization	-	0.02	-	0.04
Adjusted net income (loss)	$ 0.54	$ (0.09)	$ 0.29	$ 0.65

13. INCOME TAXES:

During the second quarter of 2002, the Company recognized a $15.5 million benefit as a reduction in income tax expense resulting from the settlement of certain federal income tax issues with the Internal Revenue Service. The Company will not receive any cash proceeds related to this benefit. Also during the second quarter of 2002, the Company received an income tax refund of $64.6 million in cash from the U.S. Department of Treasury as a result of the net operating losses carry-back provisions of the Job Creation and Worker Assistance Act of 2002. The income tax refund of $64.6 million had no net impact on the accompanying condensed consolidated statements of operations.

14. COMMITMENTS AND CONTINGENCIES:

The Company is a defendant in a class action lawsuit related to the manner in which Gaylord Opryland distributes service and delivery charges to certain employees. Tennessee has a "Tip" statute that requires a business to pay tips shown on statements over to its employee or employees who have served the customer. The Company believes that it has paid over to its employees amounts in excess of what the statute requires, and the Company intends to file a motion for summary judgment in this matter and to vigorously contest this matter. On June 12, 2002, counsel for the Company and counsel for the plaintiff class attended a mediation session and some progress was made toward resolving this case. The Company believes that it has reserved an appropriate amount for this particular claim.

15. RETIREMENT PLANS AND RETIREMENT SAVINGS PLAN:

Effective December 31, 2001, the Company amended its retirement plans and its retirement savings plan. As a result of these amendments, the retirement cash balance benefit was frozen and the policy related to future Company contributions to the retirement savings plan was changed. The Company recorded a pretax charge of $5.7 million in the first quarter of 2002 related to the write-off of unamortized prior service cost in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", and related interpretations, which is included in selling, general and administrative expenses. In addition, the Company amended the eligibility requirements of its postretirement benefit plans effective December 31, 2001. In connection with the amendment and curtailment of the plans and in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and related interpretations, the Company recorded a gain of $2.1 million which is reflected as a reduction in corporate and other selling, general and administrative expenses in the first quarter of 2002.

16. NEWLY ISSUED ACCOUNTING STANDARDS:

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

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds both SFAS Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and the amendment to SFAS No. 4, SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". SFAS No. 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity is not prohibited from classifying such gains and losses as extraordinary items, so long as they meet the criteria in paragraph 20 of APB Opinion No. 30. The Company will adopt the provisions of SFAS No. 145 on January 1, 2003 and anticipates the effects of SFAS No. 145 will be immaterial to the Company's financial statements.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 nullifies EITF Issue No. 94-3. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, whereas EITF No. 94-3 had recognized the liability at the commitment date to an exit plan. The Company is required to adopt the provisions of SFAS No. 146 effective for exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating the impact of adoption of this statement.

17. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

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

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Revenues:				
Hospitality	$ 80,472	$ 51,661	$ 160,768	$ 110,152
Attractions	14,948	15,980	33,762	35,417
Media	2,813	2,440	4,902	4,659
Corporate and other	56	24	112	110
Total	$ 98,289	$ 70,105	$ 199,544	$ 150,338
Depreciation and amortization:				
Hospitality	$ 9,999	$ 6,346	$ 22,328	$ 12,663
Attractions	1,221	1,508	2,595	2,942
Media	155	163	304	330
Corporate and other	1,423	1,736	2,834	3,394
Total	$ 12,798	$ 9,753	$ 28,061	$ 19,329
Operating income (loss):				
Hospitality	$ 5,583	$ 6,402	$ 8,449	$ 16,977
Attractions	2,057	(254)	1,528	(1,644)
Media	(212)	(206)	(655)	(382)
Corporate and other	(9,680)	(11,304)	(22,607)	(20,596)
Preopening costs	(650)	(2,413)	(6,356)	(4,308)
Gain on sale of assets	10,567	-	10,567	-
Impairment and other charges	-	(11,388)	-	(11,388)
Restructuring charges	(70)	2,304	(70)	2,304
Total	$ 7,595	$ (16,859)	$ (9,144)	$ (19,037)

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS SEGMENTS

Gaylord Entertainment Company is a diversified hospitality and entertainment company operating, through its subsidiaries, principally in four business segments: hospitality; attractions; media; and corporate and other. The Company is managed using the four business segments described above.

CRITICAL ACCOUNTING POLICIES

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

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

Revenue Recognition

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

Impairment of Long-Lived Assets and Goodwill

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

Restructuring Charges

The Company has recognized restructuring charges in accordance with Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)" in its condensed consolidated financial statements. Restructuring charges are based upon certain estimates of liability related to costs to exit an activity. Liability estimates may change as a result of future events, including negotiation of reductions in contract termination liabilities.

Derivative Financial Instruments

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

SUBSEQUENT EVENT

Subsequent to June 30, 2002, the Company agreed to sell Acuff-Rose Music Publishing to Sony/ATV for approximately $157 million. The Company anticipates the sale will be completed during the third quarter of 2002 and intends to use a portion of the proceeds to reduce outstanding indebtedness. The Company anticipates recording a nonrecurring gain during the third quarter of 2002 related to the sale.

RESULTS OF OPERATIONS

The following table contains unaudited selected summary financial data from continuing operations for the three month and six month periods ended June 30, 2002 and 2001. The table also shows the percentage relationships to total revenues and, in the case of segment operating income (loss), its relationship to segment revenues.

(in thousands)	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	2002	%	2001	%	2002	%	2001	%
Revenues:								
Hospitality	$ 80,472	81.9	$ 51,661	73.7	$160,768	80.6	$ 110,152	73.3
Attractions	14,948	15.2	15,980	22.8	33,762	16.9	35,417	23.6
Media	2,813	2.9	2,440	3.5	4,902	2.5	4,659	3.1
Corporate and other	56	-	24	-	112	-	110	-
Total revenues	98,289	100.0	70,105	100.0	199,544	100.0	150,338	100.0
Operating expenses:								
Operating costs	61,957	63.1	47,205	67.4	131,079	65.7	100,789	66.9
Selling, general & administrative	25,786	26.2	18,509	26.4	53,689	26.9	35,865	23.9
Preopening costs	650	0.7	2,413	3.4	6,356	3.2	4,308	2.9
Gain on sale of assets	(10,567)	(10.8)	-	-	(10,567)	(5.3)	-	-
Impairment and other charges	-	-	11,388	16.2	-	-	11,388	7.6
Restructuring charges, net	70	0.1	(2,304)	(3.3)	70	-	(2,304)	(1.5)
Depreciation and amortization:								
Hospitality	9,999		6,346		22,328		12,663	
Attractions	1,221		1,508		2,595		2,942	
Media	155		163		304		330	
Corporate and other	1,423		1,736		2,834		3,394	
Total depreciation and amortization	12,798	13.0	9,753	13.9	28,061	14.1	19,329	12.9
Total operating expenses	90,694	92.3	86,964	124.0	208,688	104.6	169,375	112.7
Operating income (loss):								
Hospitality	5,583	6.9	6,402	12.4	8,449	5.3	16,977	15.4
Attractions	2,057	13.8	(254)	(1.6)	1,528	4.5	(1,644)	(4.6)
Media	(212)	(7.5)	(206)	(8.4)	(655)	(13.4)	(382)	(8.2)
Corporate and other	(9,680)	-	(11,304)	-	(22,607)	-	(20,596)	-
Preopening costs	(650)	-	(2,413)	-	(6,356)	-	(4,308)	-
Gain on sale of assets	10,567	-	-	-	10,567	-	-	-
Impairment and other charges	-	-	(11,388)	-	-	-	(11,388)	-
Restructuring charges, net	(70)	-	2,304	-	(70)	-	2,304	-
Total operating income (loss)	$ 7,595	7.7	$ (16,859)	(24.0)	$ (9,144)	(4.6)	$ (19,037)	(12.7)

PERIODS ENDED JUNE 30, 2002 COMPARED TO PERIODS ENDED JUNE 30, 2001

Revenues

Total revenues increased $28.2 million, or 40.2%, to $98.3 million in the second quarter of 2002, and increased $49.2 million, or 32.7%, to $199.5 million in the first six months of 2002. Revenues for both the three months and six months ended June 30, 2002, increased primarily due to the opening of the Gaylord Palms Resort and Convention Center hotel in Kissimmee, Florida ("Gaylord Palms") in January 2002.

Revenues in the hospitality segment increased $28.8 million, or 55.8%, to $80.5 million in the second quarter of 2002, and increased $50.6 million, or 46.0%, to $160.8 million in the first six months of 2002. Gaylord Palms recorded revenues of $65.5 million for the period subsequent to its opening. This revenue was partially offset by the decrease in the revenues of the Gaylord Opryland Resort and Convention Center hotel in Nashville, Tennessee ("Gaylord Opryland") of $15.0 million, or 14.0%, to $92.0 million in the first six months of 2002. The Gaylord Opryland's occupancy rate decreased to 66.1% in the first six months of 2002 compared to 69.0% in the first six months of 2001. Gaylord Opryland's average daily rate decreased to $139.72 in the first six months of 2002 from $141.28 in the first six months of 2001. Revenue per available room (RevPAR) for the Gaylord Opryland decreased 5.3% to $92.37 for the first six months of 2002 compared to $97.52 in the first six months of 2001. The decrease was primarily attributable to the impact of a softer economy and decreased occupancy levels following the September 11th terrorist attacks. The decrease was also partially attributable to the annual rotation of convention business among different markets that is common in the meeting and convention industry. Gaylord Palms recorded an occupancy rate, average daily rate, and RevPAR of 68.0%, $178.71 and $121.53, respectively, during the five month period subsequent to its opening.

Revenues in the attractions segment decreased $1.0 million, or 6.5%, to $14.9 million in the second quarter of 2002, and decreased $1.7 million, or 4.7%, to $33.8 million in the first six months of 2002. The decrease was primarily attributable to the decrease in revenues of Corporate Magic of $2.8 million for the first six months of 2002 primarily due to the downturn in economy. The decrease of Corporate Magic revenues was partially offset by increased revenues in the Grand Ole Opry of $1.1 million for the first six months of 2002 due to an increase in the popular performers appearing on the Grand Ole Opry.

Revenues in the media segment increased slightly during the three months and six months ended June 30, 2002.

Total Operating Expenses

Total operating expenses increased $3.7 million, or 4.3%, to $90.7 million in the second quarter of 2002, and increased $39.3 million, or 23.2%, to $208.7 million in the first six months of 2002. Operating costs, as a percentage of revenues, decreased to 65.7% during the first six months of 2002 as compared to 66.9% during the first six months of 2001. Selling, general and administrative expenses, as a percentage of revenues, increased to 26.9% during the first six months of 2002 as compared to 23.9% during the first six months of 2001.

Operating Costs

Operating costs in the hospitality segment increased $18.8 million, or 59.7%, to $50.2 million in the second quarter of 2002, and increased $36.6 million, or 56.3%, to $101.7 million for the first six months of 2002. The increase in operating costs was attributable to the opening of Gaylord Palms in January 2002. The operating costs of Gaylord Palms equaled $41.0 million subsequent to its opening, including $4.9 million of real estate lease expense related to the 75-year operating lease on the 65.3-acre site on which Gaylord Palms is located. As required by SFAS No. 13 "Accounting for Leases", the terms of this lease require that the Company recognize the lease expense on a straight-line basis, which resulted in approximately $3.6 million of non-cash lease expense during the first six months of 2002. The increase was partially offset by a decrease in operating costs at Gaylord Opryland of $3.0 million associated with lower revenues and reduced occupancy.

Operating costs in the attractions segment decreased $3.1 million, or 26.1%, to $8.8 million in the second quarter of 2002, and decreased $4.4 million, or 15.8%, to $23.4 million in the first six months of 2002. The decrease is attributable to decreased operating expenses at Corporate Magic of $4.3 million related to lower revenues and cost saving measures implemented during the first six months of 2002.

Operating costs in the media segment increased slightly, by $0.2 million, or 18.7%, in the second quarter of 2002, and increased slightly, by $0.3 million, or 13.2%, in the six months of 2002.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the hospitality segment increased $12.8 million, or 83.0%, to $28.3 million for the six months ended June 30, 2002, which is primarily attributed to Gaylord Palms recording $13.3 million of these costs subsequent to its January 2002 opening.

Selling, general and administrative expenses in the attractions segment decreased slightly, by $0.1 million for the six months ended June 2002 as compared to the same period in 2001. Selling, general and administrative expenses in the media segment increased slightly by $0.2 million for the six months ended June 30, 2002, as compared to the same period in 2001.

Selling, general and administrative expenses in the corporate and other segment, consisting primarily of senior management salaries and benefits, legal, human resources, accounting and other administrative costs, remained relatively unchanged for the second quarter, and increased $4.9 million, or 40.9%, for the six months ended June 30, 2002. Effective December 31, 2001, the Company amended its retirement plans and its retirement savings plan. As a result of these amendments, the retirement cash balance benefit was frozen and the policy related to future Company contributions to the retirement savings plan was changed. The Company recorded a pretax charge of $5.7 million in the first quarter of 2002 related to the write-off of unamortized prior service cost in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits", and related interpretations, which is included in selling, general and administrative expenses. In addition, the Company amended the eligibility requirements of its postretirement benefit plans effective December 31, 2001. In connection with the amendment and curtailment of the plans and in accordance with SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and related interpretations, the Company recorded a gain of $2.1 million which is reflected as a reduction in corporate and other selling, general and administrative expenses in the first quarter of 2002. These nonrecurring gains and losses were recorded in the corporate and other segment and were not allocated to the Company's other operating segments. Other increases in corporate, selling, general and administrative expenses can be attributed to increased personnel costs related to new corporate departments that did not exist last year, new management personnel in other corporate departments, increased corporate marketing expenses and increased bonus accruals as compared to the same period in 2001.

Preopening Costs

Preopening costs related to the Company's hotel development activities in Florida and Texas decreased $1.8 million for the second quarter due to the opening of the Gaylord Palms in January 2002. Preopening costs increased $2.0 million, or 47.5%, to $6.4 million, in the first six months of 2002.

Gain on Sale of Assets

During the second quarter of 2002, the Company sold its partnership share of the Opry Mills Shopping Center to certain affiliates of The Mills Corporation for approximately $30.8 million in cash proceeds. In accordance with the provisions of SFAS No. 66, "Accounting for Sales of Real Estate", and other applicable pronouncements, the Company has deferred approximately $20.0 million of the gain representing the present value of the continuing land lease interest between the Company and the Opry Mills partnership. The Company will recognize the $20.0 million deferred gain ratably over the approximately 70-year remaining term of the land lease. The Company recorded the remainder of the proceeds, net of certain transaction costs, as a gain of approximately $10.6 million during the second quarter of 2002.

Impairment and Other Charges

During the second quarter of 2001, the Company recorded pretax impairment and other charges of $11.4 million. These charges included an investment in an IMAX movie of $5.7 million, a minority investment in a technology business of $4.6 million and an investment in idle real estate of $1.1 million. The Company began production of an IMAX movie during 2000 that portrayed the history of country music. After encountering a number of operational issues that created significant cost overruns, the carrying value of the IMAX film asset was reassessed during the second quarter of 2001 resulting in the $5.7 million impairment charge. During 2000, the Company made a minority investment in a technology start-up business. During 2001, the unfavorable environment for technology businesses created difficulty for this business to obtain adequate capital to execute its business plan. During the second quarter of 2001, the Company was notified that this technology business had been unsuccessful in arranging financing. As such, the Company reassessed the investment's realizability and reflected an impairment charge of $4.6 million during the second quarter of 2001. The impairment charge related to idle real estate of $1.1 million recorded during the second quarter of 2001 is based upon certain third-party offers received during the second quarter of 2001 for such property. The Company sold this idle real estate during the three months ended June 30, 2002. Proceeds from the sale approximated the carrying value of the property.

Restructuring Charges

As part of the Company's ongoing assessment of operations, the Company identified certain duplication of duties within divisions and realized the need to streamline those tasks and duties. Related to this assessment, during the second quarter of 2002 the Company adopted a plan of restructuring to streamline certain operations and duties. Accordingly, the Company recorded a pretax restructuring charge of $1.1 million related to employee severance costs and other employee benefits. The restructuring charges all relate to continuing operations. The 2002 restructuring charge was partially offset by reversal of prior years' restructuring accrual of $1.1 million, as discussed below.

During the second quarter of 2002, the Company reversed $0.9 million of the 2001 restructuring charges related to continuing operations. The reversal included charges related to a lease commitment and certain placement costs related to the 2001 and 2000 restructuring. During the second quarter of 2002, the Company entered into two subleases to lease certain office space the Company previously had recorded in the 2001 and 2000 restructuring charges. The sublease agreements resulted in a reversal of the 2001 and 2000 restructuring charges in the amount of $0.7 million and $0.1 million, respectively. Also during the second quarter of 2002, the Company evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement services had expired.

During the fourth quarter of 2000, the Company recognized pretax restructuring charges of $16.4 million related to exiting certain lines of business and implementing a new strategic plan. The restructuring charges consisted of contract termination costs of $10.0 million to exit specific activities and employee severance and related costs of $6.4 million. During the second quarter of 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of $2.3 million of the restructuring charges originally recorded during the fourth quarter of 2000.

Depreciation Expense

Depreciation expense increased $3.2 million, or 37.0%, to $12.0 million in the second quarter of 2002 and increased $8.9 million, or 50.9%, to $26.3 million for the first six months of 2002. The increase in the three months and six months ended June 30, 2002 is primarily attributable to Gaylord Palms depreciation expense of $3.6 million and $9.2 million, respectively.

Amortization Expense

Amortization expense decreased slightly, by $0.1 million for the six months ended June 30, 2002. Amortization of software increased $0.4 million in the first six months of 2002 primarily at Gaylord Opryland and Gaylord Palms. This increase was partially offset by the adoption of SFAS No. 142, under the provisions of which the Company no longer amortizes goodwill. Amortization of goodwill for continuing operations for the six months ended June 30, 2001, was $0.5 million.

Operating Income (Loss)

Total operating income increased $24.5 million from an operating loss to operating income of $7.6 million in the second quarter of 2002. Total operating loss decreased $9.9 million to an operating loss of $9.1 million in the first six months of 2002. As discussed above, a $10.6 million gain was recorded in the second quarter of 2002 related to the sale of the Company's partnership interest in the Opry Mills partnership. Operating income in the hospitality segment decreased $8.5 million during the first six months of 2002 primarily as a result of decreased operating income of the Gaylord Opryland hotel, which was partially offset by the operating income of Gaylord Palms of $1.7 million subsequent to its January 2002 opening. Operating income of the attractions segment increased $3.2 million to operating income of $1.5 million for the first six months of 2002. The operating income of the attractions segment increased as a result of increased operating income of Corporate Magic of $1.8 million and increased operating income of the Grand Ole Opry of $1.1 million. Media segment operating loss increased $0.3 million during the first six months of 2002. Operating loss of the corporate and other segment increased $2.0 million during the first six months of 2002 primarily due to the net charges related to the Company's amendment of its retirement plans, retirement savings plan and postretirement benefits plans discussed above.

Interest Expense

Interest expense, including amortization of deferred financing costs, increased $0.6 million to $12.7 million for the second quarter of 2002, and increased $3.4 million to $24.4 million in the first six months of 2002. The increase in the first six months of 2002 was primarily caused by a decrease in capitalized interest of $5.2 million related to Gaylord Palms' opening for business during the first quarter of 2002 and the resulting decline in hotel construction. The increase is partially offset by lower weighted average interest rates. The Company's weighted average interest rate on its borrowings, including the interest expense related to the secured forward exchange contract discussed below, was 5.3% in the first six months of 2002 as compared to 7.1% in the first six months of 2001.

Interest Income

Interest income decreased $1.6 million to $0.6 million for the second quarter of 2002, and decreased $2.1 million to $1.1 million in the first six months of 2002. The decrease in the first six months of 2002 primarily relates to a decrease in invested cash balances in the first six months of 2002 as compared to the same period in 2001.

Unrealized Gain (Loss) on Viacom Stock and Derivatives

During 2000, the Company entered into a seven-year secured forward exchange contract with respect to 10.9 million shares of its Viacom stock investment. Effective January 1, 2001, the Company adopted the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, and reclassified its investment in Viacom stock from available-for-sale to trading. Under SFAS No. 133, components of the secured forward exchange contract are considered derivatives.

In connection with the adoption of SFAS No. 133, the Company recorded a cumulative effect of an accounting change to record the derivatives associated with the secured forward exchange contract at fair value as of

January 1, 2001, as discussed below. For the three months ended June 30, 2002, the Company recorded a pretax loss of $44.0 million related to the decrease in fair value of the Viacom stock and a pretax gain of $49.8 million reflecting the change in the estimated value of the derivatives associated with the secured forward exchange contract. For the six months ended June 30, 2002, the Company recorded a pretax gain of $2.4 million related to the increase in fair value of the Viacom stock and a pretax gain of $20.1 million reflecting the change in the estimated value of the derivatives associated with the secured forward exchange contract. For the three months ended June 30, 2001, the Company recorded a pretax gain of $85.6 million related to the increase in fair value of the Viacom stock and a pretax loss of $66.0 million reflecting the change in the estimated value of the derivatives associated with the secured forward exchange contract. For the six months ended June 30, 2001, the Company recorded a pretax gain of $55.0 million related to the increase in fair value of the Viacom stock and a pretax loss of $27.1 million reflecting the change in the estimated value of the derivatives associated with the secured forward exchange contract. Additionally, the Company recorded a nonrecurring pretax gain of $29.4 million on January 1, 2001, related to reclassifying its investment in Viacom stock from available-for-sale to trading as defined by SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The nonrecurring pretax gain of $29.4 million was recorded as unrealized gain on Viacom stock.

Other Gains and Losses

Other gains and losses decreased $6.0 million during the six months ended June 30, 2002 as compared to the same period in 2001. The indemnification period related to the 1999 disposal of television station KTVT ended during the second quarter of 2001, which allowed the Company to recognize a non-operating pretax gain of $4.6 million related to the settlement of the remaining contingencies. Also during 2001, the Company recorded a gain of $0.7 million related to the settlement of remaining contingencies on the 1998 sale of the Company's interest in the Texas Rangers Baseball Club, Ltd.

Income Taxes

The benefit for income taxes increased $15.0 million to $15.2 million for the second quarter of 2002. The change during the second quarter of 2002 is attributable to the Company recognizing a $15.5 million benefit as a reduction in income tax expense resulting from the settlement of certain federal income tax issues with the Internal Revenue Service. The Company will not receive any cash proceeds related to this benefit. The benefit for income taxes increased $28.5 million from a provision of $9.0 million to a benefit of $19.4 million in the first six months of 2002. The effective tax rate on income (loss) before provision (benefit) for income taxes was 38.5% for the first six months of 2002 compared to 33.0% for the first six months of 2001. The increase in the effective tax rate is based upon several factors including the effect of the derivatives associated with the secured forward exchange contract, an anticipated reduction in losses from foreign operations due to the Company's exit from the international cable networks business and anticipated state income tax benefits from certain subsidiaries. In addition, the Company recorded a deferred tax liability of $6.4 million in the first six months of 2001 associated with the cumulative effect of an accounting change.

Discontinued Operations

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

In accordance with the provisions of SFAS No. 144, the Company has presented the operating results, financial position, cash flows and any gain or loss on disposal of the following businesses as discontinued operations in

its financial statements as of June 30, 2002 and December 31, 2001 and for the three months and six months ended June 30, 2002 and 2001: Acuff-Rose Music Publishing, Word Entertainment ("Word"), the Company's international cable networks, the Oklahoma Redhawks (the "Redhawks"), GET Management, Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television, Gaylord Production Company, and the Company's water taxis. During the second quarter of 2002, the Company committed to a plan of disposal of its Acuff-Rose Music Publishing catalog entity. Subsequent to June 30, 2002, the Company agreed to sell the Acuff-Rose Music Publishing entity to Sony/ATV Music Publishing for approximately $157.0 million in cash. The Company expects the sale to be completed during the third quarter and expects to record a pretax nonrecurring gain, related to the sale of Acuff-Rose Music Publishing. During the first quarter of 2002, the Company committed to a plan of disposal of its ownership interests in the Redhawks, a minor league baseball team based in Oklahoma City, Oklahoma. Also during the first quarter of 2002, the Company sold or otherwise ceased operations of Word and the international cable networks. The other businesses listed above were sold during 2001.

During January 2002, the Company sold Word's domestic operations to an affiliate of Warner Music Group for $84.1 million in cash (subject to certain future purchase price adjustments). The Company recognized a pretax gain of $0.5 million related to the sale in discontinued operations in its results of operations for the first six months of 2002. Proceeds from the sale of $80.0 million were used to reduce the Company's outstanding indebtedness.

On June 1, 2001, the Company adopted a formal plan to dispose of its international cable networks. During the first quarter of 2002, the Company finalized a transaction to sell certain assets of its Asia and Brazil networks. The terms of this transaction included the assignment of certain transponder leases, which resulted in a reduction of the Company's transponder lease liability and a related $3.8 million pretax gain which is reflected in discontinued operations in the consolidated financial statements. The Company guaranteed $0.9 million in future lease payments by the assignee, which is not included in the pretax gain above and continues to be reserved as a lease liability. In addition, the Company has ceased its operations based in Argentina.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the three months and six months ended June 30:

(in thousands)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Revenues:				
Word Entertainment	$ -	$ 25,504	$ 2,594	$ 53,862
Acuff-Rose Music Publishing	4,404	4,515	7,654	7,639
International cable networks	-	1,243	744	2,551
Businesses sold to OPUBCO	-	-	-	2,195
Other	3,377	4,119	3,491	4,198
Total revenues of discontinued operations	$ 7,781	$ 35,381	$ 14,483	$ 70,445
OPERATING INCOME (LOSS):				
Word Entertainment	$ (54)	$ (3,081)	$ (906)	$ (6,630)
Acuff-Rose Music Publishing	1,056	1,024	1,393	1,528
International cable networks	-	(2,004)	(1,576)	(4,183)
Businesses sold to OPUBCO	-	-	-	(1,459)
Other	1,077	1,230	263	6
Total operating income (loss) of discontinued operations	2,079	(2,831)	(826)	(10,738)
INTEREST EXPENSE	-	(147)	(80)	(554)
INTEREST INCOME	27	90	50	156
OTHER GAINS AND LOSSES	(346)	(769)	4,623	(2,974)
Income (loss) before provision (benefit) for income taxes	1,760	(3,657)	3,767	(14,110)
PROVISION (BENEFIT) FOR INCOME TAXES	357	(1,554)	1,363	(4,783)
Income (loss) from discontinued operations	$ 1,403	$ (2,103)	$ 2,404	$ (9,327)

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

(in thousands)	JUNE 30, 2002	DECEMBER 31, 2001
Current assets:		
Cash and cash equivalents	$ 1,686	$ 3,889
Trade receivables, less allowance of $1,360 and $2,785, respectively	2,884	28,999
Inventories	228	6,486
Prepaid expenses	2,279	10,333
Other current assets	1,338	823
Total current assets	8,415	50,530
Property and equipment, net of accumulated depreciation	6,897	17,342
Goodwill, net of accumulated amortization	1,162	28,688
Amortizable intangible assets, net of accumulated amortization	3,986	6,125
Music and film catalogs	15,209	26,274
Other long-term assets	2,618	5,587
Total long-term assets	29,872	84,016
Total assets	$ 38,287	$ 134,546
Current liabilities:		
Current portion of long-term debt	$ 1,128	$ 5,515
Accounts payable and accrued expenses	11,529	25,318
Total current liabilities	12,657	30,833
Other long-term liabilities	-	7
Total long-term liabilities	-	7
Total liabilities	12,657	30,840
Minority interest of discontinued operations	1,737	1,679
Total liabilities and minority interest of discontinued operations	$ 14,394	$ 32,519

Cumulative Effect of Accounting Change

During the second quarter of 2002, the Company completed its goodwill impairment test as required by SFAS No. 142. In accordance with the provisions of SFAS No. 142, the Company has reflected the pretax $4.2 million impairment charge as a cumulative effect of a change in accounting principle in the amount of $2.6 million, net of tax benefit of $1.6 million, as of January 1, 2002 in the accompanying consolidated statements of operations.

On January 1, 2001, the Company recorded a gain of $11.9 million, net of deferred taxes of $6.4 million, as a cumulative effect of an accounting change to record the derivatives associated with the secured forward exchange contract on its Viacom stock at fair value as of January 1, 2001, in accordance with the provisions of SFAS No. 133.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Net cash flows provided by operating activities totaled $54.7 million and $11.5 million for the six months ended June 30, 2002 and 2001, respectively. The increase was primarily related to the change in the income tax refund to $64.6 million for the six months ended June 30, 2002 as compared to $23.9 million for the six months ended June 30, 2001. The remaining increase was attributable to the increase in operating assets associated with operating activities. Net cash flows from investing activities was $24.9 million for the six months ended June 30, 2002 and was a net use of $108.9 million for the six months ended June 30, 2001. The increase was primarily attributable to the sale of Word and the sale of its partnership interest in the Opry Mills partnership. The increase was also attributable to the decrease in purchases of property and equipment due to the opening of the Gaylord Palms in January 2002. Net cash flows for financing activities for the six months ended June 30, 2002 was a use of $17.7 million compared to cash flows provided by financing activities of $163.5 million for the six months ended June 30, 2001. The decrease is primarily related to a decrease in debt borrowed during the six months of 2002, as compared to the same period of 2001. This decrease was offset by a change in restricted cash used to re-pay debt.

Financing

During 2001, the Company entered into a three-year delayed-draw senior term loan ("Term Loan") with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. The Term Loan is primarily secured by the Company's ground lease interest in the Gaylord Palms. The Term Loan requires that the net proceeds from all asset sales by the Company must be used to reduce outstanding borrowings until the borrowing capacity under the Term Loan has been reduced to $60 million. Excess cash flows, as defined, generated by Gaylord Palms must be used to reduce any amounts borrowed under the Term Loan until its borrowing capacity is reduced to $85 million. Debt repayments under the Term Loan reduce its borrowing capacity and are not eligible to be re-borrowed. The Term Loan requires the Company to maintain certain escrowed cash balances, comply with certain financial covenants, and imposes limitations related to the payment of dividends, the incurrence of debt, the guaranty of liens, and the sale of assets, as well as other customary covenants and restrictions. The weighted average interest rate, including amortization of deferred financing costs, under the Term Loan for the six months ended June 30, 2002 was 9.6%, including 4.5% related to commitment fees and the amortization of deferred financing costs.

During the first quarter of 2002, the Company sold Word's domestic operations, which required the prepayment of the Term Loan in the amount of $80 million. As required by the Term Loan, the Company utilized $15.9 million of the net cash proceeds, as defined under the Term Loan agreement, received from the sale of the Opry Mills investment to reduce the outstanding balance of the Term Loan. Under the Term Loan during the first six months of 2002, the Company borrowed $85 million and made total payments of $100 million. As of June 30, 2002, the Company had outstanding borrowings of $85 million under the Term Loan.

The Company's ability to borrow additional funds under the Term Loan expired on June 30, 2002. However, the lenders could reinstate the Company's ability to borrow additional funds at a future date.

During the first quarter of 2001, the Company, through wholly-owned subsidiaries, entered into two loan agreements, a $275 million senior loan (the "Senior Loan") and a $100 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans"). The Senior Loan is secured by a first mortgage lien on the assets of the Gaylord Opryland and is due in 2004. Amounts outstanding under the Senior Loan bear interest at one-month LIBOR plus approximately 0.9%. The Mezzanine Loan, secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, is due in 2004 and bears interest at one-month LIBOR plus 6.0%. The Nashville Hotel Loans require monthly principal payments of $0.7 million during their three-year terms in addition to monthly interest payments. At closing, the Company was required to escrow certain amounts, including $20 million related to future renovations and related capital expenditures at Gaylord Opryland. During the second quarter 2002, the Company utilized $18 million of the proceeds received from a federal income tax refund to make a principal payment on the Mezzanine Loan. For the six month period ended June 30, 2002, the weighted average interest rates for the Senior Loan and the Mezzanine Loan, including amortization of deferred financing costs, were 4.5% and 10.2%, respectively. At June 30, 2002, the Company had outstanding borrowings of $236.2 million and $82.0 million under the Senior Loan and Mezzanine Loan, respectively.

The terms of the Nashville Hotel Loans require that the Company maintain certain escrowed cash balances and comply with certain financial covenants, and impose limits on transactions with affiliates and indebtedness. The financial covenants under the Nashville Hotel Loans are structured such that noncompliance at one level triggers certain cash management restrictions and noncompliance at a second level results in an event of default. Based upon the financial covenant calculations at June 30, 2002 the cash management restrictions are in effect which require that all excess cash flows, as defined, be escrowed and may be used to repay principal amounts owed on the Senior Loan. During the first six months of 2002, $28.8 million of restricted cash was utilized to repay principal amounts outstanding under the Senior Loan.

The Company negotiated certain revisions to the financial covenants under the Nashville Hotel Loans and the Term Loan during the first and second quarters of 2002. After these revisions, the Company was in compliance with the covenants under the Nashville Hotel Loans and the covenants under the Term Loan in which the failure to comply would result in an event of default. There can be no assurance that the Company will remain in compliance with the covenants that would result in an event of default under the Nashville Hotel Loans or the Term Loan. The Company believes it has certain other possible alternatives to reduce borrowings outstanding under the Nashville Hotel Loans, including the proceeds from the sale of Acuff-Rose Music Publishing, which would allow the Company to remedy any event of default. Any event of noncompliance that results in an event of default under the Nashville Hotel Loans or the Term Loan would enable the lenders to demand payment of all outstanding amounts, which would have a material adverse effect on the Company's financial position, results of operations and cash flows.

Like other companies in the hospitality industry, the Company was notified by the insurers providing its property and casualty insurance that policies issued upon renewal would no longer include coverage for terrorist acts. As a result, the servicer for the Senior Loan notified the Company in May of 2002 that it believed the lack of insurance covering terrorist acts and certain related matters did constitute a default under that credit facility. Although coverage for terrorist acts was never specifically required as part of the required property and casualty coverage, the Company determined to resolve this issue by obtaining coverage for terrorist acts. The Company has obtained coverage in an amount equal to the outstanding balance of the Senior Loan. Subsequent to June 30, 2002, the Company received notice from the servicer that any previous existing defaults are cured and coverage in an amount equal to the outstanding balance of the loan will satisfy the requirements of the Senior Loan. The servicer has reserved the right to impose additional insurance requirements if there is a change in, among other things, the availability or cost of terrorism insurance coverage, the risk of terrorist activity, or legislation affecting the rights of lenders to require borrowers to maintain terrorism insurance.

Based upon the Company's curing any default which may have existed, this debt continues to be classified as long-term in the accompanying condensed consolidated balance sheets.

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

The following table summarizes our significant contractual obligations as of June 30, 2002, including long-term debt and operating lease commitments:

(in thousands)

CONTRACTUAL OBLIGATIONS	TOTAL AMOUNTS COMMITTED	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	OVER 5 YEARS
Long-term debt	$ 403,223	$ 8,004	$ 395,219	$ -	$ -
Capital leases	434	297	137	-	-
Operating leases	713,933	8,281	19,480	6,690	679,482
Total contractual obligations	$ 1,117,590	$ 16,582	$ 414,836	$ 6,690	$ 679,482

The total operating lease amount of $713.9 million above includes the 75-year operating lease agreement the Company entered into during 1999 for 65.3 acres of land located in Osceola County, Florida for the land where Gaylord Palms is located.

Capital Expenditures

The Company currently projects capital expenditures for the twelve months of 2002 to total approximately $120.0 million, which includes continuing construction costs at the new Gaylord hotel in Grapevine, Texas of approximately $54.5 million, approximately $6.8 million related to the development and construction at the Gaylord hotel in Potomac, near Washington D.C. and approximately $12.9 million related to Gaylord Opryland. The Company's capital expenditures from continuing operations for the six months ended June 30, 2002 were $84.9 million.

Subsequent to June 30, 2002, the Company announced that the Gaylord Opryland Texas Resort and Convention Center, located near the Dallas/Fort Worth airport will open by April 2004, two months earlier than previously announced.

NEWLY ISSUED ACCOUNTING STANDARDS

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

intangible assets may be impaired. The Company adopted the provisions of SFAS No. 141 in June of 2001. The Company adopted the provisions of SFAS No. 142 effective January 1, 2002, and as a result, the Company ceased the amortization of goodwill on that date. As required by the provisions of SFAS No. 142, the Company completed the transitional goodwill impairment review during the second quarter of 2002 and recorded a cumulative effect of accounting change, retroactive to January 1, 2002, attributed to the goodwill impairment of the Radisson Hotel at Opryland.

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

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds both SFAS Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and the amendment to SFAS No 4, SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". SFAS No. 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. However, an entity is not prohibited from classifying such gains and losses as extraordinary items, so long as they meet the criteria in paragraph 20 of APB No. 30. The Company will adopt the provisions of SFAS No. 145 on January 1, 2003 and anticipates the effects of SFAS No. 145 will be immaterial to the Company's financial statements.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 nullifies EITF Issue No. 94-3. SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, whereas EITF No. 94-3 had recognized the liability at the commitment date to an exit plan. The Company is required to adopt the provisions of SFAS No. 146 effective for exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating the impact of adoption of this statement.

FORWARD-LOOKING STATEMENTS / RISK FACTORS

This report contains statements with respect to the Company's beliefs and expectations of the outcomes of future events that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, including, without limitation, the risks and uncertainties associated with economic conditions affecting the hospitality business generally, the timing of the opening of new hotel facilities, costs associated with developing new hotel facilities, business levels at the Company's hotels, the ability to successfully complete potential divestitures, the ability to consummate the financing for new developments and the other factors set forth under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2001. Forward-looking statements include discussions regarding the Company's operating strategy, strategic plan, hotel development strategy, industry and economic conditions, financial condition, liquidity and capital resources, and results of operations. You can identify these statements by forward-looking words such as "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," and similar expressions. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve uncertainties and risks, and we cannot assure you that our plans, objectives, expectations and prospects will be achieved. Our actual results could differ materially from the results anticipated by the forward-looking statements as a result of many known and unknown factors, including, but not limited to, those contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this report. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. The Company does not undertake any obligation to update or to release publicly any revisions to forward-looking

statements contained in this report to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Investments - At June 30, 2002, the Company held an investment of 11 million shares of Viacom Class B common stock, which was received as the result of the acquisition of television station KTVT by CBS in 1999 and the subsequent acquisition of CBS by Viacom in 2000. The Company entered into a secured forward exchange contract related to 10.9 million shares of the Viacom stock in 2000. The secured forward exchange contract protects the Company against decreases in the fair market value of the Viacom stock, while providing for participation in increases in the fair market value. At June 30, 2002, the fair market value of the Company's investment in the 11 million shares of Viacom stock was $488.2 million, or $44.37 per share. The secured forward exchange contract protects the Company against market decreases below $56.04 per share, thereby limiting the Company's market risk exposure related to the Viacom stock. At per share prices greater than $56.04, the Company retains 100% of the per-share appreciation to a maximum per-share price of $75.66. For per-share appreciation above $75.66, the Company participates in 25.9% of the appreciation.

Outstanding Debt - The Company has exposure to interest rate changes primarily relating to outstanding indebtedness under the Term Loan, the Nashville Hotel Loans and potentially, with future financing arrangements. The Term Loan bears interest, at the Company's option, at the prime interest rate plus 2.125% or the Eurodollar rate plus 3.375%. The terms of the Term Loan require the Company to purchase interest rate hedges in notional amounts equal to $100 million in order to protect against adverse changes in the one-month Eurodollar rate. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to the one-month Eurodollar rate at 6.625%. The terms of the Nashville Hotel Loans require the Company to purchase interest rate hedges in notional amounts equal to the outstanding balances of the Nashville Hotel Loans in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, the Company has purchased instruments that cap its exposure to one-month LIBOR at 7.50%. The Company is currently negotiating with its lenders and others regarding the Company's future financing arrangements. If LIBOR and Eurodollar rates were to increase by 100 basis points each, the estimated impact on the Company's consolidated financial statements would be to reduce net income by approximately $1.8 million after taxes based on debt amounts outstanding at June 30, 2002.

Cash Balances - Certain of the Company's outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. The Company does not have significant exposure to changing interest rates on invested cash at June 30, 2002. As a result, the interest rate market risk implicit in these investments at June 30, 2002, if any, is low.

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

Summary - Based upon the Company's overall market risk exposures at June 30, 2002, the Company believes that the effects of changes in the stock price of its Viacom stock or interest rates could be material to the Company's consolidated financial position, results of operations or cash flows. However, the Company believes that the effects of fluctuations in foreign currency exchange rates on the Company's consolidated financial position, results of operations or cash flows would not be material.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

ROOM SERVICE TIP ALLOCATION CLASS ACTION. The Company is a defendant in a class action lawsuit filed on June 23, 1997 in the Second Circuit Court of Davidson County, Tennessee related to the manner in which Gaylord Opryland distributes service and delivery charges to certain employees. Tennessee has a "Tip" statute that requires a business to pay tips shown on statements over to its employee or employees who have served the customer. The Company believes that it has paid over to its employees amounts in excess of what the statute requires, and the Company intends to file a motion for summary judgment in this matter and to vigorously contest this matter. On June 12, 2002, counsel for the Company and counsel for the plaintiff class attended a mediation session and some progress was made toward resolving this case. The Company believes that it has reserved an appropriate amount for this particular claim.

GAYLORD FILMS. On March 9, 2001, the Company sold its stock and equity interests in five of its businesses to The Oklahoma Publishing Company ("OPUBCO") for a purchase price of $22 million in cash and the assumption of approximately $20 million in debt. The businesses sold were Gaylord Production Company, Gaylord Films, Pandora Films, Gaylord Sports Management Group, and Gaylord Event Television. OPUBCO is the beneficial owner of 6.2% of the Company's common stock. Four of the Company's directors, who are the beneficial owners of approximately an additional 27% of the Company's common stock, are also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. The transaction was reviewed and approved by a special committee of the independent directors of the Company. The Company received an appraisal from a firm that specializes in valuations related to films, entertainment and service businesses as well as a fairness opinion from an investment bank. On August 5, 2002, counsel for the special committee of the independent directors of the Company received a letter from counsel for Gaylord Films asserting that the Company breached certain representations and warranties in the purchase agreement and demanding indemnification from the Company in the amount of $3.1 million. No litigation has yet been instituted with respect to this matter, and the Company is actively engaged in settlement negotiations with OPUBCO to resolve this matter. The Company believes that it has adequate reserves for this matter and does not believe that the outcome of this dispute will have a material adverse effect upon its business, financial condition or results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Inapplicable

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Inapplicable

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

The Company held its Annual Meeting of Stockholders on May 14, 2002 (the "Annual Meeting"). The stockholders of the Company voted to elect the directors listed below and the terms of office of E.K. Gaylord II and Mary Agnes Wilderotter continued after the meeting. The following table sets forth the number of votes cast for and withheld/abstained with respect to each of the nominees:

Nominee	For	Withheld/ Abstained
Martin C. Dickinson	29,871,140	127,585
C. Gaylord Everest	29,816,823	181,902
Edward L. Gaylord	28,194,597	1,804,128
E. Gordon Gee	29,876,892	121,833
Laurence S. Geller	29,876,127	122,598
Ralph Horn	29,828,885	169,840
Colin V. Reed	29,823,495	175,230
Michael D. Rose	29,830,675	168,050

The stockholders also voted to amend the Gaylord Entertainment Company 1997 Omnibus Stock Option and Incentive Plan. A total of 29,461,434 votes were cast for such proposal, 478,403 votes were cast against such proposal, and 58,886 votes abstained with respect to such proposal. There were 2 broker non-votes with respect to the proposal.

ITEM 5. OTHER INFORMATION

Inapplicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Index to Exhibits following the Signatures page.

(b) A Current Report on Form 8-K, dated June 17, 2002, reporting the change in the Registrant's Certifying Accountant under Item 4 from Arthur Andersen to Ernst & Young LLP.

SIGNATURES

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

GAYLORD ENTERTAINMENT COMPANY

Date: August 14, 2002

By: /s/ Colin V. Reed
Colin V. Reed
President and Chief Executive Officer (Principal Executive Officer)

By: /s/ David C. Kloeppel
David C. Kloeppel
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Kenneth A. Conway
Kenneth A. Conway
Vice President and Chief Accounting Officer (Principal Accounting Officer)

INDEX TO EXHIBITS

10.1 Fifth Amendment dated June 28, 2002 to Credit Agreement, dated as of October 9, 2001 by and among Registrant, Opryland Hotel-Florida, L.P., Bankers Trust Company, Citicorp Real Estate, Inc. and CIBC Inc.

10.2 Purchase and Sale Agreement dated as of June 28, 2002 by and between The Mills Limited Partnership (as Purchaser) and Opryland Attractions, Inc. (as Seller).

10.3 Asset Purchase Agreement dated as of July 1, 2002 by and between Acuff-Rose Music Publishing, Inc., Acuff-Rose Music, Inc., Milene Music, Inc., Springhouse Music, Inc., and Hickory Records, Inc. and Sony/ATV Music Publishing LLC.

10.4 Gaylord Entertainment Company 1997 Omnibus Stock Option and Incentive Plan (as amended at May 2002 Stockholders Meeting).

EXHIBIT 10.1

FIFTH AMENDMENT TO CREDIT AGREEMENT AND RATIFICATION OF GUARANTY

THIS FIFTH AMENDMENT TO CREDIT AGREEMENT AND RATIFICATION OF GUARANTY (this "Agreement"), dated as of June 28, 2002, among Gaylord Entertainment Company, a Delaware corporation ("Borrower"), Opryland Hotel-Florida Limited Partnership ("Co-Borrower"), the undersigned guarantors (each a "Guarantor and collectively, the "Guarantors"), Deutsche Bank Trust Company Americas ("Administrative Agent"), and Deutsche Bank Trust Company Americas, Citicorp Real Estate, Inc. and CIBC Inc. (collectively, "Lenders");

W I T N E S S E T H:

WHEREAS, Borrower, Co-Borrower, Administrative Agent and Lenders entered into that certain Credit Agreement dated as of October 9, 2001, as amended by First Amendment to Credit Agreement and Ratification of Guaranty dated as of November 30, 2001, Second Amendment to Credit Agreement and Ratification of Guaranty (the "Second Amendment") dated as of December 31, 2001, Third Amendment to Credit Agreement and Ratification of Guaranty (the "Third Amendment") dated as of February 28, 2002 and Fourth Amendment to Credit Agreement and Ratification of Guaranty (the "Fourth Amendment") dated as of May 1, 2002 (as so amended, the "Credit Agreement");

WHEREAS, Borrower, Co-Borrower and Guarantors have requested that Administrative Agent and Lenders agree to a limited waiver of certain provisions of Section 6.14(b) of the Credit Agreement and to certain amendments to the Credit Agreement, all as hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing, and for other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. The Administrative Agent and the Lenders hereby waive the provisions of Section 6.14(b) of the Credit Agreement solely to the extent of permitting a partial prepayment of the Nashville Mezzanine Loan in the amount of up to $35,000,000.00, provided that such partial prepayment is made (a) on or before July 31, 2002 and (b) with a portion of the proceeds of that certain federal income tax refund in the amount of $64,597,509.07 received by Borrower on or about June 26, 2002.

2. The "Required Completion Date," as defined in the Credit Agreement, is hereby extended from June 30, 2002 to July 10, 2002.

3. Borrower, Co-Borrower and Guarantors hereby represent and warrant to the Administrative Agent and the Lenders that, as of the date hereof, no Default or Unmatured Default has occurred and is continuing, and no Default or Unmatured Default will occur as a result of this Agreement. Borrower, Co-Borrower and Guarantors hereby acknowledge that Administrative Agent and Lenders have reserved all of their rights and remedies with respect to the matters described on that certain letter dated May 17, 2002 from LaSalle Bank National

Association, as Trustee for Opryland Hotel Trust Commercial Mortgage Pass-Through Certificates, Series 2001-OPRY, by Wells Fargo Bank, National Association, as Servicer, to Opryland Hotel Nashville, LLC and Sherrard & Roe, PLC with respect to the Amended and Restated Loan Agreement dated as of March 27, 2001, by and between Opryland Hotel Nashville, LLC, as Borrower, and Merrill Lynch Mortgage Lending, Inc., as Lender.

4. The Credit Agreement, as amended here by, together with that certain letter agreement dated as of August 13, 2001 between Borrower and Lenders, as amended by those certain letter agreements dated as of September 14, 2001 and September 25, 2001, respectively, and all the other Loan Documents (as defined in the Loan Agreement) remain in full force and effect and are hereby ratified and confirmed in all respects, it being understood that the Administrative Agent and the Lenders hereby expressly reserve all of their rights and remedies thereunder, including, without limitation, their rights and remedies under Section 2.20.4 of the Credit Agreement with respect to any Out of Balance Condition (as defined therein) that may exist by reason of the Second Amendment, the Third Amendment and/or the Fourth Amendment and their rights and remedies under said letter agreements.

5. By signing below, each of the Guarantors (as defined in the Credit Agreement) (a) acknowledges, consents and agrees to the execution and delivery by Borrower and Co-Borrower of this Agreement; (b) ratifies and confirms its obligations under the Guaranty (as defined in the Credit Agreement), which remains unmodified and in full force and effect; (c) acknowledges and agrees that its obligations under the Guaranty are not released, diminished, waived, modified, impaired or affected in any manner by this Agreement; (d) represents and warrants that it has received and reviewed this Agreement; and (e) acknowledges and agrees that it has no claims or offsets against, or defenses or counterclaims to, the Guaranty as a result of this Agreement or otherwise.

6. All capitalized terms not separately defined herein shall have the meanings ascribed thereto in the Credit Agreement.

7. This Agreement may not be amended, modified or otherwise changed in any manner except by a writing executed by all of the parties hereto.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

9. This Agreement may be signed in any number of counterparts by the parties hereto, all of which taken together shall constitute one and the same instrument.

[SIGNATURE PAGES FOLLOW IMMEDIATELY]

IN WITNESS WHEREOF, Borrower, Co-Borrower, Guarantors, Administrative Agent, and the undersigned Lenders have executed this Fourth Amendment as of the date first above written.

BORROWER:

GAYLORD ENTERTAINMENT COMPANY

By: /s/ A. Key Foster III

Name: A. Key Foster III
Title: Vice President

CO-BORROWER:

OPRYLAND HOTEL - FLORIDA LIMITED PARTNERSHIP, a Florida limited partnership

By: Opryland Hospitality, LLC, its general partner

By: Gaylord Entertainment Company, its sole member

By: /s/ A. Key Foster III

Name: A. Key Foster III
Title: Vice President

LENDERS:

DEUTSCHE BANK TRUST COMPANY AMERICAS, Individually and as Administrative Agent

By: /s/ George Reynolds

Name: George Reynolds
Title: Vice President

CITICORP REAL ESTATE, INC.

By: /s/ Michael P. Psyllos

Name: Michael P. Psyllos
Title: Vice President

CIBC INC.

By: /s/ Paul J. Chakmak

Name: Paul J. Chakmak
Title: Managing Director
CIBC World Markets Corp., As Agent

GUARANTORS:

COUNTRY MUSIC TELEVISION INTERNATIONAL, INC., a Delaware corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III
Title: Vice President

ACUFF-ROSE MUSIC PUBLISHING, INC., a Tennessee corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III
Title: Vice President

ACUFF-ROSE MUSIC, INC., a Tennessee corporation

By: /s/ A. Key Foster III
Name: A. Key Foster III
Title: Vice President

GAYLORD PROGRAM SERVICES, INC., a
Delaware corporation

By: /s/ A. Key Foster III
Name: A. Key Foster III
Title: Vice President

WILDHORSE SALOON ENTERTAINMENT
VENTURES, INC., a Tennessee corporation

By: /s/ A. Key Foster III
Name: A. Key Foster III
Title: Vice President

OPRYLAND HOSPITALITY, LLC, a
Tennessee limited liability company

By: Gaylord Entertainment Company, a
Delaware Corporation, its sole member

By: /s/ A. Key Foster III
Name: A. Key Foster III
Title: Vice President

MILENE MUSIC, INC., a Tennessee corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

SPRINGHOUSE MUSIC, INC., a Tennessee corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

OPRYLAND THEATRICALS, INC., a Delaware corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

OPRYLAND HOTEL-TEXAS, LIMITED PARTNERSHIP, a Delaware limited partnership

By: Opryland Hospitality, LLC, its general partner

By: Gaylord Entertainment Company, its sole member

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

OPRYLAND HOTEL-TEXAS, LLC, a Delaware
limited liability company

By: Gaylord Entertainment Company, its sole member

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

OPRYLAND PRODUCTIONS, INC., a Tennessee corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

OPRYLAND ATTRACTIONS, INC., a Delaware
corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

HICKORY RECORDS, INC., a Tennessee
corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

CORPORATE MAGIC, INC., a Texas corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

CCK, INC., a Texas corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

GAYLORD INVESTMENTS, INC., a Delaware corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

GRAND OLE OPRY TOURS, INC., a Tennessee corporation

By: /s/ A. Key Foster III

Name: A. Key Foster III

Title: Vice President

EXHIBIT 10.2

PURCHASE AND SALE AGREEMENT

BY AND BETWEEN

THE MILLS LIMITED PARTNERSHIP
("PURCHASER")

AND

OPRYLAND ATTRACTIONS, INC.
("SELLER")

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "AGREEMENT") is made and entered into as of the 28th day of June, 2002 (the "EFFECTIVE Date"), by and between THE MILLS LIMITED PARTNERSHIP, a Delaware limited partnership, as purchaser ("PURCHASER"), and OPRYLAND ATTRACTIONS, INC., a Delaware corporation, as seller ("SELLER").

R E C I T A L S:

(A) Pursuant to the Limited Partnership Agreement dated March 31, 1998 (as heretofore amended, the "Partnership Agreement") of Opry Mills Limited Partnership, a Delaware limited partnership (the "Partnership"), Seller holds a one percent (1.00%) general partner interest in the Partnership ("Seller GP Interest") and a thirty-two and thirty-three one hundredths percent (32.33%) limited partner interest in the Partnership ("Seller LP Interest"), and Purchaser holds a one percent (1.00%) general partner interest in the Partnership and a sixty-five and sixty-seven one hundredths percent (65.67%) limited partner interest in the Partnership. The Seller GP Interest, Seller LP Interest and all other right, title and interest of Seller in the Partnership are collectively referred to herein as the "Seller Ownership Interests".

(B) The Partnership is the lessee and Seller is the lessor under the Opry Mills Ground Lease Agreement dated March 1, 1999 (as amended from time to time "Ground Lease") pursuant to which the Partnership leases land in Nashville, Tennessee on which it has developed the shopping center project commonly known as Opry Mills (the "Project").

(C) Purchaser desires to buy all of the Seller Ownership Interests from Seller, and Seller desires to sell all of the Seller Ownership Interests to Purchaser on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree as follows:

ARTICLE I

INCORPORATION OF RECITALS

Section 1.01 INCORPORATION OF RECITALS. The foregoing Recitals are incorporated herein by this reference as though set forth fully hereinbelow.

ARTICLE II

PURCHASE AND SALE OF SELLER INTERESTS

Section 2.01. PURCHASE AND SALE. Seller shall sell, assign and transfer to Purchaser or Purchaser's designee the Seller Ownership Interests, and Purchaser or Purchaser's designee shall acquire the Seller Ownership Interests, all on the terms set forth in this Agreement.

ARTICLE III

PURCHASE PRICE AND OTHER ECONOMIC CONSIDERATION

Section 3.01. PURCHASE PRICE. The total consideration to be paid by Purchaser to Seller for the Seller Ownership Interests is Thirty Million Eight Hundred Fifty Thousand Dollars ($30,850,000.00) (the "PURCHASE PRICE").

Section 3.02. PAYMENT OF PURCHASE PRICE. At the "CLOSING" (as such term is defined in Section 6.01), Purchaser shall pay the Purchase Price to Seller by federal funds wire transferred to Seller or Seller's designee pursuant to wire instructions which Seller agrees to furnish to Purchaser not less than one (1) business day prior to the Closing Date (as such term is defined in Section 6.01).

Section 3.03. OTHER ECONOMIC CONSIDERATION. At the Closing, Purchaser, pursuant to an Assignment and Assumption Agreement in the form attached hereto as EXHIBIT D (a "BASS PRO ASSUMPTION AGREEMENT"), shall assume Seller's obligations under that certain Letter Agreement dated January 13, 1999 by and among the Bass Pro Shops and Gaylord Entertainment Company, a copy of which is attached as SCHEDULE 1 TO EXHIBIT D.

Section 3.04. TRACT II. At the Closing, effective immediately after the assignment of the Seller Ownership Interests to Purchaser, Seller shall purchase from the Partnership, and Purchaser shall cause the Partnership to sell and convey to Seller, the 24.03 acre tract of land legally described on EXHIBIT B hereto ("TRACT II") free and clear of all mortgage debt, including, but not limited to the liens currently encumbering Tract II which secure that certain $168,000,000.00 Construction Loan (the "LOAN") made by Administrative Agent (as hereinafter defined) to the Partnership, and Seller shall record against Tract II and the land legally described on SCHEDULE 1 TO EXHIBIT C hereto a Restrictive Covenant (the "RESTRICTIVE COVENANT") in the form attached hereto as EXHIBIT C. The purchase price ("Tract II Purchase Price") payable by Seller to Purchaser for Tract II shall be Five Million Dollars ($5,000,000.00). At the Closing, Purchaser shall be responsible for paying a commission to MillsServices Corp. pursuant to separate agreement.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.01. SELLER'S REPRESENTATIONS AND WARRANTIES. Seller represents and warrants to Purchaser that as of the date of this Agreement:

(a) Seller is a Delaware corporation, duly organized, validly existing and in good standing under the laws of Delaware. Seller has the full power and lawful authority under its respective organizational documents to execute, deliver and perform this Agreement and all documents which are contemplated to be delivered at Closing pursuant to this Agreement. All actions necessary to confer such power and authority upon the persons executing this Agreement have been taken. Seller's execution, delivery and performance of this Agreement, will not result in any violation of, or default under, or require any notice or consent under, any of the organizational documents of said entity.

(b) All of the Seller Ownership Interests are owned by Seller free and clear of any and all security agreements, financing statements, liens (including federal, state or local tax liens and any liens arising pursuant to state bulk sales or bulk transfer laws), encumbrances, security interests or other claims of any kind (collectively, "LIENS"). Other than as set forth in the Partnership Agreement, the Seller Ownership Interests are not subject to any option, right of first refusal, purchase agreement, put, call or other right to purchase (collectively, "PRE-EMPTIVE RIGHTS"). The applicable Seller Ownership Interests shall be transferred to Purchaser upon the consummation of the Closing free and clear of all Liens and Pre-Emptive Rights.

(c) Litigation. No litigation or proceedings are pending, or to the best of Seller's knowledge, threatened against Seller which have or will have a material adverse effect on the ability of Seller to perform its obligations (or to enter into the agreements contemplated to be entered into by it) under this Agreement.

(d) FIRPTA. Seller is not a foreign entity for purposes of Section 1445 of the Internal Revenue Code of 1986, as amended.

(e) ERISA. None of the Seller Ownership Interests constitute "Plan Assets" of any employee benefit plan, subject to the Employee Retirement Income Security Act of 1974 ("ERISA") within the meaning of 29 CFR Section 2510.3-101.

For purposes of this Agreement, any representations and warranties made to the "best of Seller's knowledge" (or terms of similar import) shall be deemed to mean the actual knowledge of Bennett Westbrook and David Kloeppel, after reasonable inquiry within Seller's organization, but without inquiry of unaffiliated third parties.

Section 4.02. PURCHASER'S REPRESENTATIONS AND WARRANTIES. Purchaser represents and warrants to Seller that as of the date of this Agreement:

(a) Purchaser is a Delaware limited partnership, duly organized and validly existing and in good standing under the laws of the State of Delaware, and has full power and lawful authority under Purchaser's organizational documents to enter into and carry out the terms and provisions of this Agreement and to execute and deliver all documents which are contemplated by this Agreement. All actions necessary to confer such power and authority upon the persons executing this Agreement (and all documents which are contemplated by this Agreement to be executed by Purchaser) have been taken. Purchaser's execution, delivery and performance of this Agreement, and the documents

contemplated to be executed and delivered at closing pursuant to this Agreement, will not result in any violation of, or default under, or require any notice or consent under, any of the organizational documents of Purchaser.

(b) ERISA. Purchaser shall not utilize "Plan Assets," within the meaning of ERISA, to acquire the Seller Ownership Interests.

Section 4.03. PRE-CLOSING DISCLOSURE. As of the Closing, Purchaser and Seller shall each be deemed to remake and restate the representations set forth in this Article 4, except as may be disclosed by either party to the other in writing on or before said Closing (any such disclosure being referred to herein as a "PRE-CLOSING DISCLOSURE").

Section 4.04. SURVIVAL. The representations and warranties set forth in Sections 4.01 and 4.02, subject to modifications thereto pursuant to Section 4.03, shall survive the Closing forever.

ARTICLE V

CONDITIONS PRECEDENT

Section 5.01. PURCHASER'S CONDITIONS PRECEDENT. Purchaser's obligations under this Agreement are subject to the satisfaction of the following conditions:

(a) Representations. Each and every representation and warranty set forth in Section 4.01 shall be materially true and correct as of Closing.

(b) Lender Consents/Approvals. With respect to the Loan, to the extent that Bank of America, N.A. (as "Administrative Agent") or the lenders thereunder have the right to approve or consent to the transactions contemplated by this Agreement (or the right to declare a default if such approval or consent is not obtained), Purchaser shall have obtained such approvals and consents, (collectively, the "LENDER CONSENTS").

(c) UCC Searches. Purchaser (at its sole cost and expense) shall have obtained UCC and such other searches as Purchaser may reasonably require, dated as close as possible to the Closing, confirming that the Seller Ownership Interests are owned by the Seller free and clear of all Liens.

(d) No Default. Seller shall not be in default of any of its material obligations in any material respect.

(e) Seller's Conditions Precedent. The obligations of Seller under this Agreement are contingent upon any one or more of the following:

(f) Representations. Each and every representation and warranty set forth in Section 4.02 shall be true and correct in all material respects as of Closing.

(g) No Default. Purchaser shall not be in default of any of its material obligations in any material respect.

Section 5.02. MUTUAL COOPERATION. Seller and Purchaser will cooperate diligently and in good faith to satisfy the foregoing conditions precedent.

Section 5.03. WAIVERS OF CONDITIONS PRECEDENT. Any condition precedent to the Closing hereunder may be waived by the party for whose benefit such condition exists (such election being at the sole and absolute discretion of such party), with any such condition being deemed waived in the event that the Closing occurs and provided further that in such event the other party shall have no liability to the waiving party related to the matter or matters so waived.

Section 5.04. FAILURE OF CONDITIONS PRECEDENT NOT A DEFAULT. Subject to the provisions of Article IX, the failure of any of the conditions precedent to Closing set forth in this Article V shall not, solely by virtue of such failure, constitute a default by either Purchaser or Seller. Subject to the provisions of Article IX, in the event that a condition precedent to either or both of Seller's or Purchaser's obligation to close the transaction has not been satisfied as of Closing Date, the party whose condition has not been satisfied may terminate this Agreement by written notice to the other party.

ARTICLE VI

CLOSING

Section 6.01. CLOSING DATE. The "CLOSING" of the transactions contemplated by this Agreement (that is the payment of the Purchase Price, the transfer of the Seller Ownership Interests, and the satisfaction of all other terms and conditions of this Agreement) shall occur on June 28, 2002 (the "CLOSING DATE") at the office of Purchaser in Arlington, Virginia, or at such other time and place as Seller and Purchaser shall agree in writing.

Section 6.02. CLOSING DOCUMENTS.

(a) Seller's Closing Deliveries. On the Closing Date, Seller shall deposit with Chicago Title Insurance Company (or another national title insurance company approved by both Seller and Purchaser), as escrowee (the "ESCROWEE") for delivery to Purchaser on the Closing Date each of the following (duly executed by Seller);

   (i) Two (2) counterparts of an Assignment and Assumption of General Partnership Interests, in the form attached hereto as EXHIBIT E (the "ASSIGNMENT OF GENERAL PARTNERSHIP INTERESTS");

   (ii) Two (2) counterparts of an Assignment and Assumption of Limited Partnership Interests, in the form attached hereto as EXHIBIT J (the "ASSIGNMENT OF LIMITED PARTNERSHIP INTERESTS"; together with the Assignment of General Partner Interests, the "ASSIGNMENT OF PARTNERSHIP INTERESTS");

   (iii) Two (2) counterparts of a License Agreement in the form attached hereto as EXHIBIT F (the "OPRY MARKS LICENSE AGREEMENT");

   (iv) The Tract II Purchase Price;

(v) Two (2) counterparts of a Master Agreement Termination and Release, in the form attached hereto as EXHIBIT H, (the "MUTUAL RELEASE AGREEMENT ");

(vi) Such filings, in the appropriate public records, as may be appropriate to evidence the change in composition of the Partnership (including, without limitation, an amendment to the certificate of limited partnership of the Partnership);

(vii) Such instruments, if any, as may be required to be filed with any financial institution so as to extinguish any rights on the part of Seller or its officers, directors, or employees or affiliates to withdraw funds of the Partnership from any bank account or similar financial account owned by the Partnership;

(viii) [Reserved];

(ix) Evidence of Seller's authority to consummate the transactions contemplated herein (such as certified resolutions from the board of directors of Seller), in a form reasonably satisfactory to Purchaser;

(x) All other documents reasonably and customarily required in order to perfect the conveyance, transfer and assignment of the Seller Ownership Interests to Purchaser;

(xi) An affidavit stating, as required under Section 1445, Seller's U.S. tax payer identification number and that Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code; and

(xii) Two (2) counterparts of the Restrictive Covenant.

(b) Purchaser's Closing Deliveries. On the Closing Date, Purchaser shall deposit with the Escrowee for delivery to Seller on the Closing Date each of the following (duly executed by Purchaser):

(i) the Purchase Price;

(ii) Two (2) counterparts of the Assignment of General Partnership Interests;

(iii) Two (2) counterparts of the Assignment of Limited Partnership Interests.

(iv) Two (2) counterparts of the Opry Marks License Agreement;

(v) Two (2) counterparts of the Mutual Release Agreement;

(vi) Two (2) originals of the Base Pro Assumption Agreement;

(vii) A special warranty deed conveying all of the Partnership's title in Tract II to Seller, in the form attached hereto as EXHIBIT I;

(viii) Such filings, in the appropriate public records, as may be appropriate to evidence the change in composition of the Partnership (including, without limitation, amendments to the certificate of limited partnership of the Partnership);

(ix) [Reserved];

(x) Evidence of Purchaser's authority to consummate the transactions contemplated herein, in a form reasonably satisfactory to Seller.

(c) Joint Closing Deliveries. At each Closing, Purchaser and Seller shall deliver to the other duly executed counterparts of a closing statement prepared in accordance with Section 6.03.

(d) Form of Deliveries. Any item delivered pursuant to this Section 6.02 which is not attached hereto as an exhibit shall be in form and content reasonably satisfactory to Seller and Purchaser.

Section 6.03. CREDITS, PRORATIONS AND POST-CLOSING PAYMENTS.

(a) Prorations. There shall be no prorations, adjustments or apportionments of any items of income or expense with respect to the Project, the Partnership or the Seller Ownership Interests. In particular, there shall be no proration of any matter customarily prorated in connection with a real estate closing. At Closing all assets and liabilities of the Partnership (including, without limitation, accounts payable, accounts receivable, trademarks, tradenames and cash (including security deposits, reserves, and any amounts required to be maintained on deposit with Project Lenders)) shall remain the property of (or, as the case may be, an obligation of) the Partnership, with no adjustment or credit to Seller.

(b) Distributions to Seller. At the Closing, Seller shall be entitled to the following cash distributions with respect to the operations of the Partnership:

(i) At the Closing, the Partnership shall distribute to the Seller the amount of $562,000.00 in respect of the "Priority Distribution" attributable to the Seller Ownership Interests for the fiscal quarter ending June 30, 2002. Such distribution shall be paid to Seller in addition to the Purchase Price.

(ii) Notwithstanding anything to the contrary set forth in the Partnership Agreement, (i)the distributions payable to Seller under Section 6.03(b)(i) shall be final at Closing and shall not be subject to post-Closing reproration, reconciliation or adjustment based on actual operating results or otherwise, and (ii) Seller shall not be entitled to any other distributions from the Partnership, in respect of the Seller Ownership Interest or otherwise.

(c) Tract II Prorations. Seller shall be responsible for accrued and unpaid real estate taxes on Tract II, which real estate taxes shall be prorated at Closing on a per diem basis in accordance with local custom.

Section 6.04. CLOSING COSTS THIRD PARTY CONSENTS. The costs and expenses of obtaining requisite governmental and other third party consents and approvals (including administrative fees and similar costs payable to governmental agencies, lender, rating agencies and other parties to the organizational documents who may have approval rights) will be paid 50% by Purchaser and 50% by Seller.

(a) Recording Fees, Etc. Recording fees, transfer taxes, title insurance premiums, and similar Closing costs and expenses (if any) that may be payable in connection with the transactions contemplated under this Agreement (including, without limitation, transfer taxes that may be due in connection with the conveyance of "Tract II" to Seller) shall be paid 50% by Purchaser and 50% by Seller. The parties will cooperate to minimize such costs and expenses.

(b) Other Costs and Expenses. Except as provided above, Purchaser and Seller shall each be responsible for its own costs and expenses in connection with this transaction, including the fees of its respective attorneys and advisors.

ARTICLE VII

INTERIM OPERATIONS

Section 7.01. INTERIM OPERATIONS. The Project and the Partnership shall continue to be operated in the ordinary course of business through the Closing, in accordance with the terms of the Partnership Agreement and historical budgets and operations (including, without limitation, maintenance and use of reserves, and frequency of distributions).

ARTICLE VIII

CASUALTY AND CONDEMNATION

Section 8.01. CASUALTY AND CONDEMNATION. The rights and obligations of Purchaser and Seller under this Agreement shall not be affected by the occurrence of any fire or other casualty with respect to the Project, or the occurrence of any pending or threatened condemnation proceeding with respect to the Project; provided, however, if as a consequence of any such casualty or condemnation proceeding Administrative Agent accelerates the Loan or does not allow the borrower to apply the proceeds to the repair and restoration of the Project, then Purchaser shall have the right to terminate this Agreement with respect to such Project, upon notice to Seller within thirty (30) days after notice from the Administrative Agent that it intends to take such action, and, if applicable, at Purchaser's election the Closing Date shall be adjourned to the date which is thirty (30) days after the Administrative Agent notifies the borrower that it intends to take such action . To the extent that casualty or condemnation proceeds are received by the Partnership prior to Closing, said proceeds shall remain the property of the Partnership and shall not be distributed to (and Seller shall not receive a credit for) the amount of any such proceeds.

ARTICLE IX

CLOSING DOES NOT OCCUR; DEFAULTS AND REMEDIES

Section 9.01. SELLER DEFAULT PRIOR TO CLOSING. Notwithstanding anything to the contrary contained in this Agreement, if (i) Seller is in material default or material breach of its obligations under this Agreement and (ii) Purchaser is not otherwise in material default or material breach hereunder then, at Purchaser's sole discretion, Purchaser may (a) terminate this Agreement upon written notice to Seller (and upon such termination, this Agreement shall be null and void neither party shall have any rights or obligations under this Agreement except those that specifically survive such termination) it being agreed that any such termination shall be in addition to and shall not limit or preclude any other remedies that Purchaser may have at law or in equity as consequence of Seller's default, and/or (b) Purchaser may pursue any and all remedies at law or in equity, including but not limited to damages (including, without limitation, costs and expenses incurred by Purchaser in connection with the financing of the Purchase Price, if applicable) and specific performance, singly, successively, cumulatively or in any combination that may be available to Purchaser at law or in equity.

Section 9.02. PURCHASER DEFAULT. Notwithstanding anything to the contrary contained in this Agreement, if (i) Purchaser is in material default or material breach of its obligations under this Agreement and (ii) Seller is not otherwise in material default or material breach hereunder, then at Seller's sole discretion, Seller may (a) terminate this Agreement upon (and upon such termination, this Agreement shall be null and void, and neither party shall have any rights or obligations under this Agreement except those that specifically survive such termination), it being agreed that any such termination shall be in addition to and shall not limit or preclude any other remedies that Seller may have at law or in equity as consequence of Purchaser's default, and/or (b) pursue any and all remedies at law or in equity, including without limitation damages and specific performance, singly, successively, cumulatively or in any combination that may be available to Seller at law or in equity.

Section 9.03. NO TENDER REQUIRED. If Seller is in material default or breach of its obligations hereunder, Purchaser is not in material default or breach of its obligations hereunder and Purchaser is otherwise prepared to pay the Purchase Price, Purchaser may exercise its remedies pursuant to Section 9.01 without tendering the Purchase Price.

Section 9.04. RIGHTS AFTER CLOSING. After Closing, Seller and Purchaser shall, subject to the terms and conditions of this Agreement, have such rights and remedies as are available at law or in equity.

ARTICLE X

MISCELLANEOUS

Section 10.01. ASSIGNMENT. Subject to Section 10.17 below, neither this Agreement nor any interest hereunder shall be assigned or transferred by Purchaser or Seller (it being understood that Purchaser may take title to any Seller Ownership Interest in a separate affiliate or related entity).

Section 10.02. ENTIRE AGREEMENT. This Agreement (together with the other agreements expressly referred to herein) constitutes the entire agreement between Seller and Purchaser with respect to the sale of the Seller Ownership Interests and conveyance of Tract II. This Agreement shall not be modified or amended except in a written document signed by Seller and Purchaser. Any prior agreement or understanding between Seller and Purchaser concerning the sale of the Seller Ownership Interests or conveyance of Tract II is hereby rendered null and void.

Section 10.03. TIME. Time is of the essence of this Agreement. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which the period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until the end of the next day which is not a Saturday, Sunday, or legal holiday.

Section 10.04. NOTICES. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing and delivered (i) personally, (ii) by certified mail, return receipt requested, postage prepaid, (iii) by overnight courier (such as Federal Express) or (iv) by facsimile transmission (with a copy sent via (i), (ii), or (iii)), addressed as follows:

1. If to Seller:

Opryland Attractions, Inc.
One Gaylord Drive
Nashville, Tennessee 37214

Attention: Bennett Westbrook, VP of Development
David Kloeppel, Chief Financial Officer
(telecopy number 615/744-6557)

With a copy to:

Baker, Donelson, Bearman & Caldwell, P.C.
Commerce Center
Suite 1000
211 Commerce Street
Nashville, Tennessee 37201
Attention: Laurence M. Papel
(telecopy number 615/744-5656)

2. If to Purchaser:

c/o The Mills Corporation
1300 Wilson Boulevard
Suite 400
Arlington, Virginia 22209
Attention: Greg Neeb, Treasurer
(telecopy number 703/526-5344)

With a copy to:

The Mills Corporation
1300 Wilson Boulevard
Suite 400
Arlington, Virginia 22209
Attention: Thomas Frost, Exec. VP and General Counsel
(telecopy number 703/526-5198)

and a copy to:

Piper Rudnick
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: Robert H. Goldman, Esq.
(telecopy number 312/236-7516)

Either party hereto may change the address for receiving notices, requests, demands or other communication by notice sent in accordance with the terms of this Section 10.04. All notices given in accordance with the terms hereof shall be deemed received (1) when delivered, if personally delivered, (2) upon delivery or refusal of delivery, if sent by certified mail, return receipt requested, postage prepaid, (3) the next business day after deposit with the courier company, if sent by overnight courier, and (4) on the day sent, if sent by facsimile transmission prior to 5:00 P.M. in the recipient's time zone on any given business day and on the next business day, if received after said time.

Section 10.05. GOVERNING LAW. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without regard to Delaware law regarding choice of laws.

Section 10.06. COUNTERPARTS/FACSIMILE SIGNATURES. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument. Signatures to this Agreement and documents delivered pursuant hereto transmitted by telecopy shall be valid and effective to bind the party so signing. Each party agrees to promptly deliver an execution original of this Agreement and any such other document with its actual signature to the other party, but a failure to do so shall not affect the enforceability of this Agreement or any such other

document, it being expressly agreed that each party to this Agreement or any such other document shall be bound by its own telecopied signature and shall accept the telecopied signature of the other party to this Agreement and any such other document.

Section 10.07. WAIVER. The failure by either party to enforce against the other any term of this Agreement shall not be deemed a waiver of such party's right to enforce against the other party the same or any other term in the future.

Section 10.08. SEVERABILITY. If any one or more of the provisions hereof shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision were not herein contained.

Section 10.09. JURY. THE PARTIES HERETO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM BROUGHT BY EITHER OF THE PARTIES AGAINST THE OTHER REGARDING ANY MATTERS ARISING OUT OF THIS AGREEMENT.

Section 10.10. FURTHER ASSURANCES. Each party agrees to perform, execute and deliver, on and after the Closing, such further actions and documents as may be reasonably necessary or requested to more fully effectuate the purposes, terms and intent of this Agreement and the conveyances contemplated herein.

Section 10.11. ATTORNEYS' FEES. If either Purchaser or Seller or their respective successors or assigns file suit to enforce the obligations of, or remedy against, the other party under this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party the reasonable fees and expenses of its attorneys and its court costs.

Section 10.12. NO THIRD-PARTY BENEFICIARIES. This Agreement shall benefit only Purchaser and Seller and no other person or entity shall have any rights hereunder.

Section 10.13. NO DISCLOSURE. Except as may be required by law, without the prior written consent of the other party, neither Purchaser nor Seller shall disclose to any third party the existence of this Agreement or any term or condition thereof, subject to Section 10.14 and provided that the terms of this Agreement may be disclosed by either Purchaser or Seller to their respective directors and management teams, their respective employees and outside attorneys, auditors and advisors who have been engaged to work on the subject transaction, and to the extent required or appropriate, lenders and other third parties who may have consent or approval rights with respect to the subject transactions, including the Project Lenders and the parties' respective financing sources.

Section 10.14. PUBLIC NOTICES. The parties each intend to issue a press release disclosing the consummation of the transactions contemplated hereby. Any press release and other public notice to be released by either party hereto disclosing the consummation of transactions contemplated hereby shall first be submitted to the other party for review and comment, and each party shall reasonably cooperate in addressing the concerns of the other with respect to the nature and content of such disclosure (except and to the extent any such disclosure may be required by law, including disclosures required pursuant to the rules and regulations promulgated by the

Securities Exchange Commission). The parties shall coordinate with each other to arrange a simultaneous release of their press releases.

Section 10.15. SCHEDULES AND EXHIBITS. All Schedules and Exhibits attached to this Agreement are an integral part of this Agreement and the term "Agreement" shall include all such Schedules and Exhibits.

Section 10.16. INTERPRETATION.

(a) The headings and captions herein are inserted for the convenience of reference only and the same shall not limit or construe the paragraphs or Sections to which they apply or otherwise affect the interpretation hereof.

(b) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms shall refer to this Agreement, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Agreement.

(c) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing persons shall include firms, associations, partnerships (including limited partnerships), limited liability companies, trusts, corporations and other legal entities, including public bodies, as well as natural persons.

The terms "include," "including" and similar terms shall be construed as if followed by the phrase "without being limited to."

IN WITNESS WHEREOF, Purchaser and Seller have executed and delivered this Agreement as of the date set forth above.

PURCHASER:	SELLER:
THE MILLS LIMITED PARTNERSHIP	OPRYLAND ATTRACTIONS, INC., a Delaware corporation
By: THE MILLS CORPORATION, general partner	
	By: /s/ Carter R. Todd
	Name: Carter R. Todd
By: /s/ Kenneth B. Parent	Its: Vice President
Name: Kenneth B. Parent	
Its: Executive Vice President of Finance & Chief Financial Officer	

EXECUTION COPY

EXHIBIT 10.3

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

ACUFF-ROSE MUSIC PUBLISHING, INC.,
ACUFF-ROSE MUSIC, INC.,
MILENE MUSIC, INC.,
SPRINGHOUSE MUSIC, INC.

AND

HICKORY RECORDS, INC.

ON THE ONE HAND

AND

SONY/ATV MUSIC PUBLISHING LLC

ON THE OTHER HAND

DATED: JULY 1, 2002

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ATTACHMENTS

Exhibit A - Assignment/Assumption Agreement

Exhibit B - Bill of Sale

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is made the 1st day of July, 2002, by and between Acuff-Rose Music Publishing, Inc., a Tennessee corporation ("Acuff-Rose"), Acuff-Rose Music, Inc., a Tennessee corporation ("Acuff-Rose Music"), Milene Music, Inc., a Tennessee corporation ("Milene"), Springhouse Music, Inc., a Tennessee corporation ("Springhouse"), and Hickory Records, Inc., a Tennessee corporation ("Hickory", and, together with Acuff-Rose, Acuff-Rose Music, Milene and Springhouse, the "Sellers") on the one hand, and Sony/ATV Music Publishing LLC, a Delaware limited liability company ("Buyer").

RECITALS:

WHEREAS, Sellers are in the business, either directly and/or indirectly through the operation of agreement(s) with any Person, of acquiring, publishing and exploiting musical compositions and producing, distributing and exploiting sound recordings (the "Business"); and

WHEREAS, Sellers desire to sell, and Buyer desires to purchase, substantially all the assets of Sellers (with certain exceptions) used in connection with the Business and to assume certain of the liabilities and obligations of Sellers relating thereto, all upon the terms and subject to the conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, Buyer and Sellers (collectively, the "Parties") agree as follows:

ARTICLE 1
DEFINITIONS

"Accounts Receivable" means all claims, choses in action, debts, receivables, accounts, royalties, advances, fees, monies, and all other rights to receive monies or other property from any and all sources (including without limitation all sums realized after the Cut-off Date from audit examinations of Sellers' licensees for any period prior to or after the Cut-off Date) which are: (a) owing to the Sellers or the Subsidiaries; (b) as a result of the exploitation of the Compositions, the Masters or any other Asset, anywhere in the world; and (c) have not been actually received by Sellers or the Subsidiaries prior to or on the Cut-off Date, regardless of when earned, accrued or due. Accounts Receivable includes a note receivable by Dean Dillon effective July 1, 1997.

"Acuff-Rose" has the meaning set forth in the preface to this Agreement.

"Acuff-Rose Music" has the meaning set forth in the preface to this Agreement.

"Acquisition Documents" means all contracts, agreements, assignments and other instruments of the Business, whereby the Sellers or their

Subsidiaries or any of Sellers' or their Subsidiaries' predecessors-in-interest acquired proprietary rights or rights of control in or to the Assets (including without limitation the Songwriter Agreements).

"Acquisition Proposal" has the meaning set forth in Section 5.7.

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages (other than consequential or punitive damages), dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses.

"Affiliate" has the meaning set forth in Rule 12b-2 of the regulations promulgated under the Securities Exchange Act.

"Applicable Rate" means the corporate base rate of interest published from time to time in the Wall Street Journal.

"Artist" means the featured vocalists or instrumentalists performing on a Master.

"Artist/Producer Agreements" means all contracts, agreements or other instruments of transfer between Sellers and recording Artists, Producers or other parties to whom royalties are due or who furnished services in connection with the creation, delivery and/or transfer of Masters and Videos or any entity furnishing the services of such persons.

"Artwork" means all artwork, photographs, liner notes and other graphic and textual material created for use in packaging phonorecords derived from the Masters and in packaging Videos, together with the copyrights therein and all renewals, extensions, continuations, and restorations and reversions of such copyrights owned or controlled by Sellers, in all countries of the world or otherwise throughout the universe (subject to any third party termination rights), as well as all causes of action with respect thereto.

"Assets" has the meaning set forth in Section 2.1.

"Assignment/Assumption Agreement" has the meaning set forth in Section 2.6.

"Assumed Contracts" has the meaning set forth in Section 2.7.

"Assumed Liabilities" has the meaning set forth in Section 2.2.

"Bill of Sale" has the meaning set forth in Section 2.6.

"Business" has the meaning set forth in the recitals to this Agreement.

"Buyer" has the meaning set forth in the preface to this Agreement.

"Buyer Closing Documents" has the meaning set forth in Section 2.6.

"Claim Notice" has the meaning set forth in Section 8.4.

"Closing" has the meaning set forth in Section 2.5.

"Closing Date" has the meaning set forth in Section 2.5.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Compositions" means: (a) all musical compositions, or portions thereof, owned or controlled, in whole or in part, by Sellers (to the extent of Sellers' interest therein) as of the Effective Date, including but not limited to the musical works identified on Schedule 4.25(a); as well as (b) all musical compositions that Sellers have the right to acquire at any time after the Effective Date pursuant to any of the Acquisition Documents (to the extent of Sellers' interest therein). The musical compositions described in subsections (a) and (b) shall include: musical compositions whether the same were originally claimed or registered as a musical composition or as a musical part of a dramatico-musical work and shall also include, but shall not be limited to, any music, lyrics, titles and/or cues, whether domestic or foreign, and any arrangement, adaptation, edition, translation into a foreign language or derivative work based thereon and all right, title and interest in and to such musical compositions and the Copyright Interest therein.

"Copyright Interest" shall mean, with respect to the Compositions, the Masters, and all other copyrightable subject matter to be acquired by Buyer hereunder, all copyrights therein and all renewals, extensions, continuations and restorations and reversions of such copyrights (whether vested, contingent or inchoate and whether such renewals, extensions, continuations, restorations and reversions are now in existence or come into existence as a result of future legislation or the interpretation thereof) in all countries of the world or otherwise throughout the universe (subject to any third party termination rights), as well as all causes of action, including those for infringement, arising from the date of creation of each such musical composition, whether now known or unknown to Buyer or Sellers in all events.

"Confidential Information" means any information concerning the businesses and affairs of Sellers and their Affiliates, as the case may be, that is not generally available to the public, including all proprietary information concerning the operations of the Business and the financial condition thereof, information constituting trade secrets or know-how, business plans, and notes, summaries, analyses and other material prepared by Buyer based on the information provided by Sellers.

"Contract Consents" has the meaning set forth in Section 2.7.

"Cut-off Date" means June 30, 2002.

"Effective Date" means July 1, 2002, and, after the Closing, the conveyance of Assets hereunder shall be effective as of 12:01 a.m. on such date.

"Environmental, Health, and Safety Requirements" means all federal, state, local and foreign statutes, regulations, ordinances and similar provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning public health and safety, worker health and safety, or pollution or protection of the environment, including without limitation all those relating to the presence, use, production, generation,

handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"Equipment" has the meaning set forth in Section 2.1.

"Excluded Assets" has the meaning set forth in Section 2.1.

"Excluded Liabilities" has the meaning set forth in Section 2.2.

"GAAP" means United States generally accepted accounting principles as in effect from time to time.

"Hazardous Materials" means (i) any substance, contaminant, material, element, compound, mixture, solution, waste, chemical or pollutant that is now or hereafter listed, defined, characterized or regulated as hazardous, toxic, or dangerous pursuant to any Environmental, Health and Safety Requirements, (ii) petroleum, petroleum derivatives or by-products, and other hydrocarbons, (iii) polychlorinated biphenyls, asbestos, radon and urea formaldehyde, and (iv) radioactive substances, materials or wastes.

"Hickory" has the meaning set forth in the preface to this agreement.

"HSR Act" has the meaning set forth in Section 5.8.

"Indemnified Party" has the meaning set forth in Section 8.4.

"Indemnifying Party" has the meaning set forth in Section 8.4.

"Intellectual Property" means rights in the following Assets owned or controlled by Sellers or the Subsidiaries: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications (including for the Acuff-Rose publishing administration system (PAS)), and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations relating thereto, (b) all trademarks, service marks, trade dress, logos, trade names, corporate names, slogans, internet domain names, telephone numbers, and all goodwill associated therewith, together with all translations, adaptations, derivations, combinations, applications, registrations, and renewals relating thereto, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals relating thereto, (d) all computer software (including data and related documentation), (e) all advertising and promotional materials, (f) all other proprietary rights, and (g) all copies and tangible embodiments of the foregoing (in whatever form or medium); provided that Intellectual Property does not include the Compositions or the Masters.

"IP Assignments" has the meaning set forth in Section 2.6.

"IRS" means the Internal Revenue Service.

"Knowledge" means actual knowledge of Jerry Bradley, Ken Owen, Troy Tomlinson and the officers of the Sellers listed on Schedule 4.1, or matters that would reasonably be expected to come to their attention in the Ordinary Course of Business, and shall include the results of any investigation conducted by such persons prior to the Closing Date, but shall not be construed as imposing any obligation on such persons to conduct any additional investigation.

"Licenses" means all mechanical licenses, synchronization licenses, print licenses, Subpublishing Agreements, licenses to foreign publishers and other licenses to which the Sellers or any of the Subsidiaries is a party, or which were issued by any other Person on Sellers' behalf or any of Sellers' Affiliates' behalf, granting to any Person the right to exploit, administer or otherwise utilize any of the Compositions, the Record Assets or any portion thereof (including, but not limited to, Sellers' and the Writers' affiliation agreements with the applicable performing rights societies).

"Masters" means all master sound recordings, owned or controlled, in whole or in part, by Sellers, including, without limitation, tape masters, reference lacquers, work parts and out-takes and phonorecords derived from such master recordings, including but not limited to, those listed on Schedule 4.25(b), together with the Copyright Interest therein.

"Milene" has the meaning set forth in the preface to this Agreement.

"Miscellaneous Assets" means the following tangible assets of the Business wherever located: (A) microfilm and microfiche; (B) "demo" recordings and other sound recordings; (C) lead sheets, cue sheets, musical scores, artwork, paper, plates, blocks, folios and arrangements; (D) records, documents, including, without limitation, copyright certificates, and files, regardless of medium of storage; (E) accounting and bookkeeping records related inter alia to receipts and royalty activities including, but not limited to the Acuff-Rose publishing administration system (PAS) and the File Net imaging system and Sellers' rights in all software and hardware relating thereto, rate cards, computer records (excluding "Right Trade" or other computer programs or computer software licensed to Sellers by a third party) and files necessary for the day-to-day administration of the Business and royalty statements prepared by Sellers for prior accounting periods; (F) all recordings and brochures, catalogues and the like; (G) all correspondence files relating to the Compositions or the Business; and (H) any other documents, recordings or things owned by Sellers and used in the Ordinary Course of Business.

"Names" means the Publishing Names and the Record Name.

"Net Publisher's Share" or "NPS" means all gross fees, payments and royalty revenues actually received by Sellers as to Compositions in the United States (from sources throughout the world) derived as a result of the exploitation of any of the Compositions (collectively, "Gross Revenues"), less any amounts of any nature relating to such Gross Revenues which are actually paid or are payable by Sellers or the Subsidiaries (or which are credited by Sellers against advances previously paid by Sellers or the Subsidiaries or its predecessors-in-interest) to any Writer, joint owners of the Compositions or any rights therein, holders of Outside Interests and any other Persons, including, without limitation, co-publishers and administrators of the Compositions (unless such third-party administrators deduct their fees and charges prior to payment to Sellers or the Subsidiaries or affording credit to Sellers or the Subsidiaries, in which

event such fees and charges will not be deducted for a second time) or other royalty or income participants, but foreign subpublishing fees shall not be deducted. For purposes of computing Net Publisher's Share there shall be no acceleration of payment of any Gross Revenues to a time earlier than the time at which such payment otherwise would have been made so as to prematurely include such payments in an accounting period with a view toward distorting Net Publisher's Share for such period. Notwithstanding the foregoing, the following items shall not be included in the computation of Net Publisher's Share: (a) income not specifically attributable to the exploitation of the Compositions (including, but not limited to, interest accrued or accruing on deposits); (b) Unrecouped Seller Advance Balances; or (c) amounts utilized to recoup advances paid by Sellers or the Subsidiaries or their predecessors-in-interest to third parties. Calculation of NPS shall include "black box income" which has been received during the period presented in respect of the Compositions including from foreign sources from previously unallocated royalty funds.

"Net Recording Receipts" or "NRR" means the gross amounts received by Sellers from the exploitation of the Masters, less (i) royalties payable to Artists, Producers and any other royalty recipients; and (ii) any amounts which Sellers are obligated to pay to other third parties in connection therewith (such as, without limitation, mechanical copyright payments, AFM and other union fund payments).

"Ordinary Course of Business" means the Sellers' ordinary course of business consistent with past custom and practice.

"Outside Interest" means any interest in any of the Compositions (other than the undivided interests in the Compositions that are being assigned to Buyer pursuant to the terms of this Agreement) which is owned by any Person, whether such interest is an undivided interest in the copyrights in any Composition or the right to receive royalties or other payments as a result of the use or exploitation of any Composition or a combination thereof. Notwithstanding the foregoing, no Writer shall be deemed to be a holder of Outside Interests for the purposes of this Agreement, unless the Writer also owns an undivided interest in the copyright in and to any Composition.

"Party" has the meaning set forth in the preface to this Agreement.

"Permitted Encumbrances" means (a) liens for Taxes not yet due and payable, (b) purchase money liens and liens securing rental payments under capital lease arrangements that constitute Assumed Contracts, and (c) recorded easements, covenants and other restrictions, building and zoning restrictions and other encumbrances, covenants, rights of way, easements and restrictions and other title matters affecting and related to the Property none of which unreasonably interfere with the current use, enjoyment or occupancy of the Property by Sellers, or which are disclosed in Schedule 2.1(a)(ii). There are no Permitted Encumbrances on the Publishing Assets or the Record Assets.

"Person" means any natural person, legal entity, association or other organized group of natural persons or entities, or the successors, assigns and representatives of the foregoing.

"Prepaid Expenses" has the meaning set forth in Section 2.1.

"Producer" means the individual who performed the services of a producer in connection with any Master or Video.

"Property" has the meaning set forth in Section 2.1.

"Publishing Assets" means the following:

(a) The Compositions;

(b) Acquisition Documents;

(c) Accounts Receivable;

(d) Miscellaneous Assets;

(e) Licenses;

(f) Rights of Administration;

(g) Recoupment Rights;

(h) The Publishing Names; and

(i) Songwriter Agreements.

"Publishing Names" means the trademarks and trade names "Acuff-Rose Music," "Milene Music," and "Springhouse Music," along with the goodwill appurtenant thereto, and any state or federal registrations or pending applications for state or federal registration of any of said trademarks and/or trade names.

"Purchase Price" has the meaning set forth in Section 2.3.

"Real Estate Conveyances" has the meaning set forth in Section 2.6.

"Record Acquisition Documents" means all contracts, agreements, assignments and other instruments of the Business whereby Sellers or the Subsidiaries or any of Sellers' or the Subsidiaries' predecessors-in-interest acquired proprietary rights or rights of control in or to the Record Assets, including Artist/Producer Agreements.

"Record Assets" means the following recording interests of Sellers or its Affiliates:

(a) The Masters;

(b) The Videos;

(c) The Artwork;

(d) The Record Acquisition Documents;

(e) The Record Name; and

(f) The Artist/Producer Agreements.

"Record Name" means the trademark and trade name "Hickory Records," along with the goodwill appurtenant thereto, and any state or federal registrations or pending applications for state or federal registration of said trademark and/or trade name.

"Recoupment Rights" means the right to recoup the balance of all advances paid by Sellers or any of the Subsidiaries (or which were paid by Sellers' or any of the Subsidiaries' predecessors-in-interest and acquired by Sellers or any of the Subsidiaries) on or before the Closing Date to Writers, co-publishers, income participants, holders of Outside Interests, Artists, Producers, and other Persons to the extent such advances have not been recouped on or before the Cut-off Date.

"Restrictions" means any agreements, judgments, orders or awards of any nature limiting or restricting Sellers' rights as of the Closing Date to publish or administer any of the Compositions or any other Publishing Asset or to exercise the Rights of Administration. Restrictions also include: (i) any agreement which grants to any Person, including, but not limited to, Seller and the Subsidiaries, the right to claim a reversion or a reversionary interest in any Publishing Asset upon the transfer thereof to Buyer or otherwise; (ii) the right of any Person, other than any Writer or any holder of an Outside Interest, to participate in the income derived from the exploitation of the Compositions or any of them; and (iii) any agreement of any nature which would reduce the right of Buyer to collect or otherwise prevent or delay Buyer from collecting all income derived from the use or exploitation of the Publishing Assets or any of them (other than the Writer's Performance Income Share). For purposes of clarification, it is understood and agreed that the term "Restrictions," as used in this Agreement shall not include any rights of approval granted to Writers with respect to changes in or the exploitation of any Composition as expressly set forth in the Songwriter Agreements or other Acquisition Documents.

"Rights of Administration" means all rights of whatsoever nature in the Publishing Assets, including, but not limited to, the rights to publish, administer, exploit in any and all media of whatsoever nature, whether now known or hereafter devised, deal in, transfer or otherwise dispose of the Compositions or any of them or any right therein throughout the world, and to collect all income, compensation or consideration of whatsoever nature arising out of the exercise of such Rights of Administration (except only the Writer's Performance Income Share); the right to institute, pursue and compromise all claims and choses in action existing at the Cut-off Date no matter when the same arose or arising at any time after the Cut-off Date; the right to undertake audit examinations of licensees (including for periods prior to the Cut-off Date) and other users of the Compositions or of any Person who deals in or controls any rights in and to any of the Publishing Assets and to retain the results thereof. Included within the Rights of Administration are the non-exclusive, perpetual rights to use the name, image and likeness of, and biographical information concerning, the Writers and to reproduce, print, publish or disseminate the same in any medium or by any method, now or hereafter known, for the purpose of exploiting, administering and otherwise dealing with the Compositions or any of them and to

authorize others to exercise any of the foregoing rights, subject to any approval rights or Restrictions contained in the Acquisition Documents or the Songwriter Agreements.

"Schedules" has the meaning set forth in Article 4.

"Section 338 Election" has the meaning set forth in Section 2.8.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Security Interest" means any mortgage, pledge, lien, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable, (c) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money, and (d) encumbrances, covenants, easements and restrictions affecting the Real Property other than Permitted Encumbrances.

"Sellers" has the meaning set forth in the preface to this Agreement.

"Sellers' Material Adverse Effect" has the meaning set forth in Section 4.1.

"Sellers' Closing Documents" has the meaning set forth in Section 2.6.

"Songwriter Agreements" means all agreements whereby Sellers or the Subsidiaries or their predecessors-in-interest acquired rights in the Compositions from the Writers thereof. Songwriter Agreements include those agreements whereby Sellers or the Subsidiaries have acquired the rights to the products of the exclusive services of Writers to be created in the future.

"Springhouse" has the meaning set forth in the preface to this Agreement.

"Subpublishing Agreements" means all agreements whereby Sellers or any of the Subsidiaries authorized any Person to administer and act as a publisher of one or more of the Compositions on a general basis and to grant rights in such Composition(s) to users or other Persons in a particular country or group of countries outside the United States or Canada. Notwithstanding the foregoing, any agreements whereby Sellers or any of the Subsidiaries authorized any Person to administer only a particular right in one or more Compositions (such as agreements with performing rights and mechanical rights licensing organizations, agencies and societies), and whereby any Person does not assume general responsibility for exploiting the Composition(s) concerned, are not Subpublishing Agreements for the purposes of this Agreement.

"Subsidiaries" has the meaning set forth in Section 2.1(a).

"Tax" or "Taxes" means all past, present and future taxes, levies, duties, imposts, deductions, charges, assessments, fees, liens or withholdings and all liabilities (including, without limitation, all interest, penalties and additions to tax) with respect thereto imposed on Sellers or any member of any Seller, any Subsidiary, the Acquired Assets, this Agreement or any activity in relation thereto.

"Taxing Authority" means any governmental or regulatory organization which has the right and/or authority to impose or levy any Taxes.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Claim" has the meaning set forth in Section 8.4.

"Unrecouped Seller Advance Balances" means advances with respect to the Assets paid, at any time prior to the Cut-off Date, to Sellers by any Person which advances remain unrecouped as of the semi-annual accounting period ending on June 30, 2002.

"Videos" means any and all audiovisual works in all configurations and versions, owned or controlled, in whole or in part, by Sellers, together with the copyrights therein and all renewals, extensions, continuations and restorations and reversions of such copyrights owned or controlled by Sellers, in all countries of the world or otherwise throughout the universe, as well as all causes of action with respect thereto, subject to any third party termination rights.

"Writer" and "Writers" means the authors, composers and lyricists who wrote and/or composed the Compositions or any of them.

"Writer's Performance Income Share" means royalties, fees or other income payable to any Writer (as the author/composer of any of the Compositions) by the American Society of Composers, Authors and Publishers ("ASCAP"), Broadcast Music, Inc. ("BMI"), SESAC, Inc. ("SESAC") or any other applicable performing rights society which may succeed to the rights of ASCAP, BMI and/or SESAC, as compensation for the exploitation of non-dramatic public performance rights in the Compositions. The Writer's Performance Income Share shall not include any portion of the royalties, fees or other income payable to Buyer or Buyer's Affiliates, licensees or subpublishers, as a result of the nondramatic public performance of the Compositions, which is denominated as the so-called "publisher's share".

ARTICLE 2
PURCHASE AND SALE OF ASSETS

2.1 SALE AND PURCHASE OF ASSETS.

(a) Sale of Assets. Subject to the terms and conditions of this Agreement, at the Closing, effective as of the Effective Date, Sellers shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, receive and accept from Sellers all of the assets of Sellers used in the operation of the Business, as the same shall exist on the Closing Date, other than the Excluded Assets (collectively, the "Assets"). Without limiting the generality of the foregoing, the term "Assets" shall include the following:

(i) All office machinery and equipment, furniture and fixtures and all other items of personal property owned or leased by Sellers, the principal items of which are listed on Schedule 2.1(a)(i) annexed hereto (the "Equipment");

(ii) All interests in real property (including all buildings and fixtures thereon) owned by Sellers at 65 Music Square West, 1706 Grand Avenue and 1708 Grand Avenue, Nashville, Tennessee and described in Schedule 2.1(a)(ii) (the "Property");

(iii) All of Sellers' rights in and to the Assumed Contracts;

(iv) All of Sellers' rights in the Publishing Assets, the Record Assets and the Intellectual Property;

(v) Sellers' Accounts Receivable, other than intercompany receivables;

(vi) All of Sellers' deposits, prepaid rent and other expenses relating to the Business (other than Sellers' prepaid corporate charge allocation for insurance and benefits) (the "Prepaid Expenses");

(vii) All of Sellers' books, records and files related to operations of the Business;

(viii) All of Sellers' inventory used in connection with the Business;

(ix) All of the outstanding capital stock of Acuff-Rose Music Limited, Acuff-Rose Musikverlag GmbH, Editions Acuff Rose France SavL and Acuff Rose Scandia, A.B. (the "Subsidiaries"); and

(x) All of the goodwill of Sellers relating to the Business.

(b) Excluded Assets. There shall be excluded from the Assets to be transferred to Buyer hereunder the following assets of Sellers (the "Excluded Assets"):

(i) Cash, cash equivalents and securities of Sellers (other than the Capital Stock of the Subsidiaries) as of the Cut-off Date;

(ii) Books and records which may be necessary for Sellers to retain for the purposes of any statute, rule, regulation or ordinance or for Tax Returns or for other tax purposes or to verify payment of royalty obligations (copies of which will be provided to Buyer);

(iii) All claims for, rights to, and payments of, Tax credits, abatements and refunds of previously paid Taxes, and all other Tax benefits of Sellers, relating to federal, state, local or foreign income, franchise, sales, use, payroll, withholding and similar Taxes and charges in respect of income or operations of the Business on or prior to the Cut-off Date;

(iv) All insurance contracts (including life insurance policies on the lives of past or present management) and rights of Sellers thereunder, including premium refunds and settlements relating thereto;

(v) All rights in and to the assets of any Employee Benefit Plan;

(vi) Sellers' prepaid corporate charge allocation for insurance and benefits and other expenses;

(vii) Those Assumed Contracts for which a required Contract Consent has not been obtained;

(viii) Accounts Receivable from intercompany accounts including Accounts Receivable of the Subsidiaries;

(ix) All of the outstanding shares of capital stock of each of Acuff-Rose Music, Milene, Springhouse and Hickory; and

(x) Those additional assets identified on Schedule 2.1(b) hereto.

(c) Sale and Transfer of Assets. Sellers covenant that the sale and transfer of the Assets by Sellers to Buyer as of the Closing Date shall be made free and clear of all liabilities, Security Interests, liens, claims and encumbrances, except (i) Assumed Liabilities; (ii) Permitted Encumbrances on the Property; and (iii) as otherwise specifically provided in this Agreement.

2.2 ASSUMPTION OF CERTAIN LIABILITIES BY BUYER.

(a) Assumed Liabilities. On the Closing Date, effective as of the Effective Date, Buyer shall assume and thereafter shall pay and perform, satisfy and otherwise discharge only the following liabilities and obligations of Sellers that arise from the Business (the "Assumed Liabilities"):

(i) All obligations and liabilities arising or accruing under the Assumed Contracts after the Cut-off Date;

(ii) All liabilities of the Subsidiaries arising or accruing under the contracts of Subsidiaries after the Cut-off Date subject to Section 4.8 hereof; and

(iii) All liabilities with respect to audit claims or other entitlements of third parties for royalties or payments (including interest) under the Assumed Contracts, whether or not pending or notified on the date of this Agreement, for royalty periods prior to, on or after the Cut-off Date; but the aggregate amount of such liability hereby assumed shall not exceed $1,000,000 with respect to periods ending on or prior to the Cut-off Date, and after Buyer has paid such amounts up to $1,000,000, Sellers will be responsible for such amounts in excess of $1,000,000 with respect to such periods, irrespective of when the claim for such amounts is made; and

(iv) All liabilities listed on Schedule 2.2(a).

(b) Excluded Liabilities. Except as otherwise specifically provided in Section 2.2(a) and elsewhere in this Agreement, Buyer shall not assume and shall in no event be liable for any liabilities, debts or obligations of Sellers, whether accrued, absolute, matured, known or unknown, liquidated or unliquidated, contingent or otherwise, including without limitation:

(i) Any liabilities of Sellers or the Subsidiaries for federal, state, local or foreign Taxes (except as provided in Section 9.3 for periods prior to the Cut-off Date;

(ii) Any indebtedness of Acuff-Rose or its Affiliates, including without limitation, loans, advances, Tax sharing agreement obligations and intercompany accounts and guarantees or agreements with Deutsche Bank;

(iii) Any severance liabilities in favor of the employees of Sellers or the Subsidiaries;

(iv) Any liabilities and obligations relating to the Excluded Assets;

(v) Any pension liabilities or obligations to current or former employees of Sellers or the Subsidiaries;

(vi) liabilities of Subsidiaries existing as of the Cut-off Date;

(vii) liability for payment of royalties to Songwriters for the royalty period ended June 30, 2002 (except as to audit claims specified in Section 2.2(a)(iii) above);

(viii) liabilities of Sellers arising out of or in connection with this Agreement or contracts of Sellers not assumed hereby; and

(ix) lessee's liabilities with respect to the Subsidiary's James Street London lease or other leases.

The foregoing obligations and liabilities not assumed by Buyer and described in this Section 2.2(b) are hereinafter called the "Excluded Liabilities".

2.3 PURCHASE PRICE. Buyer agrees to pay to Seller at the Closing One Hundred Fifty-Seven Million Dollars ($157,000,000) (the "Purchase Price"), by federal funds wire or interbank transfer in immediately available funds, to the bank account(s) designated by Sellers in writing to Buyer prior to the Closing.

2.4 PRE-CLOSING RECEIPTS; EXPENSE REIMBURSEMENT. All sums of whatsoever nature received by (or on behalf of) Sellers in respect of the Business during the period after June 30, 2002 and prior to the Closing pursuant to accounting statements received by (or on behalf of) Sellers and during the period after June 30, 2002 and prior to the Closing (hereinafter, collectively, "Pre-Closing Receipts") with respect to the Compositions and the Record Assets will be turned over to Buyer at the Closing together with any and all royalty or other statements

which evidence the nature and source of all Pre-Closing Receipts sufficient to prepare royalty statements. Buyer will be responsible for the payment of all royalties to Writers, Artists and Producers and for all sums actually payable to third-party income participants and holders of Outside Interests which result from the Pre-Closing Receipts and for Writer advances required by the Songwriter Agreements, and the Pre-Closing Receipts will be reduced by any amount Sellers have expended therefor. Buyer recognizes that Sellers may pay royalty advances to Writers for royalties already received by the Business (but do not anticipate paying other royalties) and required Writer advances. On the Closing Date, Sellers shall pay to Buyer the net amount of all Pre-Closing Receipts, net of the reductions described above, by cashier's check, bank wire transfer or other form approved by Buyer (the "Pre-Closing Receipt Payment"), and Sellers shall certify that the Pre-Closing Receipt Payment equals the net amount of all Pre-Closing Receipts by setting forth in reasonable detail the amount of receipts, reduced by any royalty payments or other payments to third parties made by Sellers as permitted hereunder. In addition, as a reimbursement of a portion of Sellers' expenses incurred in respect of the Business after the Cut-off Date, Buyer shall pay to Sellers at Closing $40,000 per week (pro-rated for any partial weeks) beginning on the Cut-off Date and ending on the Closing Date), limited to eight weeks (not including employee costs relating to processing of royalty payments for periods prior to and including the Cut-off Date). At Closing, Sellers shall pay to Buyer $300,000 for cash due to Writers and third parties for amounts received by the Business prior to the Cut-off Date in settlement of the MP3 action.

2.5 THE CLOSING. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Sellers in Nashville, Tennessee commencing at 9:00 a.m., local time, on the third business day following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective Parties will take at the Closing itself) or such other date as Buyer and Sellers may mutually determine (the "Closing Date").

2.6 DELIVERIES AT THE CLOSING.

(a) Documents to be Delivered by Sellers. At the Closing, Sellers shall deliver to Buyer the following:

(i) An Assignment/Assumption Agreement (the "Assignment/ Assumption Agreement") in the form attached hereto as Exhibit A and a Bill of Sale and Assignment (the "Bill of Sale") in the form attached hereto as Exhibit B;

(ii) For each interest in real property owned by Sellers and identified on Schedule 2.1(a)(ii), a recordable special warranty deed, but subject to the Permitted Encumbrances, and for each interest in real property leased by Sellers and identified on Schedule 2.1(a)(ii), an Assignment and Assumption of Lease or such other appropriate document or instrument of transfer, executed by the applicable Seller (the "Real Estate Conveyances");

(iii) All assignments of the Intellectual Property, the Publishing Assets and the Record Assets, letters of direction and all such other reasonable necessary instruments of transfer and conveyance (the "IP Assignments") that Buyer may

request at or prior to the Closing; provided that such instruments shall not contain any representations and warranties or indemnities other than those contained in this Agreement, or otherwise alter or expand upon such representations and warranties;

(iv) Stock certificates or other appropriate evidence of ownership of the Subsidiaries duly endorsed to Buyer (collectively, with the Assignment/ Assumption Agreement, the IP Assignments and the Real Estate Conveyances, "Sellers' Closing Documents");

(v) The certificates and other documents required to be delivered by Seller on or before the Closing Date pursuant to Section 7.1 hereof or any other provision of this Agreement;

(vi) Resignations of officers and directors of the Subsidiaries;

(vii) The release of the Guaranty of Sellers referenced on Schedule 4.4; and

(viii) Sellers shall make available any tangible item of the Artwork and the Masters that may be stored at premises other than the Property for pick-up by Buyer.

(b) Documents to be Delivered by Buyer. At the Closing, Buyer shall deliver to Sellers the following:

(i) The Purchase Price;

(ii) The Assignment/Assumption Agreement;

(iii) The Real Estate Conveyances;

(iv) All such other reasonably necessary documents or agreements reflecting the assumption of the Assumed Liabilities as Sellers may request at or prior to the Closing (collectively, with the Assignment/Assumption Agreement and the Real Estate Conveyances, the "Buyer Closing Documents"); and

(v) The certificates and other documents required to be delivered by Buyer on or before the Closing Date pursuant to Section 7.2 hereof or any other provision of this Agreement.

(c) Other Actions. On the Closing Date, Sellers and Buyer shall take all such other steps in their reasonable control as may be necessary to fulfill the conditions to Closing set forth in Section 7.1 and 7.2 hereof.

2.7 ASSUMED CONTRACTS.

(a) Assumed Contracts. Buyer shall assume at the Closing, effective as of the Effective Date, the obligations of Sellers under all the contracts and agreements of Sellers relating to the Business, including those listed on Schedule 2.7(a) hereto (the "Assumed Contracts").

(b) Consents. Each Seller shall promptly request and use its reasonable efforts to obtain consent to the assignment to Buyer of material Assumed Contracts requiring consent (collectively, the "Contract Consents"). If any Contract Consent is not obtained, such Assumed Contract shall not be assigned to Buyer. Sellers shall, to the extent practicable, keep the relevant Assumed Contract in effect and give Buyer the benefit of such Assumed Contract to the same extent as if it had not been excluded from the Assets, and Buyer shall perform the obligations under such Assumed Contract on behalf of Sellers to the extent that such obligations would have existed if such Assumed Contract had been assigned to Buyer. If after the Closing Date such Contract Consent is obtained, Buyer shall assume such Assumed Contract as of the date of such Contract Consent. Nothing in this Agreement shall be construed as an attempt to assign any agreement or other instrument that is by its terms nonassignable without the consent of the other party thereto.

2.8 ALLOCATION OF PURCHASE PRICE. For federal Tax purposes, the Purchase Price and the Assumed Liabilities shall be allocated to the Assets in a manner to be agreed upon by Buyer and Sellers within sixty (60) days after the Closing consistent with the Treasury Regulations under Section 1060 of the Code. Sellers and Buyer further agree to cooperate in preparing and filing Form 8594 to be filed with the IRS reflecting the agreed-upon allocation and acknowledge and agree that such allocation was determined by arm's length negotiations and that none of them will take a position on any Tax Return, before any governmental agency charged with the collections of any Tax, or in any judicial proceeding, that is inconsistent with such allocation. Sellers will cooperate with Buyer in filing an election under Section 338(a) of the Code (a "Section 338 Election") relating to the acquisition of the shares of the Subsidiaries; provided, that notwithstanding anything else in the Agreement to the contrary, that (i) all Taxes that result from the 338 Election shall be paid by the Buyer, and the threshold set forth in Section 8.6(b) shall not apply, and (ii) Sellers' Tax liability attributable to the transactions contemplated by this Agreement shall not be greater if such 338 Election is made than if such 338 Election were not made. Sellers shall have no obligation to cooperate in the filing of an election under Section 338(h)(10) of the Code.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers that the statements contained in this Article 3 are correct and complete as of the date of this Agreement and will be correct and complete of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article 3).

3.1 ORGANIZATION OF BUYER. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization.

3.2 AUTHORIZATION OF TRANSACTION. Buyer has full corporate power and authority to execute and deliver this Agreement and the Buyer Closing Documents and to perform its obligations under this Agreement and the Buyer Closing Documents. Each of this Agreement and the Buyer Closing Documents constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions. Except as required by the HSR Act, Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

3.3 NONCONTRAVENTION. Neither the execution and the delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement or the Buyer Closing Documents will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Buyer is subject or any provision of its articles or certificate of incorporation or bylaws or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets is subject.

3.4 BROKERS' FEES. Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which Sellers could become liable or obligated.

3.5 SUFFICIENT FUNDS. Buyer has and will continue to have sufficient funds to consummate the transactions contemplated hereby, including, without limitation, to pay the Purchase Price in accordance with the terms of this Agreement, and has all requisite power and authority to make payment of such funds in the manner described herein and such funds are and will be at the time of the consummation of the transactions hereby contemplated free and clear of all claims, liens and encumbrances.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES CONCERNING SELLERS AND SUBSIDIARIES

Sellers represent and warrant to Buyer that the statements contained in this Article 4 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Article 4), including the disclosure schedules delivered by Sellers to Buyer on the date hereof, which constitute a part of this Agreement (the "Schedules").

4.1 ORGANIZATION, QUALIFICATION, AND CORPORATE POWER. Each of Sellers and the Subsidiaries is a corporation duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of its incorporation. Each of Sellers and the Subsidiaries is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where

such qualification is required, except where the lack of such qualification would not have a material adverse effect on the business, financial condition, operations or results of operations of Sellers and the Subsidiaries taken as a whole (a "Sellers' Material Adverse Effect"). Each of the Sellers and the Subsidiaries has full power and authority to carry on the businesses in which it is engaged and to own and use the Assets owned and used by it. Schedule 4.1 lists the jurisdictions of incorporation of Sellers and the Subsidiaries, the jurisdictions in which each is qualified to do business, and officers of each of the Sellers.

4.2 AUTHORIZATION OF TRANSACTION. Each of the Sellers has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Sellers, enforceable in accordance with its terms and conditions.

4.3 CAPITALIZATION. The authorized and issued capital stock of each Subsidiary is set forth on Schedule 4.3. All of the issued and outstanding shares of capital stock of each Subsidiary have been duly authorized, are validly issued, fully paid, and nonassessable, and are held of record by Acuff-Rose. There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require any Subsidiary to issue, sell, or otherwise cause to become outstanding any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to the Subsidiaries. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the capital stock of the Subsidiaries. Acuff-Rose holds of record and owns beneficially all issued and outstanding shares of capital stock of the Subsidiaries.

4.4 NONCONTRAVENTION. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated by this Agreement or the Sellers' Closing Documents by Sellers will (a) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which any of Sellers or the Subsidiaries is subject or any provision of the charter, certificate of incorporation, articles of incorporation, or articles of conversion as applicable, or bylaws or operating agreement of any of Sellers or the Subsidiaries or (b) except as set forth on Schedule 4.4, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any of Sellers or the Subsidiaries is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets), as applicable, except where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Security Interest would not have a Sellers' Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement. Except as required by the HSR Act, none of Sellers or the Subsidiaries needs to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file, or to obtain any authorization, consent, or approval would not have a Sellers' Material Adverse Effect or a material adverse effect on the ability of the Parties to consummate the transactions contemplated by this Agreement.

4.5 BROKERS' FEES. None of Sellers or the Subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

4.6 TITLE TO TANGIBLE ASSETS. Sellers and the Subsidiaries have, or will have, good title to, or a valid leasehold interest in, the tangible properties included in the Assets as of the Closing Date free and clear of all Security Interests but subject to the Permitted Encumbrances, except for properties and Assets disposed of in the Ordinary Course of Business since the date hereof.

4.7 LEGAL COMPLIANCE. Except as set forth on Schedule 4.7, each of Sellers and the Subsidiaries has complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against any of them alleging any failure to so comply, except where the failure to comply would not have a Sellers' Material Adverse Effect.

4.8 SUBSIDIARY LIABILITIES. To Sellers' Knowledge, there are no material liabilities of the Subsidiaries except under affiliation agreements, songwriter agreements for which no advance payments will become due for periods after the Cut-off Date, one lease agreement for space at 25 James Street, London England, all of which is subleased to a third party and the agreements listed on Schedule 4.8.

4.9 REAL PROPERTY.

(a) Schedule 2.1(a)(ii) lists all real property owned by Seller. The Subsidiaries own no real property. With respect to each such parcel of owned Property, except as set forth on Schedule 4.9:

(i) the identified owner has good and marketable title to the parcel of Property, free and clear of any Security Interest, except the Permitted Encumbrances;

(ii) there are no pending or, to the Knowledge of Sellers, threatened condemnation proceedings, lawsuits, or administrative actions relating to Property or other matters affecting materially and adversely the current use, occupancy, or value thereof;

(iii) the buildings and improvements located on such parcel are located within the boundary lines of such parcel, are not in material violation of applicable setback requirements, zoning laws, and ordinances (and none of the properties or buildings or improvements thereon are subject to "permitted non-conforming use" or "permitted nonconforming structure" classifications), and do not encroach on any easement which may burden the land, except where the failure to be located within such boundary lines, such violations or such encroachments would not have a material adverse effect on the operations of the Business as currently conducted.

(iv) all facilities have received all approvals of governmental authorities (including material licenses and permits) required in connection with the ownership, construction, occupancy or operation thereof, and have been operated and maintained in accordance with applicable laws, rules, and regulations in all material respects;

(v) there are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the parcel of Property;

(vi) to the Knowledge of Sellers, the Property located at 65 Music Square West is in compliance in all material respects with the applicable provisions of Title III of the Americans with Disabilities Act; and

(vii) there are no outstanding options or rights of first refusal to purchase the parcel of Property, or any portion thereof or interest therein.

4.10 TANGIBLE ASSETS. The Property and Equipment, and other tangible assets that Sellers and the Subsidiaries own and lease are free from material defects, have been maintained in accordance with normal industry practice, and are in good operating condition and repair (subject to normal wear and tear) (except no representation is made with respect to the File Net Imaging System).

4.11 CONTRACTS. Schedule 4.11 lists the following contracts and other agreements to which any Seller and any Subsidiary is a party:

(a) INTENTIONALLY OMITTED.

(b) INTENTIONALLY OMITTED.

(c) any agreement concerning a partnership or joint venture;

(d) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $100,000 or under which it has imposed a Security Interest on any of its assets, tangible or intangible;

(e) any material agreement concerning confidentiality or noncompetition;

(f) any agreement under which the consequences of a default or termination could have a Sellers' Material Adverse Effect; or

(g) any other agreement (or group of related agreements) the performance of which by Sellers or the Subsidiaries involves guaranteed aggregate payments following the Cut-off Date in excess of $100,000.

With respect to each such agreement: (x) the agreement is legal, valid, binding, enforceable, and in full force and effect in all material respects; (y) to the Knowledge of Sellers,

no party is in material breach or default, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; and (z) to the Knowledge of Sellers, no party has repudiated any material provision of the agreement.

4.12 LITIGATION. Schedule 4.12 sets forth each instance in which any of Sellers and the Subsidiaries (a) is subject to any material outstanding injunction, judgment, order, decree, ruling, or charge with respect to the Business; (b) is a party or, to the Knowledge of Sellers, is threatened to be made a party to any material action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator or mediator; or (c) has received any notice of claims by third parties.

4.13 EMPLOYEES. To the Knowledge of Sellers, no executive, key employee, or significant group of employees plans to terminate employment with any Seller or any Subsidiaries. There will be no employees of the Subsidiaries as of the Closing Date. None of the Sellers or the Subsidiaries is a party to or bound by any collective bargaining agreement, nor has any of them experienced any strike or material grievance, claim of unfair labor practices, or other collective bargaining dispute within the past three years. None of the Sellers have any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of any of Sellers or the Subsidiaries.

4.14 ENVIRONMENTAL, HEALTH, AND SAFETY MATTERS.

(a) Each of the Sellers and the Subsidiaries is in compliance, in all material respects, with all Environmental, Health, and Safety Requirements.

(b) Without limiting the generality of Section 4.14(a), each of Sellers, the Subsidiaries, and their respective Affiliates, has obtained and is in compliance with, in all material respects, all material permits, licenses and other authorizations that are required pursuant to Environmental, Health, and Safety Requirements for the operation of its business.

(c) Except as set forth in Schedule 4.14(c) none of the Sellers, the Subsidiaries, or their respective Affiliates has received any written notice from any federal, state, local or foreign governmental authority regarding any actual or alleged material violation of Environmental, Health, and Safety Requirements, or any material liabilities or potential material liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), including any material investigatory, remedial or corrective obligations, relating to any of them or their facilities arising under Environmental, Health, and Safety Requirements.

(d) Except as set forth in Schedule 4.14(d), to the Knowledge of Sellers and the Subsidiaries, none of the following exists at any Property or facility owned or operated by Sellers or the Subsidiaries: (i) underground storage tanks, (ii) asbestos containing material in any friable and damaged form or condition, or (iii) landfills, surface impoundments, or Hazardous Material disposal areas.

(e) None of the Sellers or the Subsidiaries has treated, stored, disposed of, arranged for the disposal of, transported, handled, or released any Hazardous Materials in or upon the Property in a manner that has given or is likely to give rise to material liabilities, including any material liability for response costs, corrective action costs, personal injury, property damage, or natural resources damages, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or the Solid Waste Disposal Act, as amended, or any other Environmental, Health, and Safety Requirements.

(f) Neither this Agreement nor the consummation of the transaction that is the subject of this Agreement will result in any material obligations for site investigation or cleanup, or notification to or consent of government agencies or third parties, pursuant to any of the so-called "transaction-triggered" or "responsible property transfer" Environmental, Health, and Safety Requirements.

4.15 PERFORMANCE RIGHTS SOCIETIES; AGENTS. Sellers and the Subsidiaries are affiliated publisher members of all appropriate performing rights societies and have certain agents for licensing rights in and to the Compositions as set forth on Schedule 4.15. Said Schedule lists all membership agreements with said performing rights societies and other agents, the date(s) thereof and the periods governed thereby. Sellers have properly registered all material commercially exploited and/or publicly performed Compositions with all such appropriate performing rights societies and agents.

4.16 COMPOSITIONS; MASTERS.

To the Knowledge of Sellers:

(a) Each of the Compositions is an original creation of the Writer and protectable under the copyright laws of the United States, is subject to protection of the Universal Copyright Convention and the Beme Union, where applicable, and does not infringe the copyrights of any musical composition or other work the rights to which are owned by any other Person. No Composition is defamatory or violates the civil rights of any Person or any right of privacy or publicity.

(b) Each of the Record Assets is the original work of its author and, except for Masters first fixed before February 15, 1972, protectable under the copyright laws of the United States and does not infringe the copyrights of any other works the rights to which are owned by any other person.

(c) To the extent that any Composition or Record Assets was acquired from any Person, such Persons have warranted and represented to Sellers (and have agreed to indemnify Sellers as a result of any breach of such warranty or representation), in writing, that such Compositions or Record Assets are original and do not infringe upon any other works or violate the rights of any other Person; such representations and warranties, indemnities and all underlying agreements are assignable and the benefits and enforcement of such representations, warranties, indemnities and agreements shall inure to Buyer and its Affiliates hereunder.

(d) Sellers have not received any notice of infringement or conflict with the asserted rights of any other Person in respect of any of the Compositions or Record Assets.

(e) Sellers administer, own or co-own each of the Compositions and the Record Assets.

(f) All of Sellers' and the Subsidiaries' Copyright Interests in the Compositions and the Masters are fully assignable.

(g) At Closing, there will be no Security Interests in, liabilities, claims or encumbrances or liens on the Publishing Assets or Record Assets.

(h) Sellers have not received any material advances for use of the Compositions or the Masters before they would otherwise have become due, outside of the Ordinary Course of Business.

4.17 UNRECOUPED ADVANCES TO SELLERS. Except as set forth on Schedule 4.17, as of the date of such schedule there are no advances paid or payable to Sellers which are recoupable from or chargeable against income derived from the Compositions.

4.18 LIMITATION OF PAYMENTS. The execution hereof and the consummation of the transaction contemplated hereby shall not cause Buyer to be required to make any payments of any nature to acquire the Compositions or other Assets except as specifically provided for in this Agreement, or as set forth on Schedule 4.18.

4.19 LICENSES AND SUBPUBLISHING AGREEMENTS. Except as so indicated on Schedule 4.19, none of Sellers has issued any material Licenses in respect of any of the Publishing Assets which: (a) provide for no consideration to be paid to Sellers or their assigns; or (b) grant exclusive rights to any user of the Publishing Assets; or (c) purport to govern all or a substantial number of the Compositions or, in the case of Sellers or Sellers' Affiliates, purport to govern a substantial number of their respective Compositions; or (d) was issued other than in the Ordinary Course of Business. Schedule 4.19(c) constitutes true and correct copies of all material Subpublishing Agreements to which Sellers or the Subsidiaries are a party.

4.20 HISTORICAL NPS AND NRR. The aggregate NPS and NRR for the period commencing on January 1, 1999 and ending on March 31, 2002 (set forth on Schedule 4.20 attached hereto) is $27,396,818, and Sellers warrant and represent that the Compositions and Record Assets generated all of the aggregate NPS and NRR specified on such Schedule, except as designated on such Schedule. The NPS and NRR does not include any payments of Gross Revenues which have been accelerated to a time earlier than the time at which such payment otherwise would have been made so as to prematurely include such payments in an accounting period with a view toward distorting the NPS for such period. The books and records of the Business reflecting the revenues from the Compositions and the Record Assets for the period beginning January 1, 2002, up to and including the Closing Date, are and will be complete and correct in all material respects, and have been and will be prepared on an accrual basis pursuant to GAAP consistently applied and in the Ordinary Course of Business. The aggregate NPS and NRR set forth on Schedule 4.20 reflects all revenues earned from the exploitation of the

Compositions and Record Assets as well as all royalties, obligations and contractual benefits of whatsoever kind or nature which have been paid (or provided for) to the Writers, holders of any Outside Interest or other Persons during that period and said statement of aggregate NPS and NRR is true and accurate in all material respects. There are no revenues reflected on the statement of aggregate NPS and NRR annexed hereto as Schedule 4.20 (except as set forth thereon) which were derived from any assets of Sellers, of whatsoever nature, other than the Compositions and Record Assets.

4.21 NAMES. Sellers own all rights in and to the Names. Sellers covenant that, following the Closing Date, neither Sellers nor any successor-in interest of Sellers, or any Person owned or controlled, in whole or in part, by Sellers or any successor-in-interest of Sellers, will use any of the Names or any confusingly similar derivation of the Names in connection with the exploitation of musical compositions or sound recordings anywhere in the world.

4.22 TOP 120 SONGS. The Top 120 Songs and/or revenue interests based on NPS and NRR for the five year and one quarter period ended March 31, 2002 provided during due diligence and listed on Schedule 4.22 (the "Top 120 Songs") attached hereto represent approximately 62.79 percent of the average annual aggregate NPS and NRR, net of foreign subpublishers fees, for the period from January 1, 1999 to March 31, 2002. The figures for Sellers' Publisher's Copyright Interest, Publisher's Performance Collection Percentage, Publisher's Performance Retention Percentage, Publisher's Non-performance Collection Percentage and Publisher's Non-Performance Retention Percentage interest set forth on such schedule are true and correct in all material respects.

4.23 RENEWAL RIGHTS. Sellers have acquired the renewal term copyright rights in and to the Top 120 Songs, except as listed on Schedule 4.23 attached hereto.

4.24 NOTICE OF TERMINATION. Sellers have received no notices of termination of transfers for the Top 120 Songs pursuant to Sections 203(a) and 304(c) of 17 U.S.C., other than notices received from Hank Williams, Jr. with respect to the extended renewal term of copyright in compositions authored by his late father, Hiriam "Hank" Williams.

4.25 SCHEDULE OF COMPOSITIONS AND MASTERS. Schedule 4.25 contains a true and correct list of all Compositions, including the title, authors, copyright owner(s) and percentage ownership interests, and Masters. Since January 1, 2001, there have been no assignments of Compositions or Masters other than in the Ordinary Course of Business.

4.26 SONGWRITER AGREEMENTS. Schedule 4.26 contains true and complete copies of the Songwriter Agreement or Acquisition Document pursuant to which Seller acquired its rights in each of the Top 120 Songs.

4.27 TRADEMARKS AND DOMAIN NAMES. Attached hereto as Schedule 4.27 is a complete list of registered trademarks, pending patent applications and, to Sellers' Knowledge, domain names included in the Assets.

ARTICLE 5.
PRE-CLOSING COVENANTS

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

5.1 GENERAL. Each of the Parties will use their reasonable best efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Article 7).

5.2 NOTICES AND CONSENTS. Sellers shall give any notices to third parties, and will use their reasonable best efforts to obtain any Contract Consents that Buyer reasonably may request in connection with the matters referred to in Section 4.4. Each of the Parties will give any notices to, make any filings with, and use their reasonable best efforts to obtain any authorizations, consents, and approvals of governments and governmental agencies in connection with the matters referred to in Section 4.4.

5.3 OPERATION OF BUSINESS. Sellers will not, and will not cause or permit any of the Subsidiaries to, engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Sellers will not enter into any exclusive Licenses relating to the exploitation of the Compositions or Masters including Licenses granting product exclusivity. Sellers shall perform all material obligations of Sellers under all Songwriter Agreements, Artist/Producer Agreements and Acquisition Documents in the Ordinary Course of Business. Without limiting the generality of the foregoing, without the prior written consent of Buyer, Sellers will not, and will not cause or permit any of the Subsidiaries, except in the Ordinary Course of Business to declare, set aside, or pay any dividend or make any distribution with respect to its capital stock or redeem, purchase, or otherwise acquire any of its capital stock, incur indebtedness to third parties or dispose of any of its assets. Notwithstanding the foregoing, Sellers may take actions to dividend cash to Affiliates, or take other corporate actions to convert intercompany receivables into equity of subsidiaries or owned entities or otherwise pay off or cancel intercompany accounts prior to Closing. In addition, Sellers may take any and all actions necessary or advisable in order to convert to limited liability companies prior to the Closing Date.

5.4 PRESERVATION OF BUSINESS. Each of Sellers and the Subsidiaries will use reasonable commercial efforts to keep its business and properties substantially intact, including its present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers, and employees.

5.5 FULL ACCESS. Sellers will permit, and will cause the Subsidiaries to permit, representatives of Buyer to have full access at all reasonable times, upon two business days notice and in a manner so as not to interfere with the normal business operations of Sellers and the Subsidiaries, to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of or pertaining to each of Sellers and the Subsidiaries. Buyer will treat and hold as such any Confidential Information it receives from Sellers and the Subsidiaries in the

course of the reviews contemplated by this Section 5.5, pursuant to the Confidentiality Agreement.

5.6 NOTICE OF DEVELOPMENTS. Sellers will give prompt written notice to Buyer of any material adverse development causing a breach of any of the representations and warranties in Article 4. Buyer will give prompt written notice to Sellers of any material adverse development causing a breach of any of Buyer's representations and warranties in Article 3.

5.7 ACQUISITION PROPOSALS. Sellers shall not, and shall not authorize or permit any of the Subsidiaries or any of their or the Subsidiaries' officers, directors, employees or agents to, directly or indirectly, solicit, knowingly encourage, participate in or initiate discussions or negotiations with, or provide any non-public information to any Person (other than Buyer or any of their affiliates or representatives) concerning, other than the transactions contemplated by this Agreement, any proposal or inquiry relating to any merger, consolidation, tender offer, exchange offer, sale of 10% or more of any of the Sellers' assets, sale of 10% or more of the shares of capital stock or other securities of any Seller or similar business combination transaction involving any Seller or any Subsidiary. Any purported assignment by Sellers of the Publishing Assets or the Record Assets other than as provided herein shall be void from inception.

5.8 HSR FILINGS. As promptly as possible after the date of this Agreement (but in any event no later than twelve (12) days hereafter), Buyer and Sellers shall make, or cause to be made, all filings, notifications and applications under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") required to be made by them and take all necessary corporate and other action and use commercially reasonable efforts to obtain promptly all required consents, approvals, authorizations, exemptions and waivers of the Federal Trade Commission and the Antitrust Division of the Justice Department necessary to consummate the transactions contemplated by this Agreement. Buyer shall cooperate with Sellers (including taking all actions requested by Sellers to cause early termination of any applicable waiting period under the HSR Act) and provide to Sellers such information as Sellers may reasonably require to make such filings and notifications and prepare such applications required by the HSR Act. Sellers shall cooperate with Buyer (including taking all actions requested by Buyer to cause early termination of any applicable waiting period under the HSR Act) and provide to Buyer such information as Buyer may reasonably require to make such filings and notifications and prepare such applications required by the HSR Act. Buyer shall pay all filing fees of Buyer and Sellers payable in connection with the filings under the HSR Act.

ARTICLE 6.
POST-CLOSING COVENANTS

The Parties agree as follows with respect to the period following the Closing:

6.1 GENERAL. In case at any time after the Closing, any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Article 8). Sellers acknowledge and agree that from and after the Closing, Buyer will be entitled to possession of all documents,

books, records (including Tax records), agreements, and financial data of any sort relating to the Assets, except as provided in Section 2.1(b). With respect to the resolution of audit claims, Buyer agrees to resolve such claims consistent with its past practice in the ordinary course of business of its music publishing business.

6.2 LITIGATION SUPPORT. In the event and for so long as any Party or Affiliate actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, judgment or demand in connection with (a) any transaction contemplated under this Agreement or (b) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving any Seller or any Subsidiary, each of the other Parties will cooperate with such Party and such Party's counsel and cause its Affiliates so to cooperate in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as shall be necessary in connection with the contest or defense, at the sole cost and expense of the contesting or defending Party or Affiliate (unless the contesting or defending Party is entitled to indemnification therefor under Article 8).

6.3 TRANSITION. Seller will not take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of any of Sellers or the Subsidiaries from maintaining the same business relationships with respect to the Business with Buyer after the Closing as it maintained with Sellers and the Subsidiaries prior to the Closing.

6.4 CONFIDENTIALITY. The terms and conditions of that certain letter agreement dated February 21, 2002 by and between Buyer and Sellers (or their affiliates) are incorporated by reference herein and shall be binding on Buyer and Sellers, and shall survive the Closing indefinitely, but after the Closing Buyer shall be permitted to disclose information relating to the Assets as they exist on and after the Cut-off Date in the ordinary course of business.

6.5 EMPLOYEE BENEFITS MATTERS. Buyer agrees to offer employment to at least 7 employees of Sellers and the Subsidiaries as of the Closing Date on terms and at a salary and benefit level commensurate with "Sony/ATV/Nashville" employment policies. Buyer will consider hiring, on a preferred basis, other of Sellers' employees for all other vacant positions at Buyer or its affiliates that arise as a result of the transactions contemplated hereby. On or before July 31, 2002, Buyer will make reasonable best efforts to inform Sellers of the names of those persons to whom Buyer intends to offer employment. Effective as of the Closing, the Subsidiaries and each of their present and former employees shall cease participating in Sellers' Employee Benefit Plans, but Sellers shall be responsible for benefits for periods prior to the Closing Date, subject to the reimbursement provisions herein.

6.6 BULK SALES. Buyer acknowledges that Sellers are not complying with the provisions of the bulk sales or similar laws of any and all states, and Buyer hereby waives compliance by Sellers therewith.

ARTICLE 7.
CONDITIONS TO OBLIGATION TO CLOSE

7.1 CONDITIONS TO OBLIGATION OF BUYER. The obligation of Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Article 4 shall be true and correct in all material respects at and as of the Closing Date;

(b) Each of Sellers and the Subsidiaries shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(c) no injunction, judgment, order, decree, ruling or charge shall be in effect which purports to prevent consummation of any of the transactions contemplated by this Agreement;

(d) Seller shall have delivered to Buyer a certificate to the effect that each of the conditions specified in Section 7.1(a) through 7.1(c) is satisfied in all respects;

(e) the waiting periods under the HSR Act shall have expired or been terminated early;

(f) the relevant parties shall have executed and delivered (or tendered subject to Closing) the (i) Assignment/Assumption Agreement, (ii) the Real Estate Conveyances, and (iii) the IP Assignments;

(g) Buyer shall have received the resignations, effective as of the Closing, of each director and officer of the Subsidiaries; and

(h) all actions to be taken by Sellers in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Buyer.

Buyer may waive any condition specified in this Section 7.1 if it executes a writing so stating at or prior to the Closing.

7.2 CONDITIONS TO OBLIGATION OF SELLERS AND THE SUBSIDIARIES. The obligation of Sellers and the Subsidiaries to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(a) the representations and warranties set forth in Article 3 shall be true and correct in all material respects at and as of the Closing Date;

(b) Buyer shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(c) no injunction, judgment, order, decree, ruling or charge shall be in effect which purports to prevent consummation of any of the transactions contemplated by this Agreement;

(d) Buyer shall have delivered to Seller a certificate to the effect that each of the conditions specified in Section 7.2(a) through 7.2(c) is satisfied in all respects;

(e) the waiting periods under the HSR Act shall have expired or been terminated early;

(f) the relevant parties shall have entered into the (i) Assignment/Assumption Agreement and (ii) Real Estate Conveyances; and

(g) all actions to be taken by Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Sellers.

Sellers may waive any condition specified in this Section 7.2 if it executes a writing so stating at or prior to the Closing.

ARTICLE 8.
INDEMNIFICATION

8.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All of the representations and warranties of Sellers contained in Article 4 shall survive the Closing (unless Buyer knew of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for a period of two years thereafter. All of the representations and warranties of Buyer contained in Article 3 shall survive the Closing (unless Sellers knew of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect for a period of two years thereafter. Buyer acknowledges that, except for the representations and warranties of Sellers specifically set forth in Article 4 and the Schedules, Buyer has not relied on any information provided by Sellers or the Subsidiaries in connection with the transactions contemplated by this Agreement as constituting a representation or warranty of Sellers or the Subsidiaries.

8.2 INDEMNIFICATION PROVISIONS FOR BENEFIT OF BUYER. In the event Sellers breach (or in the event any third party alleges facts that, if true, would mean any Sellers have breached) any representations, warranties, covenants or agreements of Sellers contained herein, and, provided Buyer issues a Claim Notice (as hereinafter defined) within any such survival period, then, subject to the terms hereof, each Seller jointly and severally agrees to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach) regardless of when the Adverse Consequences may occur.

8.3 INDEMNIFICATION PROVISIONS FOR BENEFIT OF SELLERS. In the event Buyer breaches (or in the event any third party alleges facts that, if true, would mean Buyer has breached) any

representations, warranties, covenants or agreements of Buyer contained herein, and provided Sellers issue a Claim Notice within any survival period, then Buyer agrees, jointly and severally, to indemnify Sellers from and against the entirety of any Adverse Consequences Sellers may suffer through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by the breach (or the alleged breach).

8.4 PROCEDURE FOR MATTERS INVOLVING THIRD PARTIES.

(a) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Article 8, then the Indemnified Party shall promptly issue a Claim Notice to the Indemnifying Party with respect thereto.

(b) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party notifies the Indemnified Party in writing within 30 days following the receipt of the Claim Notice that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, and (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(c) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 8.4(b), (i) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (ii) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld and (iii) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party, which consent will not be unreasonably withheld, except the Indemnifying Party may consent to the entry of judgment or settlement without the consent of the Indemnified Party if the judgment or settlement is solely for money damages.

(d) In the event any of the conditions in Section 8.4(b) is or becomes unsatisfied, (i) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (ii) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including attorneys' fees and expenses), and (iii) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Article 8.

(e) Notice of Claim. A Party suffering Adverse Consequences or a Party that determines that any occurrence or claim may result in Adverse Consequences that gives or could give rise to a claim for indemnification under this Article 8 shall promptly notify each other Party thereof in writing (a "Claim Notice") in accordance with Section 11.7. The Claim Notice shall contain a brief description of the nature of the Adverse Consequences suffered and, if practicable, an aggregate dollar value estimate of the Adverse Consequence suffered. No delay in the issuance of a Claim Notice shall relieve any Party from any obligation under this Article 8, unless and solely to the extent such Party is thereby prejudiced.

8.5 LIMITATIONS ON SELLERS' INDEMNIFICATION LIABILITY.

(a) Ceiling: Sellers' collective aggregate liability for indemnification claims under this Article 8 shall not exceed the amount of the Purchase Price for Claim Notices delivered until the date that is nine months after the Closing Date (the same day of the month) (the "First Period"). Sellers' collective aggregate liability for Claim Notices delivered from the date that is nine months after until the date that is eighteen months after the Closing Date (the same day of the month) (the "Second Period") shall not exceed one-half of the Purchase Price, minus the dollar amount with respect to Claim Notices delivered during the First Period. Sellers' collective aggregate liability for Claim Notices delivered from the date that is eighteen months after the Closing Date until the third anniversary of the Closing Date (the "Third Period") shall not exceed one-fourth of the Purchase Price, minus the dollar amount with respect to Claim Notices delivered during the First Period and the Second Period.

(b) Basket/Threshold: No Seller shall have any liability for indemnification claims under this Article 8, unless and until the aggregate Adverse Consequences claimed under Section 8.2 exceed One Million Dollars ($1,000,000) (excluding all Adverse Consequences less than Twenty-Five Thousand Dollars ($25,000)) and then only for an amount by which such Adverse Consequences exceed One Million Dollars ($1,000,000). This threshold does not apply to Writer audit claims in excess of $1,000,000 to be paid by Sellers under Section 2.2(a)(iii).

(c) Period: No indemnification shall be available after the date that is three years after the Closing Date, except in respect of Adverse Consequences relating to Claim Notices delivered prior to such date.

8.6 LIMITATIONS ON BUYER'S INDEMNIFICATION LIABILITY.

(a) Ceiling: Buyer's aggregate liability for indemnification claims under this Article 8 shall not exceed the amount of the Purchase Price for Claim Notices delivered during the First Period. Buyer's aggregate liability for Claim Notices delivered during the Second Period shall not exceed one-half of the Purchase Price, minus the dollar amount with respect to Claim Notices delivered during the First Period. Buyer's aggregate liability for Claim Notices delivered during the Third Period shall not exceed one-fourth of the Purchase Price minus the dollar amount with respect to Claim Notices delivered during the First Period and the Second Period; provided that the limit in this

Section 8.6(a) shall not apply to any failure to close and pay the Purchase Price as required hereunder.

(b) Basket/Threshold: Buyer shall have no liability for indemnification claims under this Article 8, unless and until the aggregate Adverse Consequences claimed under Section 8.3 exceed One Million Dollars ($1,000,000) (excluding all Adverse Consequences less than Twenty-Five Thousand Dollars ($25,000)) and then only for an amount by which such Adverse Consequences exceed One Million Dollars ($1,000,000); except this threshold shall not apply to any failure to close and pay the Purchase Price as required hereunder or to pay the Assumed Liabilities.

(c) Period: No indemnification shall be available after the date that is three years after the Closing Date, except in respect of Adverse Consequences relating to Claim Notices delivered prior to such date.

8.7 DETERMINATION OF ADVERSE CONSEQUENCES. The Parties shall take into account the time cost of money (using the Applicable Rate as the discount rate) and Tax benefits and/or consequences in determining Adverse Consequences for purposes of this Article 8.

8.8 BREACH OF REPRESENTATIONS OR WARRANTIES OF COPYRIGHT OWNERSHIP BY SELLERS; DAMAGE CALCULATION. Sellers recognize that Buyer employs unique and special resources in exploiting the assets Buyer owns or in which Buyer has an interest and that the purchase price paid by Buyer for the Assets hereunder is based upon Buyer's determination of the future income Buyer could derive from the Assets by employing Buyer's unique and special resources. Accordingly, each party agrees that it is extremely difficult and impractical to ascertain the extent of the detriment which would be caused in the event of any material breach of the warranties or representations of Sellers contained in this Agreement with respect to the Compositions or Masters or of any interest therein and the sale, assignment and transfer to Buyer of all of Sellers' right, title and interest therein as provided for in this Agreement. To avoid the problem of quantifying damages in any such event, if any of the Compositions or Masters or any interest therein is not effectively transferred to Buyer by virtue of a defect in Sellers' title therein or other breach of a warranty or representation of Sellers contained in this Agreement (including, without limitation, failure to effect transfer resulting from any claim that an Asset or the exploitation thereof infringes on some other party's rights, provided the claim concerned has been settled with Sellers' consent, which consent shall not be unreasonably withheld, or reduced to final judgment; it being understood that Buyer shall have no obligation to appeal any adverse judgment), then Sellers and Buyer agree to fix compensatory damages in an amount equal to the average annual NPS/NRR attributed to the Compositions or Masters in question (or portion thereof not so transferred) for the thirteen (13) quarters ending March 31, 2002 (computed by dividing the total NPS/NRR for such periods by 3.25), multiplied by eighteen (18). (It is understood that such compensatory damages shall be reduced by the amount of any income received by Buyer with respect to such Asset after the Cut-off Date and not paid to a third party, including, without limitation, songwriters, Artists, other royalty participants or the owner(s) of the work infringed by such Asset.) Such end product shall, in the absence of fraud, constitute Buyer's sole compensatory damages for such breach, subject to Section 8.5(b) above.

8.9 EXCLUSIVE REMEDY. Buyer and Seller acknowledge and agree that the foregoing indemnification provisions in this Article 8 shall be the exclusive remedy of Buyer if and after the Closing has occurred with respect to the transactions contemplated by this Agreement.

ARTICLE 9.
TAX MATTERS

9.1 TAX PERIODS.

(a) Tax Periods Ending on or Before the Cut-off Date. Sellers shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Subsidiaries for all periods ending on or prior to the Cut-off Date which are filed after the Cut-off Date. Sellers shall pay or cause to be paid when due any and all Taxes due on each such Tax Return.

(b) Tax Periods Beginning Before and Ending After the Cut-off Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Subsidiaries for all periods which begin before the Cut-off Date and end after the Cut-off Date, and shall pay when due the Taxes shown on such Tax Returns. Buyer shall permit Sellers to review and comment on each such Tax Return prior to filing. Sellers shall indemnify Buyer for Taxes paid in respect of such Tax Returns equal to the portion of such Taxes that relates to the portion of the taxable period ending on the Cut-off Date. For purposes of this Section 9.1(b), in the case of any Taxes that are imposed on a periodic basis and are payable for a Tax period that includes (but does not end on) the Cut-off Date, the portion of such Tax which relates to the portion of such Tax period ending on the Cut-off Date shall be deemed equal to the amount which would be payable if the relevant Tax period ended on the Cut-off Date. All determinations necessary to give effect to the foregoing allocations shall be made in a manner consistent with prior practice of the Subsidiaries.

9.2 REFUNDS AND TAX BENEFITS. Any Tax refunds of the Subsidiaries that are received by Buyer and any amounts credited against Tax to which Buyer or the Subsidiaries and any Subsidiary become entitled that relate to Tax periods of the Subsidiaries or portions thereof ending on or before the Cut-off Date shall be for the account of Seller. Buyer shall use reasonable efforts to obtain any such refund or credit and shall pay over to Seller any such refund or the amount of any such credit within 15 days after receipt or entitlement thereto less the allocated portion of direct costs incurred.

9.3 CERTAIN TAXES. Seller and Buyer agree that inasmuch as the Assets purchased hereunder include substantially all the operating assets of Sellers, the sale and purchase of the Assets, other than the motor vehicles and the real property, may be exempt from sales and use taxes or other transfer taxes in the jurisdictions in which the Assets are located pursuant to the bulk sale or occasional sale provisions in the applicable statutes in such jurisdictions, and Buyer and Sellers shall treat the transfer of the Assets provided for herein as a bulk or occasional sale for all purposes; provided, however, that to the extent it shall be determined after the date of the Agreement that, through no fault or misrepresentation on the part of Sellers, the sale by Sellers, and the purchase by Buyer of all or any portion of the Assets (including the vehicles and the real

property) is subject to a sale, use or other transfer tax or recording tax, then such tax shall be paid by Buyer. The parties shall cooperate with each other in the preparation, execution and filing of any Tax Returns that may be required in connection with such Taxes and any related filing fees, notarial fees and other costs.

9.4 COOPERATION ON TAX MATTERS. Sellers, Buyer and the Subsidiaries shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of any Tax Returns for the Subsidiaries. Such cooperation shall include the retention and (upon the other party's request), the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer, Sellers and the Subsidiaries agree to retain all books and records with respect to Tax matters pertinent to the Subsidiaries relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any Taxing Authority.

9.5 TAX AUDITS.

(a) Sellers shall have the sole right to represent the interests of the Subsidiaries in any Tax audit or administrative or court proceeding relating to Tax Returns for periods ending prior to the Cut-off Date and to employ counsel of its choice at its expense; provided, that, (i) Buyer shall be entitled to participate in any such audit or proceeding at its own expense, and (ii) Sellers shall not be entitled to settle any claim for Taxes that would adversely affect the liability for Taxes of Buyer or the Subsidiaries without the prior written consent of Buyer, which consent shall not be unreasonably withheld. If any Taxing Authority asserts a claim, makes an assessment or otherwise disputes or affects any Tax for which Sellers are responsible hereunder, Buyer shall, promptly upon receipt by Buyer or the Subsidiaries of notice thereof, inform Sellers thereof.

(b) Buyer shall have the sole right to represent the interests of the Subsidiaries in any Tax audit or administrative or court proceeding relating to Tax Returns for periods ending after the Cut-off Date and to employ counsel of its choice at its expense; provided, that Sellers shall be entitled to participate, at their own expense, in any Tax audit or administrative or court proceeding relating to any Tax Return for any period that begins before and ends after the Cut-off Date.

ARTICLE 10.
TERMINATION

10.1 TERMINATION OF AGREEMENT. Certain of the Parties may terminate this Agreement as provided below:

(a) Buyer and Seller may terminate this Agreement by mutual written consent at any time prior to the Closing;

(b) Buyer may terminate this Agreement by giving written notice to Sellers at any time prior to the Closing

(i) in the event Sellers have breached any representation, warranty, or covenant contained in this Agreement in any material respect, Buyer has notified Sellers of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach; or

(ii) if the Closing shall not have occurred on or before October 31, 2002, by reason of the failure of any condition precedent under Section 7.1 (unless the failure results primarily from Buyer itself breaching any representation, warranty, or covenant contained in this Agreement).

(c) Sellers may terminate this Agreement by giving written notice to Buyer at any time prior to the Closing

(i) in the event Buyer has breached any representation, warranty, or covenant contained in this Agreement in any material respect, Sellers have notified Buyer of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach; or

(ii) if the Closing shall not have occurred on or before October 31, 2002, by reason of the failure of any condition precedent under Section 7.2 (unless the failure results primarily from Sellers breaching any representation, warranty, or covenant contained in this Agreement).

10.2 EFFECT OF TERMINATION; SPECIFIC PERFORMANCE. If any Party terminates this Agreement pursuant to Section 10.1, all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party (except for any liability of any Party then committing willful default or willful breach); provided, however, that the confidentiality provisions contained in Section 5.5 and Section 6.4 shall survive termination. In the event that Buyer breaches its obligation to close and pay the Purchase Price pursuant to the terms hereof, Sellers would suffer irreparable damage and therefore shall be entitled to specific performance of the terms hereof in addition to any other remedy at law or in equity. If any Party terminates this Agreement other than as permitted by Section 10.1, the non-breaching party would suffer irreparable damage and therefore shall be entitled to specific performance of the terms hereof in addition to any other remedy at law or in equity.

ARTICLE 11.
MISCELLANEOUS

11.1 PRESS RELEASES AND PUBLIC ANNOUNCEMENTS. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of Buyer and Sellers; provided, however, that any Party may make any public disclosure it determines in good faith is required by applicable law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use its best efforts to advise the other Parties prior to making the disclosure).

11.2 NO THIRD-PARTY BENEFICIARIES. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

11.3 ENTIRE AGREEMENT. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and, except as provided in Section 6.4, supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

11.4 SUCCESSION AND ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of Buyer and Sellers; provided, however, that Buyer may (a) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (b) designate one or more of its Affiliates to perform its obligations hereunder (in any or all of which cases Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

11.5 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

11.6 HEADINGS. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

11.7 NOTICES. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to Sellers:

Acuff-Rose Music Publishing, Inc.
One Gaylord Drive
Nashville, TN 37214
Attn: Carter R. Todd
Telephone: (615) 316-6186
Facsimile: (615) 316-6544

Copy to:

Bass, Berry & Sims PLC
AmSouth Center, Suite 2700
315 Deaderick Street
Nashville, TN 37238
Attn: F. Mitchell Walker, Jr.
Telephone: (615) 742-6275
Facsimile: (615) 742-2775

If to Buyer:	Sony/ATV Music Publishing LLC 550 Madison Avenue New York, NY 10022 Attn: Senior Vice President, Business Affairs Telephone: (212) 833-5391 Facsimile: (212) 833-8652
Copy to:	Stuart Prager, Esq. 10 East 40th Street, Suite 3100 New York, New York 10016 Telephone: (212) 689-6694 Facsimile: (212) 679-5298

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy or ordinary mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be made available by giving the other Parties notice in the manner herein set forth.

11.8 GOVERNING LAW. Except to the extent preempted by federal law (e.g., ERISA), this Agreement shall be governed by and construed in accordance with the domestic laws of the State of Tennessee without giving effect to any choice or conflict of law provision or rule (whether of the State of Tennessee or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Tennessee.

11.9 AMENDMENTS AND WAIVERS. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Sellers. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

11.10 SEVERABILITY. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

11.11 EXPENSES. Except as provided herein regarding indemnification matters, each of the Parties will bear their own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. Buyer shall pay the cost of any title policies or surveys it elects to obtain, and shall pay all recording costs. Without limiting the foregoing, the parties shall pro rate (as of the Cut-off Date), if applicable, real estate payments, and real estate and personal property taxes.

11.12 CONSTRUCTION. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

11.13 INCORPORATION OF EXHIBITS AND SCHEDULES. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

BUYER:

SONY/ATV MUSIC PUBLISHING LLC

By: /s/ Richard Rowe

Name: Richard Rowe

Title: President

SELLERS:

ACUFF-ROSE MUSIC PUBLISHING, INC.

By: /s/ Carter R. Todd

Name: Carter R. Todd

Title: Vice President and Secretary

ACUFF-ROSE MUSIC, INC.

By: /s/ Carter R. Todd

Name: Carter R. Todd

Title: Vice President and Secretary

MILENE MUSIC, INC.

By: /s/ Carter R. Todd

Name: Carter R. Todd

Title: Vice President and Secretary

SPRINGHOUSE MUSIC, INC.

By: /s/ Carter R. Todd

Name: Carter R. Todd

Title: Vice President and Secretary

HICKORY RECORDS, INC.

By: /s/ Carter R. Todd

Name: Carter R. Todd

Title: Vice President and Secretary

EXHIBIT 10.4

GAYLORD ENTERTAINMENT COMPANY
1997 OMNIBUS STOCK OPTION AND INCENTIVE PLAN

1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.

The purpose of this 1997 Omnibus Stock Option and Incentive Plan (formerly known as the Amended and Restated 1997 Stock Option and Incentive Plan) of Gaylord Entertainment Company (the "Plan") is to afford an incentive to officers, directors, key employees, consultants and advisors of Gaylord Entertainment Company (the "Company"), or any Subsidiary (as defined herein) which now exists or hereafter is organized or acquired by the Company, to acquire a proprietary interest in the Company, to continue as officers, directors, employees, consultants and advisors, to increase their efforts on behalf of the Company and to promote the success of the Company's business.

It is further intended that options granted by the Compensation or other Committee (the "Committee") of the Board of Directors of the Company (the "Board") pursuant to Section 8 of the Plan shall constitute "incentive stock options" ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and options granted by the Committee pursuant to Section 7 of the Plan shall constitute "nonqualified stock options" ("Nonqualified Stock Options"). The Committee may also grant stock appreciation rights ("Stock Appreciation Rights" or "SARs") pursuant to Section 9 of the Plan; shares of restricted stock ("Restricted Stock") pursuant to Section 10 of the Plan; Deferred Shares of stock pursuant to Section 11 of the Plan; and Performance Shares and Performance Units pursuant to Section 12 of the Plan.

The provisions of the Plan are intended to satisfy the requirements of Section 16(b) of the Securities Exchange Act of 1934, and shall be interpreted in a manner consistent with the requirements thereof, as now or hereafter construed, interpreted, and applied by regulations, rulings, and cases. The Plan is also designated so that awards granted hereunder intended to comply with the requirements for "performance-based" compensation under Section 162(m) of the Code may comply with such requirements. The creation and implementation of the Plan shall not diminish or prejudice other compensation plans or programs approved from time to time by the Board.

2. DEFINITIONS.

As used in this Plan, the following words and phrases shall have the meanings indicated:

(a) "Common Stock" shall mean shares of Common Stock, par value $.01 per share, of the Company.

(b) "Deferral Period" means the period of time during which Deferred Shares are subject to deferral limitations under Section 11 of this Plan.

(c) "Deferred Shares" means an award pursuant to Section 11 of this Plan of the right to receive shares of Common Stock at the end of a specified Deferral Period.

(d) "Disability" shall mean a Grantee's (as defined in Section 3 hereof) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(e) "Fair Market Value" per share of Common Stock as of a particular date shall mean (i) the closing sales price per share of Common Stock on the national securities exchange on which the Common Stock is principally traded, for the last preceding date on which there was a sale of such Common Stock on such exchange, or (ii) if the shares of Common Stock are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market for the last preceding date on which there was a sale of such Common Stock in such market, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine.

(f) "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

(g) "Option" or "Options" shall mean a grant to a Grantee of an option or options to purchase shares of Common Stock. Options granted by the Committee pursuant to the Plan shall constitute either Incentive Stock Options or Nonqualified Stock Options.

(h) "Parent" shall mean any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of granting an Option, each of the companies other than the Company owns stock or equity interests (including partnership interests) possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or equity interests in one of the other companies in such chain.

(i) "Performance Goals" means performance goals based on one or more of the following 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) cost of capital; (ix) Common Stock price appreciation; and (x) implementation or completion of critical projects or processes. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company or any Subsidiary, or a division or strategic business unit of the Company, or may be applied to the performance of the Company relative to a market index, a group of other companies, or a combination thereof, all as determined by the Committee. 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 foregoing Performance Goals shall be determined, to the extent applicable, in accordance with generally accepted accounting principles and shall be subject to certification by the Committee; provided, that the Committee shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Subsidiary or the financial statements of the Company or any Subsidiary, in response to changes in applicable laws or regulations, or to account for items of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of business or related to a change in accounting principles.

(j) "Performance Period" means a period of time established under Section 12 of this Plan within which the Performance Goals relating to a Performance Share, Performance Unit, or Deferred Shares are to be achieved.

(k) "Performance Share" means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to Section 12 of this Plan.

(l) "Performance Unit" means a bookkeeping entry that records a unit equivalent to $1.00 awarded pursuant to Section 12 of this Plan.

(m) "Subsidiary" shall mean any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of granting an Option, each of the companies other than the last company in the unbroken chain owns stock or equity interests (including partnership interests) possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or equity interests in one of the other companies in such chain.

(n) "Ten Percent Stockholder" shall mean a Grantee who, at the time an Incentive Stock Option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.

(o) "Retirement" means retirement by an employee from active employment with the Company or any Subsidiary (i) on or after attaining age 65, or (ii) with the express written consent of the Company on or after attaining age 55.

(p) "Voting Trust" shall mean the trust created by that certain Voting Trust Agreement, dated as of October 3, 1990, as amended October 7, 1991, and as may be amended hereafter from time to time, and "Voting Trustees" shall mean the trustees of the Voting Trust.

3. ADMINISTRATION.

The Plan shall be administered by the Committee, which will be comprised solely of "Non-Employee Directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or by the Board if for any reason the Committee is not so comprised, in which case all references herein to the Committee shall refer to the Board.

The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Options, SARs, Restricted Stock, Deferred Shares, Performance Shares, and Performance Units; to determine which Options shall constitute Incentive Stock Options and which Options shall constitute Nonqualified Stock Options and whether such Options will be accompanied by Stock Appreciation Rights; to determine the purchase price of the shares of Common Stock covered by each Option (the "Option Price") and SARs, the kind of consideration payable (if any) with respect to awards, and the various methods for payment; to determine the Deferral Period, the period during which Options may be exercised and during which Restricted Stock shall be subject to restrictions, and whether in whole or in installments; to determine the persons to whom, and the time or times at which awards shall be granted (such persons are referred to herein as "Grantees"); to determine the number of shares to be covered by each award; to determine the terms, conditions, and restrictions of any Performance

Goals and the number of Options, SARs, shares of Restricted Stock, Deferred Shares, Performance Shares or Performance Units subject thereto; to interpret the Plan; to prescribe, amend, and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the agreements (which need not be identical) entered into in connection with awards granted under the Plan (the "Agreements"); to cancel or suspend awards, as necessary; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. All decisions, determinations, and interpretations of the Committee shall be final and binding on all Grantees of any awards under this Plan.

The Board shall fill all vacancies, however caused, in the Committee. The Board may from time to time appoint additional members to the Committee, and may at any time remove one or more Committee members and substitute others. One member of the Committee shall be selected by the Board as chairman. The Committee shall hold its meetings at such times and places as it shall deem advisable. All determinations of the Committee shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may appoint a secretary and make such rules and regulations for the conduct of its business as it shall deem advisable, and shall keep minutes of its meetings.

No members of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any award granted hereunder.

4. ELIGIBILITY.

Directors, officers, key employees, consultants and advisors of the Company or any Subsidiary shall be eligible to receive awards hereunder; provided, however, that only consultants or advisors who have rendered bona fide services to the Company or any Subsidiary in connection with its business operations, and not in connection with the offer or sale of securities in capital-raising transactions, shall be eligible to receive awards hereunder. In determining the persons to whom awards shall be granted and the number of shares or Performance Units to be covered by each award, the Committee, in its sole discretion, shall take into account the contribution by the eligible participants to the management, growth, and profitability of the business of the Company and such other factors as the Committee shall deem relevant.

5. STOCK.

The maximum number of shares of Common Stock reserved for the grant of awards under the Plan shall be 5,450,000 (including shares of Common Stock reserved for the grant of awards issued in connection with the Distribution Agreement (as defined below)), subject to adjustment as provided in Section 13 hereof. Such shares may, in whole or in part, be authorized but unissued shares or shares that shall have been or may be reacquired by the Company.

If any outstanding award under the Plan should, for any reason, expire or be canceled, forfeited, or terminated, without having been exercised in full, the shares of Common Stock allocable

to the unexercised, canceled, forfeited, or terminated portion of such award shall (unless the Plan shall have been terminated) become available for subsequent grants of awards under the Plan.

The maximum number of shares of Common Stock with respect to which awards (including Options, SARs, Restricted Stock, Deferred Shares, Performance Shares, and Performance Units) may be granted under the Plan to any eligible employee during any consecutive three-year period shall be 1,000,000, subject to adjustment as provided in Section 13 hereof. Notwithstanding the foregoing, shares of Common Stock issued or issuable to any person in connection with the Agreement and Plan of Distribution, dated as of September 30, 1997, between the Company and Gaylord Entertainment Company, a Delaware corporation (the "Distribution Agreement") shall not be counted for purposes of the maximum number of shares limitation in the preceding sentence.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option granted pursuant to the Plan shall be evidenced by a written agreement between the Company and the Grantee (the "Option Agreement"), in such form as the Committee shall from time to time approve, which Option Agreement shall comply with and be subject to the following terms and conditions:

(a) Number of Shares. Each Option Agreement shall state the number of shares of Common Stock to which the Option relates.

(b) Type of Option. Each Option Agreement shall specifically state that the Option constitutes an Incentive Stock Option or a Nonqualified Stock Option.

(c) Option Price. Each Option Agreement shall state the Option Price, which, in the case of an Incentive Stock Option, shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Common Stock covered by the Option on the date of grant. The Option Price shall be subject to adjustment as provided in Section 13 hereof. Unless otherwise stated in the resolution, the date on which the Committee adopts a resolution expressly granting an Option shall be considered the day on which such Option is granted.

(d) Medium and Time of Payment. The Option Price shall be paid in full, at the time of exercise, in any manner that the Committee shall deem appropriate or that the Option Agreement shall provide for, including, in cash, in shares of Common Stock having a Fair Market Value equal to such Option Price, in cash provided through a broker-dealer sale and remittance procedure, approved by the Committee, in a combination of cash and Common Stock, or in such other manner as the Committee shall determine.

(e) Term and Exercisability of Options. Each Option shall be exercisable at such times and under such conditions as the Committee, in its discretion, shall determine; provided, however, that in the case of an Incentive Stock Option, such exercise period shall not exceed ten (10) years from the date of grant of such Option. The exercise period shall be subject to earlier termination as provided in Section 6(g) hereof. An Option may be exercised, as to any or all full shares of Common Stock as to which the Option has become exercisable, by giving written notice of such exercise to the Committee or its designated agent.

(f) Termination of Employment.

(i) Generally. Except as otherwise provided herein or as determined by the Committee, an Option may not be exercised unless the Grantee is then in the service or employ of the Company or a Parent or Subsidiary (or a company or a parent or subsidiary company of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies), and unless the Grantee has remained continuously in such service or employ since the date of grant of the Option. Unless otherwise determined by the Committee at or after the date of grant, in the event that the employment of a Grantee or the service provided to the Company by the Grantee terminates (other than by reason of death, Disability, Retirement, or for Cause) all Options that are exercisable at the time of such termination may be exercised for a period of 90 days from the date of such termination or until the expiration of the stated term of the Option, whichever period is shorter. For purposes of interpreting this Section 6(f) only, the service of a director as a non-employee member of the Board shall be deemed to be employment by the Company.

(ii) Death or Disability. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates by reason of death, or if the Grantee's employment or service terminates by reason of Disability, all Options theretofore granted to such Grantee will become fully vested and exercisable (notwithstanding any terms of the Options providing for delayed exercisability) and may be exercised by the Grantee, by the legal representative of the Grantee's estate, or by the legatee under the Grantee's will at any time until the expiration of the stated term of the Option. In the event that an Option granted hereunder is exercised by the legal representative of a deceased or disabled Grantee, written notice of such exercise must be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative or legatee to exercise such Option.

(iii) Retirement. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates by reason of Retirement, any Option held by the Grantee may thereafter be exercised, to the extent it was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or after the date of grant (but before the date of such Retirement), at any time until the expiration of the stated term of the Option.

(iv) Cause. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates for "Cause" (as determined by the Committee in its sole discretion) the Option, to the extent not theretofore exercised, shall terminate on the date of termination of employment.

(v) Committee Discretion. Notwithstanding the provisions of subsections (i) through (iv) above, the Committee may, in its sole discretion, at or after the date of grant (but before the date of termination), establish different terms and conditions pertaining to the effect on any Option of termination of a Grantee's employment with, or service to, the Company or a Parent or Subsidiary, to the extent permitted by applicable federal and state law.

(g) Other Provisions. The Option Agreements evidencing Options under the Plan shall contain such other terms and conditions, not inconsistent with the Plan, as the Committee may determine.

7. NONQUALIFIED STOCK OPTIONS.

Options granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject only to the general terms and conditions specified in Section 6 hereof .

8. INCENTIVE STOCK OPTIONS.

Options granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be subject to the following special terms and conditions, in addition to the general terms and conditions specified in Section 6 hereof

(a) Value of Shares. The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of equity securities of the Company with respect to which Incentive Stock Options granted under this Plan and all other option plans of any Parent or Subsidiary become exercisable for the first time by each Grantee during any calendar year shall not exceed $100,000. To the extent such $100,000 limit has been exceeded with respect to any Options first becoming exercisable, including acceleration upon a Change in Control, and notwithstanding any statement in the Option Agreement that it constitutes an Incentive Stock Option, the portion of such Option(s) that exceeds such $100,000 limit shall be treated as a Nonqualified Stock Option.

(b) Ten Percent Stockholder. In the case of an Incentive Stock Option granted to a Ten Percent Stockholder, (i) the Option Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of the shares of Common Stock on the date of grant of such Incentive Stock Option, and (ii) the exercise period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.

9. STOCK APPRECIATION RIGHTS.

The Committee is authorized to grant SARs to Grantees on the following terms and conditions:

(a) In General. Unless the Committee determines otherwise, an SAR (i) granted in tandem with a Nonqualified Stock Option may be granted at the time of grant of the related Nonqualified Stock Option or at any time thereafter, and (ii) granted in tandem with an Incentive Stock Option may only be granted at the time of grant of the related Incentive Stock Option. An SAR granted in tandem with an Option shall be exercisable only to the extent the underlying Option is exercisable and shall terminate when the underlying Option terminates.

(b) SARs. An SAR shall confer on the Grantee 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 Common Stock on the date of exercise over (ii) the grant price of the SAR (which in the case of an SAR granted in tandem with an Option shall be equal to the exercise price of the underlying Option, and which in the case of any other SAR shall be such price as the Committee may determine).

(c) Performance Goals. The Committee may condition the exercise of any SAR upon the attainment of specified Performance Goals, in its sole discretion.

10. RESTRICTED STOCK.

The Committee may award shares of Restricted Stock to any eligible employee or director. Each award of Restricted Stock under the Plan shall be evidenced by an instrument, in such form as the Committee shall from time to time approve (the "Restricted Stock Agreement"), and shall comply

with the following terms and conditions (and with such other terms and conditions not inconsistent with the terms of this Plan as the Committee, in its discretion, shall establish including, without limitation, the requirement that a Grantee provide consideration for Restricted Stock upon the lapse of restrictions):

(a) The Committee shall determine the number of shares of Common Stock to be issued to the Grantee pursuant to the award.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee shall determine from the date on which the award is granted (the "Restricted Period"). The Committee may impose such other restrictions and conditions on the shares as it deems appropriate including the satisfaction of Performance Goals. Certificates for shares of stock issued pursuant to Restricted Stock awards shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such shares of stock in contravention of such restrictions shall be null and void and without effect. During the Restricted Period, such certificates shall be held in escrow by an escrow agent appointed by the Committee. In determining the Restricted Period of an award, the Committee may provide that the foregoing restrictions lapse at such times, under such circumstances, and in such installments, as the Committee may determine.

(c) Subject to such exceptions as may be determined by the Committee, if the Grantee's continuous employment with the Company or any Parent or Subsidiary shall terminate for any reason prior to the expiration of the Restricted Period of an award, any shares remaining subject to restrictions (after taking into account the provisions of Subsection (f) of this Section 10) shall thereupon be forfeited by the Grantee and transferred to, and reacquired by, the Company or a Parent or Subsidiary at no cost to the Company or such Parent or Subsidiary.

(d) During the Restricted Period the Grantee shall possess all incidents of ownership of such shares, subject to Subsection (b) of this Section 10, including the right to receive cash dividends with respect to such shares and to vote such shares; provided, that shares of Common Stock distributed in connection with a stock split or stock dividend shall be subject to restriction and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such shares are distributed.

(e) Upon the occurrence of any of the events described in Section 13(c), all restrictions then outstanding with respect to shares of Restricted Stock awarded hereunder shall automatically expire and be of no further force or effect.

(f) The Committee shall have the authority (and the Restricted Stock Agreement may so provide) to cancel all or any portion of any outstanding restrictions prior to the expiration of the Restricted Period with respect to any or all of the shares of Restricted Stock awarded on such terms and conditions as the Committee shall deem appropriate.

11. DEFERRED SHARES.

The Committee may authorize grants of Deferred Shares to Grantees upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant shall constitute the agreement by the Company to issue or transfer shares of Common Stock to the Grantee in the future in consideration of the performance of services, subject to the fulfillment during the Deferral Period of such conditions as the Committee may specify.

(b) Each grant may be made without additional consideration from the Grantee or in consideration of a payment by the Grantee that is less than the Fair Market Value on the date of grant.

(c) Each grant shall provide that the Deferred Shares covered thereby shall be subject to a Deferral Period, which shall be fixed by the Committee on the date of grant, and any grant or sale may provide for the earlier termination of such period in the event of a change in control of the Company or other similar transaction or event.

(d) During the Deferral Period, the Grantee shall not have any right to transfer any rights under the subject award, shall not have any rights of ownership in the Deferred Shares and shall not have any right to vote such shares, but the Committee may on or after the date of grant authorize the payment of dividend equivalents on such shares in cash or additional shares of Common Stock on a current, deferred or contingent basis.

(e) Any grant or the vesting thereof may be further conditioned upon the attainment of Performance Goals established by the Committee in accordance with the applicable provisions of Section 12 of this Plan regarding Performance Shares and Performance Units.

(f) Each grant shall be evidenced by an agreement delivered to and accepted by the Grantee and containing such terms and provisions as the Committee may determine consistent with this Plan.

12. PERFORMANCE SHARES AND PERFORMANCE UNITS.

The Committee may also authorize grants of Performance Shares and Performance Units, which shall become payable to the Grantee upon the achievement of specified Performance Goals, upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant shall specify the number of Performance Shares or Performance Units to which it pertains, which may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Performance Share or Performance Unit shall commence on the date of grant and may be subject to earlier termination in the event of a Change in Control (as defined in Section 13(c)) or other similar transaction or event.

(c) Each grant shall specify the Performance Goals that are to be achieved by the Grantee.

(d) Each grant may specify in respect of the specified Performance Goals a minimum acceptable level of achievement below which no payment will be made and may set forth a formula for determining the amount of any payment to be made if performance is at or above such

minimum acceptable level but falls short of the maximum achievement of the specified Performance Goals.

(e) Each grant shall specify the time and manner of payment of Performance Shares or Performance Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, shares of Common Stock or any combination thereof and may either grant to the Grantee or reserve to the Committee the right to elect among those alternatives.

(f) Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the date of grant. Any grant of Performance Units may specify that the amount payable, or the number of shares of Common Stock issued, with respect thereto may not exceed maximums specified by the Committee on the Grant Date.

(g) Any grant of Performance Shares may provide for the payment to the Grantee of dividend equivalents thereon in cash or additional shares of Common Stock on a current, deferred or contingent basis.

(h) If provided in the terms of the grant, the Committee may adjust Performance Goals and the related minimum acceptable level of achievement if, in the sole judgment of the Committee, events or transactions have occurred after the date of grant that are unrelated to the performance of the Grantee and result in distortion of the Performance Goals or the related minimum acceptable level of achievement.

(i) Each grant shall be evidenced by an agreement delivered to and accepted by the Grantee, which shall state that the Performance Shares or Performance Units are subject to all of the terms and conditions of this Plan and such other terms and provisions as the Committee may determine consistent with this Plan.

13. EFFECT OF CERTAIN CHANGES.

(a) If there is any change in the shares of Common Stock through the declaration of extraordinary cash dividends, stock dividends, recapitalization, stock splits, or combinations or exchanges of such shares, or other similar transactions, the number of shares of Common Stock available for awards (both the maximum number of shares issuable under the Plan as a whole and the maximum number of shares issuable on a per-employee basis, each as set forth in Section 5 hereof), the number of such shares covered by outstanding awards, the Performance Goals, and the price per share of Options or SARs shall be proportionately adjusted by the Committee to reflect such change in the issued shares of Common Stock; provided, that any fractional shares resulting from such adjustment shall be eliminated; and provided, further, that, with respect to Incentive Stock Options, such adjustment shall be made in accordance with Section 424(h) of the Code.

(b) In the event of the dissolution or liquidation of the Company; in the event of any corporate separation or division, including but not limited to, split-up, split-off or spin-off; or in the event of other similar transactions, the Committee may, in its sole discretion, provide that either:

(i) the Grantee of any award hereunder shall have the right to exercise an Option (at its then Option Price) and receive such property, cash, securities, or any combination

thereof upon such exercise as would have been received with respect to the number of shares of Common Stock for which such Option might have been exercised immediately prior to such dissolution, liquidation, or corporate separation or division; or

(ii) each Option shall terminate as of a date to be fixed by the Committee and that not less than thirty (30) days' written notice of the date so fixed shall be given to each Grantee, who shall have the right, during the period of thirty (30) days preceding such termination, to exercise all or part of such Option.

In the event of a proposed sale of all or substantially all of the assets of the Company or the merger of the Company with or into another corporation, any award then outstanding shall be assumed or an equivalent award shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless such successor corporation does not agree to assume the award or to substitute an equivalent award, in which case the Committee shall, in lieu of such assumption or substitution, provide for the realization of such outstanding awards in the manner set forth in Section 13(b)(i) or 13(b)(ii) above.

(c) If, while any awards remain outstanding under the Plan, any of the following events shall occur (which events shall constitute a "Change in Control" of the Company):

(i) the "beneficial ownership," as defined in Rule 13d-3 under the Exchange Act, of securities representing more than a majority of the combined voting power of the Company are acquired by any "person" as defined in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (C) the Voting Trust and the Voting Trustees, (D) Edward L. Gaylord or any member of his Immediate Family, or any "person" controlled by, controlling or under common control with Edward L. Gaylord or any member of his Immediate Family; or (E) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company); or

(ii) the shareholders of the Company approve a definitive agreement to merge or consolidate the Company with or into another company (other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) a majority of the combined voting power of the voting securities of the Company or such surviving entity 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

(iii) during any period of two consecutive years, individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by the Company'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);

then from and after the date on which any such Change in Control shall have occurred (the "Acceleration Date"), any Option, SAR, share of Restricted Stock, Deferred Share, Performance Share, or Performance Unit awarded pursuant to this Plan shall be exercisable or otherwise nonforfeitable in full, as applicable, whether or not otherwise exercisable or forfeitable.

Following the Acceleration Date, the Committee shall, in the case of a merger, consolidation, or sale or disposition of assets, promptly make an appropriate adjustment to the number and class of shares of Common Stock available for awards, and to the amount and kind of shares or other securities or property receivable upon exercise or other realization of any outstanding awards after the effective date of such transaction, and, if applicable, the price thereof.

(d) In the event of a change in the Common Stock of the Company as presently constituted that is limited to a change of all of its authorized shares of Common Stock into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(e) Except as herein before expressly provided in this Section 13, the Grantee of an award hereunder shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another company; and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an award. The grant of an award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structures or to merge or to consolidate or to dissolve, liquidate, or sell, or transfer all or part of its business or assets or engage in any similar transactions.

14. SURRENDER AND EXCHANGES OF AWARDS.

The Option Price of an Option may not be amended or modified after the grant of the Option, and an Option may not be surrendered in consideration of or exchanged for a grant of a new Option having an Option Price below that of the Option which was surrendered or exchanged.

15. PERIOD DURING WHICH AWARDS MAY BE GRANTED.

Awards may be granted pursuant to the Plan from time to time within a period of ten (10) years from the date of the Distribution (as defined in the Distribution Agreement), provided that awards granted prior to such tenth anniversary date may be extended beyond such date.

16. LIMITS ON TRANSFERABILITY OF AWARDS.

Awards of Incentive Stock Options (and any SAR related thereto), Deferred Shares, Performance Shares, and Performance Units shall not be transferable otherwise than by will or by the laws of descent and distribution, and all Incentive Stock Options are exercisable during the Grantee's lifetime only by the Grantee. Awards of Nonqualified Stock Options (and any SAR related thereto) shall not be transferable, without the prior written consent of the Committee, other than (i) by will or by the laws of descent and distribution, (ii) by a Grantee to a member of his or her Immediate Family, or (iii) to a trust for the benefit of the Grantee or a member of his or her Immediate Family. Awards of Restricted Stock shall be transferable only to the extent set forth in the Restricted Stock Agreement.

17. EFFECTIVE DATE.

The Plan shall be deemed to have taken effect on October 1, 1997.

18. AGREEMENT BY GRANTEE REGARDING WITHHOLDING TAXES.

If the Committee shall so require, as a condition of exercise of an Option or SAR or other realization of an award, each Grantee shall agree that no later than the date of exercise or other realization of an award granted hereunder, the Grantee will pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state, or local taxes of any kind required by law to be withheld upon the exercise of an Option or other realization of an award. Alternatively, the Committee may provide that a Grantee may elect, to the extent permitted or required by law, to have the Company deduct federal, state, and local taxes of any kind required by law to be withheld upon the exercise of an Option or realization of any award from any payment of any kind due to the Grantee. The Committee may, in its sole discretion, permit withholding obligations to be satisfied in shares of Common Stock subject to the award.

19. AMENDMENT AND TERMINATION OF THE PLAN.

The Board at any time and from time to time may suspend, terminate, modify, or amend the Plan without stockholder approval to the fullest extent permitted by the Exchange Act and the rules and regulations thereunder; provided, however, that no suspension, termination, modification, or amendment of the Plan may adversely affect any award previously granted hereunder, unless the written consent of the Grantee is obtained.

20. RIGHTS AS A SHAREHOLDER.

Except as provided in Section 10(d) hereof, a Grantee or a transferee of an award shall have no rights as a shareholder with respect to any shares covered by the award until the date of the issuance of a stock certificate to him or her for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities, or other property) or distribution of other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 13 hereof.

21. NO RIGHTS TO SERVICE OR EMPLOYMENT.

Nothing in the Plan or in any award granted or Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ of the Company or any Subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement or to interfere with or limit in any way the right of the Company or any such Subsidiary to terminate such Grantee's service to or employment by the Company or such Subsidiary. Awards granted under the Plan shall not be affected by any change in duties or position of a Grantee as long as such Grantee continues to provide service to or is in the employ of the Company or any Subsidiary.

22. BENEFICIARY.

A Grantee may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary.

23. UNFUNDED STATUS OF PLAN.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Grantee by the Company, nothing contained herein shall give any such Grantee any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or payments in lieu of or with respect to awards hereunder; provided, however, that, unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

24. GOVERNING LAW.

The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware.