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Gaylord Entertainment Reports Fourth Quarter Diluted Eps Of $0.32 Before Nonrecurring Items; Revenues And Operating Cash Flow Increase 12.4% And 18.5% Over Adjusted Fourth Quarter 1997 Results

February 10, 1999

NASHVILLE, TN, February 10, 1999 -- Gaylord Entertainment Company (NYSE: GET) today announced financial results for the fourth quarter and year ended December 31, 1998.

Revenues for the fourth quarter of 1998 were $154.6 million, while operating cash flow (operating income plus depreciation and amortization) was $29.2 million. Adjusting fourth quarter 1997 results to exclude the Opryland theme park, which closed at the end of 1997, revenues and operating cash flow for the latest quarter increased 12.4% and 18.5%, respectively. Including the Opryland theme park in the 1997 results, revenues for the fourth quarter increased 6.1% over revenues of $145.7 million in the fourth quarter of 1997, while operating cash flow increased 3.9% from $28.1 million (excluding nonrecurring charges) in the comparable prior-year period.

Net income, excluding nonrecurring items, for the fourth quarter of 1998 was $10.6 million, or $0.32 per diluted share, versus $10.9 million, or $0.33 per diluted share, for the fourth quarter of 1997. A net nonrecurring gain recorded in the fourth quarter of 1998 of $4.1 million net of taxes, or $0.12 per diluted share, consisted of a gain of $9.8 million net of taxes, or $0.29 per diluted share, related to the previously announced collection of a note receivable from Charter Communications, partially offset by the previously announced charge of $5.7 million net of taxes, or $0.17 per diluted share, related to the termination of a European satellite transponder lease. Net nonrecurring losses in the fourth quarter of 1997 of $32.4 million net of taxes, or $0.98 per diluted share, consisted of charges of $29.1 million net of taxes, or $0.88 per diluted share, related to the closing of the Opryland theme park and $3.3 million net of taxes, or $0.10 per diluted share, related to the shutdown of CMT Europe.

Revenues for 1998 were $524.5 million and operating cash flow for the year was $85.7 million. Adjusting pro forma 1997 results to exclude the effect of television station KSTW, which was sold in June 1997, and the Opryland theme park, revenues and operating cash flow for 1998 increased 6.9% and 14.8% respectively. Pro forma results for 1997 exclude the financial results of operations merged into CBS Corporation, effective October 1, 1997. Including the Opryland theme park and KSTW in the 1997 results, revenues for 1998 declined 6.6% from pro forma revenues of $561.5 million for 1997, while operating cash flow increased 4.0% from pro forma operating cash flow, excluding nonrecurring write-downs, of $82.4 million for 1997. Net income was $24.5 million for 1998, or $0.74 per diluted share, excluding net nonrecurring after-tax gains of $6.7 million, or $0.20 per diluted share.

“We are pleased with our Company’s growth for the fourth quarter,” said Terry E. London, President and Chief Executive Officer. “Word Entertainment had a very good year, and we now have a solid management team in place that we believe will lead us to future growth.

“We are continuing our pursuit of our previously announced Opryland Hotel ventures in the Orlando, Florida, and Dallas, Texas, areas. Based upon the success of the Opryland Hotel in Nashville and the brand it has built in the convention and meetings business over the past 21 years, we believe there is tremendous potential for these new hotels.”

Excluding the Opryland theme park from the 1997 results, fourth quarter 1998 hospitality and attractions revenues increased 7.6% to $82.6 million compared to the corresponding prior year period, while operating cash flow increased 6.3% to $23.4 million. The occupancy rate at the Opryland Hotel in the fourth quarter of 1998 was 87.4%. The average room rate at the hotel for the quarter was $144.42, a 5.1% increase over fourth quarter 1997. The hotel ended the year with an occupancy rate of 79.1%, well in excess of the industry average, and an average room rate of $141.28, a 4.6% increase over the 1997 rate.

The broadcasting and music segment, which includes television and radio stations, Word Entertainment, and Acuff-Rose music publishing operations, recorded a 22.9% increase in revenues to $70.6 million from $57.5 million in fourth quarter 1997. This growth was driven by Word Entertainment, which had revenue growth in the quarter of approximately 14%, and revenues generated by the international film distribution business acquired in the third quarter of 1998. Broadcasting and music operating cash flow for the fourth quarter of 1998 increased 4.0% to $14.2 million from $13.7 million in fourth quarter 1997.

Fourth quarter 1998 revenues for the cable networks segment were $1.3 million, down from revenues of $3.3 million in the fourth quarter of 1997. The decline in revenues is due to the closing of CMT Europe. Operating losses associated with the cable networks were $3.6 million in the fourth quarter of 1998 compared with operating losses of $5.7 million in the fourth quarter of 1997.

As previously reported, the Company has collected proceeds related to the acquisition of Charter Communications by investor Paul G. Allen which, after applicable taxes, will total approximately $320 million. These proceeds have been applied against the Company’s revolving bank credit line. Based on the Company’s expected borrowing rate for 1999, which is significantly less than the 12% rate on its previous note receivable from Charter, the after-tax impact of this transaction is expected to reduce earnings per diluted share by approximately $0.18 in 1999.

In addition, the Company’s depreciation and amortization expense for 1999 is expected to be higher than the prior year due to computer and software upgrades (some of which are related to Year 2000), HDTV equipment upgrades at KTVT in Dallas-Ft. Worth, and 1998 acquisitions.

The Company’s computer and software additions are expensed over a relatively short three to five year time period. The after tax impact of the increase in depreciation and amortization is expected to reduce 1999 earnings by approximately $0.16 per diluted share. The combined effect of these items related to interest, depreciation and amortization, none of which has a negative impact on cash flow, is approximately $0.34 per diluted share. The Company is currently anticipating 1999 growth in operating cash flow of 10-12%. Accordingly, our initial targets for 1999 earnings are in the range of $0.56 to $0.60 per diluted share.

As previously announced, the Company expects to report an after-tax gain on the Charter transaction of approximately $85 million, or $2.55 per diluted share, in the first quarter of 1999. Excluding this gain, the Company currently expects a loss of $0.13 to $0.15 per diluted share in the first quarter of 1999. The anticipated range is due to the interest and depreciation and amortization issues discussed above, as well as expected negative comparisons at KTVT, which aired the Winter Olympics in the first quarter of 1998.

CBS Corporation acquired TNN:The Nashville Network, the U.S. and Canadian operations of CMT, and certain related businesses from the Company as the result of a spin-off and merger transaction that was consummated on October 1, 1997. The pro forma 1997 consolidated operating results presented herein exclude the businesses that were acquired by CBS, while the actual 1997 consolidated operating results include those businesses. Weighted average shares outstanding for full year 1997 have been restated to reflect the spin-off.

(Note: Certain matters discussed herein are forward looking statements that involve risks and uncertainties, including growth in the popularity of country music and country lifestyles; growth in the popularity of Christian music and family values lifestyles; the ability to control costs relating to the development of the Opry Mills retail complex; the ability to integrate the operations of acquired businesses into the Company’s operations; the advertising market in the United States in general and in the Company’s local television and radio markets in particular; the perceived attractiveness of Nashville, Tennessee and the Company’s properties as a convention and tourist destination; the ability of the Opryland Lodging Group to successfully develop hotel properties in other markets; consumer tastes and preferences for the Company’s programming and other entertainment offerings; competition; the impact of weather on construction schedules; and consolidation in the broadcasting and cable distribution industries. These risks and uncertainties are detailed from time to time in the Company’s SEC reports, including the report on Form 10-Q for the quarter ended September 30, 1998.) Gaylord Entertainment Company is a diversified entertainment company operating principally in three industry segments: hospitality and attractions; broadcasting and music; and cable networks.