FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarterly period ended June 30, 2005

or

o **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 ☑ No o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☑ No o

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, 2005
Common Stock, $.01 par value	40,192,920 shares

GAYLORD ENTERTAINMENT COMPANY

FORM 10-Q

For the Quarter Ended June 30, 2005
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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, 2005 and 2004
(Unaudited)
(In thousands, except per share data)

	2005	2004
Revenues	$228,762	$202,071
Operating expenses:		
Operating costs	140,493	125,533
Selling, general and administrative	53,423	52,648
Preopening costs	1,173	3,210
Impairment and other charges	—	1,212
Restructuring charges	—	78
Depreciation	17,617	18,773
Amortization	2,662	2,002
Operating income (loss)	13,394	(1,385)
Interest expense, net of amounts capitalized	(17,884)	(14,332)
Interest income	588	274
Unrealized loss on Viacom stock	(30,735)	(38,400)
Unrealized gain on derivatives	34,349	12,943
(Loss) income from unconsolidated companies	(1,590)	983
Other gains and (losses), net	2,472	717
Income (loss) before provision (benefit) for income taxes	594	(39,200)
Provision (benefit) for income taxes	1,005	(16,552)
Net loss	$ (411)	$ (22,648)
Loss per share:		
Basic	$ (0.01)	$ (0.57)
Diluted	$ (0.01)	$ (0.57)

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2005 and 2004
(Unaudited)
(In thousands, except per share data)

	2005	2004
Revenues	$448,072	$360,954
Operating expenses:		
Operating costs	277,824	224,389
Selling, general and administrative	102,262	95,460
Preopening costs	2,116	14,016
Impairment and other charges	—	1,212
Restructuring charges	—	78
Depreciation	35,903	33,287
Amortization	5,394	4,183
Operating income (loss)	24,573	(11,671)
Interest expense, net of amounts capitalized	(35,975)	(24,161)
Interest income	1,173	660
Unrealized loss on Viacom stock	(47,898)	(95,286)
Unrealized gain on derivatives	39,986	57,997
(Loss) income from unconsolidated companies	(118)	1,796
Other gains and (losses), net	4,922	1,637
Loss before benefit for income taxes	(13,337)	(69,028)
Benefit for income taxes	(4,069)	(27,482)
Net loss	$ (9,268)	$ (41,546)
Loss per share:		
Basic	$ (0.23)	$ (1.05)
Diluted	$ (0.23)	$ (1.05)

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
June 30, 2005 and December 31, 2004
(Unaudited)
(In thousands)

	June 30, 2005	December 31, 2004
ASSETS		
Current assets:		
Cash and cash equivalents — unrestricted	$ 21,470	$ 45,492
Cash and cash equivalents — restricted	77,702	45,149
Short term investments	10,000	27,000
Trade receivables, less allowance of $2,377 and $1,991, respectively	49,414	30,328
Deferred financing costs	26,865	26,865
Deferred income taxes	8,814	10,411
Other current assets	33,919	28,768
Total current assets	228,184	214,013
Property and equipment, net of accumulated depreciation	1,368,674	1,343,251
Intangible assets, net of accumulated amortization	30,716	25,964
Goodwill	180,722	166,068
Indefinite lived intangible assets	40,315	40,591
Investments	423,030	468,570
Estimated fair value of derivative assets	223,864	187,383
Long-term deferred financing costs	44,231	50,873
Other long term assets	22,652	24,332
Total assets	$2,562,388	$2,521,045
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$ 776	$ 463
Accounts payable and accrued liabilities	213,127	168,688
Current liabilities of discontinued operations	658	1,033
Total current liabilities	214,561	170,184
Secured forward exchange contract	613,054	613,054
Long-term debt and capital lease obligations, net of current portion	582,329	575,946
Deferred income taxes	199,834	207,062
Estimated fair value of derivative liabilities	274	4,514
Other long term liabilities	82,691	80,684
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, 40,186 and 39,930 shares issued and outstanding, respectively	402	399
Additional paid-in capital	664,474	655,110
Retained earnings	223,002	232,270
Unearned compensation	(1,327)	(1,337)
Accumulated other comprehensive loss	(16,906)	(16,841)
Total stockholders' equity	869,645	869,601
Total liabilities and stockholders' equity	$2,562,388	$2,521,045

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, 2005 and 2004
(Unaudited)
(In thousands)

	2005	2004
Cash Flows from Operating Activities:		
Net loss	$ (9,268)	$ (41,546)
Amounts to reconcile net loss to net cash flows provided by operating activities:		
Loss (income) from unconsolidated companies	118	(1,796)
Unrealized loss on Viacom stock and related derivatives	7,912	37,289
Gain on sale of assets	(3,215)	—
Impairment and other charges	—	1,212
Depreciation and amortization	41,297	37,470
Benefit for deferred income taxes	(4,069)	(28,361)
Amortization of deferred financing costs	14,609	14,970
Changes in (net of acquisitions and divestitures):		
Trade receivables	(18,225)	(23,534)
Accounts payable and accrued liabilities	35,794	43,015
Other assets and liabilities	2,356	700
Net cash flows provided by operating activities — continuing operations	67,309	39,419
Net cash flows used in operating activities — discontinued operations	(375)	(76)
Net cash flows provided by operating activities	66,934	39,343
Cash Flows from Investing Activities:		
Purchases of property and equipment	(60,183)	(87,662)
Acquisition of businesses, net of cash acquired	(20,223)	—
Purchase of investment in RHAC Holdings, LLC	(4,747)	—
Proceeds from sale of assets	8,927	—
Purchases of short-term investments	(15,000)	(84,650)
Proceeds from sale of short term investments	32,000	119,850
Other investing activities	(1,148)	(1,185)
Net cash flows used in investing activities — continuing operations	(60,374)	(53,647)
Net cash flows provided by investing activities — discontinued operations	—	—
Net cash flows used in investing activities	(60,374)	(53,647)
Cash Flows from Financing Activities:		
Repayment of long-term debt	—	(4,002)
Deferred financing costs paid	(8,451)	(909)
Increase in restricted cash and cash equivalents	(27,842)	(17,400)
Proceeds from exercise of stock option and purchase plans	6,145	5,607
Other financing activities, net	(434)	(172)
Net cash flows used in financing activities — continuing operations	(30,582)	(16,876)
Net cash flows provided by financing activities — discontinued operations	—	—
Net cash flows used in financing activities	(30,582)	(16,876)
Net change in cash and cash equivalents	(24,022)	(31,180)
Cash and cash equivalents — unrestricted, beginning of period	45,492	58,965
Cash and cash equivalents — unrestricted, end of period	$ 21,470	$ 27,785

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. These condensed consolidated financial statements should 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, 2004 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. All adjustments are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

As more fully discussed in Note 4, the Company’s ownership percentage in Bass Pro Shops, L.P. (“Bass Pro”) increased during the third quarter of 2004. As required under applicable accounting guidance, the Company changed its method of accounting for its investment in Bass Pro from the cost method of accounting to the equity method of accounting in the third quarter of 2004. The equity method of accounting has been applied retroactively to all periods presented, and the Company has revised the condensed consolidated statements of operations for the three months and six months ended June 30, 2004 and the condensed consolidated statement of cash flows for the six months ended June 30, 2004. This change in accounting principle increased net income for the three months and six months ended June 30, 2004 by $0.6 million and $1.1 million, respectively. This change in accounting principle had no impact on cash flows provided by operating activities – continuing operations for the six months ended June 30, 2004.

During 2003 and prior years, the Company classified certain market auction rate debt securities as cash and cash equivalents – unrestricted. During 2004, the Company determined that these securities should be classified as short-term investments due to the fact that the original maturity of these securities is greater than three months. As a result, the Company revised its statement of cash flows for the six months ended June 30, 2004 to present the purchases and sales of these securities as investing activities. This reclassification had no impact on net income for the three months and six months ended June 30, 2004 or cash flows provided by operating activities — continuing operations for the six months ended June 30, 2004.

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2. LOSS 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,	
	2005	2004	2005	2004
Weighted average shares outstanding	40,158	39,597	40,071	39,528
Effect of dilutive stock options	—	—	—	—
Weighted average shares outstanding - assuming dilution	40,158	39,597	40,071	39,528

For the three months and six months ended June 30, 2005, the effect of dilutive stock options was the equivalent of approximately 1,059,000 and 1,062,000 shares of common stock outstanding, respectively. For the three months and six months ended June 30, 2004, the effect of dilutive stock options was the equivalent of approximately 489,000 and 473,000 shares of common stock outstanding, respectively. Because the Company had a loss from continuing operations in the three months and six months ended June 30, 2005 and 2004, these incremental shares were excluded from the computation of diluted earnings per share for those periods as the effect of their inclusion would have been anti-dilutive.

3. COMPREHENSIVE LOSS:

Comprehensive 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,	
	2005	2004	2005	2004
Net loss	$(411)	$(22,648)	$(9,268)	$(41,546)
Unrealized loss on interest rate hedges	(56)	(54)	(19)	(54)
Foreign currency translation	(17)	(18)	(46)	86
Comprehensive loss	$(484)	$(22,720)	$(9,333)	$(41,514)

4. INVESTMENTS

On May 31, 2005, the Company, through a wholly-owned subsidiary named RHAC, LLC, entered into an agreement to purchase the 716-room Aston Waikiki Beach Hotel and related assets located in Honolulu, Hawaii (“the Waikiki Hotel”) for an aggregate purchase price of $107.0 million. Simultaneously with this purchase, G.O. IB-SIV US, a private real estate fund managed by DB Real Estate Opportunities Group (“IB-SIV”) acquired an 80.1% ownership interest in the parent company of RHAC, LLC, RHAC Holdings, LLC, in exchange for its capital contribution of $19.1 million to RHAC Holdings, LLC. As a part of this transaction, the Company entered into a joint venture arrangement with IB-SIV and retained a 19.9% ownership interest in RHAC Holdings, LLC in exchange for its $4.7 million capital contribution to RHAC Holdings, LLC. Both the Company and IB-SIV will contribute additional funds as needed for their pro-rata share of specified construction costs associated with the redevelopment of the Waikiki Hotel. RHAC, LLC financed the purchase of the Waikiki Hotel by entering into a series of loan transactions with Greenwich Capital Financial Products, Inc. (the “Lender”) consisting of a $70.0 million loan secured by the Waikiki Hotel and a $16.25 million mezzanine loan secured by the ownership

interest of RHAC, LLC (collectively, the "Waikiki Hotel Loans"). IB-SIV is the managing member of RHAC Holdings, LLC, but certain actions initiated by IB-SIV require the approval of the Company. In addition, under the joint venture arrangement, the Company's ResortQuest subsidiary secured a 20-year hotel management agreement from RHAC, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest will be responsible for the day-to-day operations of the Waikiki Hotel in accordance with RHAC, LLC's business plan. The Company will account for its investment in RHAC Holdings, LLC under the equity method of accounting in accordance with Emerging Issues Task Force ("EITF") Issue No. 03-16, *Accounting for Investments in Limited Liability Companies*, American Institute of Certified Public Accountants Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, and EITF Abstracts Topic No. D-46, *Accounting for Limited Partnership Investment.*

From January 1, 2000 to July 8, 2004, the Company accounted for its investment in Bass Pro under the cost method of accounting. On July 8, 2004, Bass Pro redeemed the approximate 28.5% interest held in Bass Pro by private equity investor, J.W. Childs Associates. As a result, the Company's ownership interest in Bass Pro increased to 26.6% as of the redemption date. Because the Company's ownership interest in Bass Pro increased to a level exceeding 20%, the Company was required by Accounting Principles Board Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock", to begin accounting for its investment in Bass Pro under the equity method of accounting beginning in the third quarter of 2004. The equity method of accounting has been applied retroactively to all periods presented. This change in accounting principle increased net income and net income per share – fully diluted by $0.6 million and $0.02, respectively, for the three months ended June 30, 2004. This change in accounting principle increased net income and net income per share – fully diluted by $1.1 million and $0.03, respectively, for the six months ended June 30, 2004.

As of June 30, 2005, the recorded value of the Company's investment in Bass Pro is $63.1 million greater than its equity in Bass Pro's underlying net assets. This difference is being accounted for as equity method goodwill.

In the second quarter of 2005, Bass Pro restated its previously issued historical financial statements to reflect certain non-cash changes, which resulted primarily from a change in the manner in which Bass Pro accounts for its long term leases. This restatement resulted in a cumulative reduction in Bass Pro's net income of $8.6 million through December 31, 2004, which resulted in a pro-rata cumulative reduction in the Company's income from unconsolidated companies of $1.7 million. The Company has determined that the impact of the adjustments recorded by Bass Pro is immaterial to the Company's consolidated financial statements in all prior periods. Therefore, the Company has reflected its $1.7 million share of the re-statement adjustments as a one-time adjustment to loss from unconsolidated companies during the second quarter of 2005.

5. DISCONTINUED OPERATIONS:

The Company has reflected the following businesses as discontinued operations, consistent with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144 and Accounting Principles Board ("APB") No. 30: WSM-FM and WWTN(FM); Word Entertainment, the Company's contemporary Christian music business; the Acuff-Rose Music Publishing entity; GET Management, the Company's artist management business; the Company's ownership interest in the Oklahoma RedHawks, a minor league baseball team based in Oklahoma City, Oklahoma; the Company's international cable networks; the businesses sold to affiliates of The Oklahoma Publishing Company in 2001 consisting of Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company; and the Company's water taxis that were sold in 2001.

These businesses did not impact the Company's results of operations during the three months and six months ended June 30, 2005 and 2004. However, the carrying value of the remaining assets and liabilities of these businesses have been reflected in the accompanying condensed consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

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

(in thousands)	June 30, 2005	December 31, 2004
Current assets:		
Total current assets	$ —	$ —
Total long-term assets	—	—
Total assets	$ —	$ —
Current liabilities:		
Accounts payable and accrued expenses	$658	$1,033
Total current liabilities	658	1,033
Total long-term liabilities	—	—
Total liabilities	$658	$1,033

6. ACQUISITIONS:

Whistler Lodging Company, Ltd.

On February 1, 2005, the Company acquired 100% of the outstanding common shares of Whistler Lodging Company, Ltd. ("Whistler") from O'Neill Hotels and Resorts Whistler, Ltd . for an aggregate purchase price of $0.1 million in cash plus the assumption of Whistler's liabilities as of February 1, 2005 of $4.9 million. Whistler manages approximately 600 vacation rental units located in Whistler, British Columbia. The results of operations of Whistler have been included in the Company's financial results beginning February 1, 2005.

The total cash purchase price of the Whistler acquisition was as follows (amounts in thousands):

Cash received from Whistler	$ (45)
Direct merger costs incurred by Gaylord	194
Total	$149

The Company has accounted for the Whistler acquisition under the purchase method of accounting. Under the purchase method of accounting, the total purchase price was allocated to Whistler's net tangible and identifiable intangible assets based upon their estimated fair value as of the date of completion of the Whistler acquisition. The Company determined these fair values with the assistance of a third party valuation expert. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets was recorded as goodwill. Goodwill will not be amortized and will be tested for impairment on an annual basis and whenever events or circumstances occur indicating that the goodwill may be impaired. The final allocation of the purchase price is subject to adjustments for a period not to exceed one year from the consummation date (the allocation period) in accordance with SFAS No. 141 "Business Combinations" and EITF Issue 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination." The allocation period is intended to differentiate between amounts that are determined as a result of the identification and valuation process required by SFAS No. 141 for all assets acquired and liabilities assumed and amounts that are determined because information that was not previously obtainable becomes obtainable. The purchase price allocation as of February 1, 2005 was as follows (in thousands):

Tangible assets acquired	$ 1,771
Amortizable intangible assets	212
Goodwill	3,024
Total assets acquired	5,007
Liabilities assumed	(4,858)
Net assets acquired	$ 149

Tangible assets acquired totaled $1.8 million, which included $0.7 million of restricted cash, $0.6 million of net trade receivables and $0.2 million of property and equipment.

Approximately $0.2 million was allocated to amortizable intangible assets consisting of existing property management contracts. Property management contracts represent existing contracts with property owners, homeowner associations and other direct ancillary service contracts. Property management contracts are amortized on a straight-line basis over the remaining useful life of the contracts, which is estimated to be seven years from acquisition.

As of June 30, 2005 and February 1, 2005, goodwill related to the Whistler acquisition totaled $3.4 million and $3.0 million, respectively. During the five months ended June 30, 2005, the Company made adjustments to accrued liabilities associated with the Whistler acquisition as a result of obtaining additional information. These adjustments resulted in a net increase in goodwill of $0.4 million**.**

East West Resorts

On January 1, 2005, the Company acquired 100% of the outstanding membership interests of East West Resorts at Summit County, LLC, Aspen Lodging Company, LLC, Great Beach Vacations, LLC, East West Realty Aspen, LLC, and Sand Dollar Management Investors, LLC (collectively, "East West Resorts") from East West Resorts, LLC for an aggregate purchase price of $20.7 million in cash plus the assumption of East West Resort's liabilities as of January 1, 2005 of $7.8 million. East West Resorts manages approximately 2,000 vacation rental units located in Colorado ski destinations and South Carolina beach destinations. The results of operations of East West Resorts have been included in the Company's financial results beginning January 1, 2005.

The total cash purchase price of the East West Resorts acquisition was as follows (amounts in thousands):

Cash paid to East West Resorts, LLC	$20,650
Direct merger costs incurred by Gaylord	97
Total	$20,747

The Company has accounted for the East West Resorts acquisition under the purchase method of accounting. Under the purchase method of accounting, the total purchase price was allocated to East West Resorts' net tangible and identifiable intangible assets based upon their estimated fair value as of the date of completion of the acquisition. The Company determined these fair values with the assistance of a third party valuation expert. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets was recorded as goodwill. Goodwill will not be amortized and will be tested for impairment on an annual basis and whenever events or circumstances occur indicating that the goodwill may be impaired. The final allocation of the purchase price is subject to adjustments for a period not to exceed one year from the consummation date (the allocation period). The allocation period is intended to differentiate between amounts that are determined as a result of the identification and valuation process required by SFAS No. 141 for all assets acquired and liabilities assumed and amounts that are determined because information that was not previously obtainable becomes obtainable. The purchase price allocation as of January 1, 2005 was as follows (in thousands):

Tangible assets acquired	$ 9,714
Amortizable intangible assets	6,955
Goodwill	11,893
Total assets acquired	28,562
Liabilities assumed	(7,815)
Net assets acquired	$20,747

Tangible assets acquired totaled $9.7 million, which included $4.0 million of restricted cash, $0.3 million of net trade receivables and $4.2 million of property and equipment.

Approximately $7.0 million was allocated to amortizable intangible assets consisting of existing property management contracts and non-competition agreements. Property management contracts represent existing contracts with property owners, homeowner associations and other direct ancillary service contracts. Property

management contracts are amortized on a straight-line basis over the remaining useful life of the contracts, which is estimated to be seven years from acquisition. Non-competition agreements represent contracts with certain former owners and managers of East West Resorts, LLC that prohibit them from competing with the acquired companies for a period of five years. Non-competition agreements are amortized on a straight-line basis over the remaining useful life of the agreements, which is estimated to be five years from acquisition.

As of June 30, 2005 and January 1, 2005, goodwill related to the East West Resorts acquisition totaled $11.6 million and $11.9 million, respectively. During the six months ended June 30, 2005, the Company made adjustments to the final purchase price of ($0.6 million) and accrued liabilities associated with the East West Resorts acquisition of $0.3 million as a result of obtaining additional information. These adjustments resulted in a net decrease in goodwill of $0.3 million**.**

ResortQuest International, Inc.

On November 20, 2003, pursuant to the Agreement and Plan of Merger dated as of August 4, 2003, the Company acquired 100% of the outstanding common shares of ResortQuest International, Inc. in a tax-free, stock-for-stock merger. Under the terms of the agreement, ResortQuest stockholders received 0.275 shares of Gaylord common stock for each outstanding share of ResortQuest common stock, and the ResortQuest option holders received 0.275 options to purchase Gaylord common stock for each outstanding option to purchase one share of ResortQuest common stock. Based on the number of shares of ResortQuest common stock outstanding as of November 20, 2003 (19,339,502) and the exchange ratio (0.275 Gaylord common share for each ResortQuest common share), the Company issued 5,318,363 shares of Gaylord common stock. In addition, based on the total number of ResortQuest options outstanding at November 20, 2003, the Company exchanged ResortQuest options for options to purchase 573,863 shares of Gaylord common stock. Based on the average market price of Gaylord common stock ($19.81, which was based on an average of the closing prices for two days before, the day of, and two days after the date of the definitive agreement, August 4, 2003), together with the direct merger costs, this resulted in an aggregate purchase price of approximately $114.7 million plus the assumption of ResortQuest's outstanding indebtedness as of November 20, 2003, which totaled $85.1 million.

The total purchase price of the ResortQuest acquisition was as follows (amounts in thousands):

Fair value of Gaylord common stock issued	$105,329
Fair value of Gaylord stock options issued	5,596
Direct merger costs incurred by Gaylord	3,773
Total	$114,698

The Company has accounted for the ResortQuest acquisition under the purchase method of accounting. Under the purchase method of accounting, the total purchase price was allocated to ResortQuest's net tangible and identifiable intangible assets based upon their fair value as of the date of completion of the ResortQuest acquisition. The Company determined these fair values with the assistance of a third party valuation expert. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets was recorded as goodwill. Goodwill will not be amortized and will be tested for impairment on an annual basis and whenever events or circumstances occur indicating that the goodwill may be impaired. The final allocation of the purchase price was subject to adjustments for a period not to exceed one year from the consummation date, the allocation period. The allocation of the purchase price was adjusted during this period and finalized on November 20, 2004, which resulted in certain adjustments to goodwill, accrued liabilities, deferred taxes, and additional paid-in capital. The purchase price allocation as of November 20, 2003 was as follows (in thousands):

Cash acquired	$ 4,228
Tangible assets acquired	47,511
Amortizable intangible assets	29,718
Trade names	38,835
Goodwill	162,727
Total assets acquired	283,019
Liabilities assumed	(84,608)
Debt assumed	(85,100)
Deferred stock-based compensation	1,387
Net assets acquired	$114,698

Tangible assets acquired totaled $47.5 million, which included $9.8 million of restricted cash, $26.1 million of property and equipment and $7.0 million of net trade receivables. Included in the tangible assets acquired is ResortQuest's vacation rental management software, First Resort Software ("FRS"), which was being amortized over a remaining estimated useful life of five years. On December 15, 2004, the Company sold certain assets related to FRS, including all copyrights, trademarks, tradenames, and maintenance and support agreements associated with the vacation rental management software, to Instant Software, Inc. for approximately $1.3 million in cash and the assumption of certain liabilities. The Company also received a perpetual, irrevocable, royalty-free license to continue using the vacation rental management software for its internal business purposes. The value assigned to this license is being amortized over a remaining estimated useful life of two years. The Company recognized a loss of $1.8 million on the sale of the FRS assets, which was reported in other gains and losses in the consolidated statement of operations.

Approximately $29.7 million was allocated to amortizable intangible assets consisting primarily of existing property management contracts and ResortQuest's customer database. Property management contracts represent existing contracts with property owners, homeowner associations and other direct ancillary service contracts. Property management contracts are amortized on a straight-line basis over the remaining useful life of the contracts. Contracts originating in Hawaii are estimated to have a remaining useful life of ten years from acquisition, while contracts in the continental United States and Canada have a remaining estimated useful life of seven years from acquisition. The Company is amortizing the customer database over a two-year period.

Of the total purchase price, approximately $38.8 million was allocated to trade names consisting primarily of the "ResortQuest" trade name which is deemed to have an indefinite remaining useful life and therefore will not be amortized.

As of June 30, 2005 and December 31, 2004, goodwill related to the ResortQuest acquisition totaled $158.9 million and $159.2 million, respectively. During the six months ended June 30, 2005, the Company made adjustments to deferred taxes associated with the ResortQuest acquisition as a result of obtaining additional information. These adjustments resulted in a net decrease in goodwill of $0.3 million.

As of November 20, 2003, the Company recorded approximately $4.0 million of reserves and adjustments related to the Company's plans to consolidate certain support functions, to adjust for employee benefits and to account for outstanding legal claims filed against ResortQuest as an adjustment to the purchase price allocation. The following table summarizes the activity related to these reserves for the six months ended June 30, 2005 (amounts in thousands):

Balance at December 31, 2004	Charges and Adjustments	Payments	Balance at June 30, 2005
$2,950	$—	$1,621	$1,329

7. DEBT:

Senior Loan and Mezzanine Loan

In 2001, the Company, through wholly owned subsidiaries, entered into two loan agreements, a $275.0 million senior loan (the "Senior Loan") and a $100.0 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans") with affiliates of Merrill Lynch & Company acting as principal. The Senior and Mezzanine Loan borrower and its member were subsidiaries formed for the purposes of owning and operating the Gaylord Opryland and entering into the loan transaction and were special-purpose entities whose activities were strictly limited. The Company fully consolidates these entities in its consolidated financial statements. The Senior Loan was secured by a first mortgage lien on the assets of Gaylord Opryland. In March 2004, the Company exercised the first of two one-year extension options to extend the maturity of the Senior Loan to March 2005. Amounts outstanding under the Senior Loan bore interest at one-month LIBOR plus 1.20%. The Mezzanine Loan was secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, was due in April 2004 and bore interest at one-month LIBOR plus 6.0%.

During November 2003, the Company used the proceeds of the 8% Senior Notes, as discussed below, to repay in full $66.0 million outstanding under the Mezzanine Loan portion of the Nashville Hotel Loans. During November 2004, the Company used the proceeds of the 6.75% Senior Notes, as discussed below, to repay in full $192.5 million outstanding under the Senior Loan portion of the Nashville Hotel Loans.

8% Senior Notes

On November 12, 2003, the Company completed its offering of $350 million in aggregate principal amount of senior notes due 2013 in an institutional private placement. In January 2004, the Company filed an exchange offer registration statement on Form S-4 with the Securities and Exchange Commission (the "SEC") with respect to the 8% Senior Notes and exchanged the existing senior notes for publicly registered senior notes with the same terms after the registration statement was declared effective in April 2004. The interest rate on these notes is 8%, although the Company has entered into fixed to variable interest rate swaps with respect to $125 million principal amount of the 8% Senior Notes, which swaps result in an effective interest rate of LIBOR plus 2.95% with respect to that portion of the 8% Senior Notes. The 8% Senior Notes, which mature on November 15, 2013, bear interest semi-annually in arrears on May 15 and November 15 of each year, starting on May 15, 2004. The 8% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2008 at a designated redemption amount, plus accrued and unpaid interest. In addition, the Company may redeem up to 35% of the 8% Senior Notes before November 15, 2006 with the net cash proceeds from certain equity offerings. The 8% Senior Notes rank equally in right of payment with the Company's other unsecured unsubordinated debt, but are effectively subordinated to all the Company's secured debt to the extent of the assets securing such debt. The 8% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of the Company's active domestic subsidiaries including, following repayment of the Senior Loan arrangements discussed above, the subsidiaries owning the assets of Gaylord Opryland. In connection with the offering and subsequent registration of the 8% Senior Notes, the Company paid approximately $10.1 million in deferred financing costs. The net proceeds from the offering of the 8% Senior Notes, together with $22.5 million of the Company's cash on hand, were used as follows:

- $275.5 million was used to repay the $150 million senior term loan portion and the $50 million subordinated term loan portion of the 2003 Florida/Texas senior secured credit facility, as well as the remaining $66 million of the Company's $100 million Mezzanine Loan and to pay certain fees and expenses related to the ResortQuest acquisition; and
- $79.2 million was placed in escrow pending consummation of the ResortQuest acquisition. As of November 20, 2003, the $79.2 million together with $8.2 million of the available cash, was used to repay (i) ResortQuest's senior notes and its credit facility, the principal amount of which aggregated $85.1 million at closing, and (ii) a related prepayment penalty.

The 8% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 8% Senior Notes are cross-defaulted to the Company's other indebtedness.

6.75% Senior Notes

On November 30, 2004, the Company completed its offering of $225 million in aggregate principal amount of senior notes due 2014 in an institutional private placement. The interest rate of these notes is 6.75%. The 6.75% Senior Notes, which mature on November 15, 2014, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2005. The 6.75% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2009 at a designated redemption amount, plus accrued and unpaid interest. In addition, the Company may redeem up to 35% of the 6.75% Senior Notes before November 15, 2007 with the net cash proceeds from certain equity offerings. The 6.75% Senior Notes rank equally in right of payment with the Company's other unsecured unsubordinated debt, but are effectively subordinated to all of the Company's secured debt to the extent of the assets securing such debt. The 6.75% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of the Company's active domestic subsidiaries including, following repayment of the Senior Loan arrangements discussed above, the subsidiaries owning the assets of Gaylord Opryland. In connection with the offering of the 6.75% Senior Notes, the Company paid approximately $4.2 million in deferred financing costs. The net proceeds from the offering of the 6.75% Senior Notes, together with cash on hand, were used to repay the Senior Loan and to provide capital for growth of the Company's other businesses and other general corporate purposes. In addition, the 6.75% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 6.75% Senior Notes are cross-defaulted to the Company's other indebtedness.

In April 2005, the Company filed an exchange offer registration statement on Form S-4 with the SEC with respect to the 6.75% Senior Notes and exchanged the existing senior notes for publicly registered senior notes with the same terms after the registration statement was declared effective in May 2005.

New $600.0 Million Credit Facility

On March 10, 2005, the Company entered into a new $600.0 million credit facility with Bank of America, N.A. acting as the administrative agent. The Company's new credit facility, which replaced the 2003 $100.0 million revolving credit facility, consists of the following components: (a) a $300.0 million senior secured revolving credit facility, which includes a $50.0 million letter of credit sublimit, and (b) a $300.0 million senior secured delayed draw term loan facility, which may be drawn on in one or more advances during its term. The credit facility also includes an accordion feature that will allow the Company, on a one-time basis, to increase the credit facilities by a total of up to $300.0 million, subject to securing additional commitments from existing lenders or new lending

institutions. The revolving loan, letters of credit and term loan mature on March 9, 2010. At the Company's election, the revolving loans and the term loans may have an interest rate of LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on the Company's financial performance. Interest on the Company's borrowings is payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR rate-based loans. Principal is payable in full at maturity. The Company is required to pay a commitment fee ranging from 0.25% to 0.50% per year of the average unused portion of the credit facility.

The purpose of the new credit facility is for working capital and capital expenditures and the financing of the costs and expenses related to the construction of the Gaylord National hotel. Construction of the Gaylord National hotel is required to be substantially completed by June 30, 2008 (subject to customary force majeure provisions).

The new credit facility is (i) secured by a first mortgage and lien on the real property and related personal and intellectual property of the Company's Gaylord Opryland hotel, Gaylord Texan hotel, Gaylord Palms hotel and Gaylord National hotel (to be constructed) and pledges of equity interests in the entities that own such properties and (ii) guaranteed by each of the four wholly owned subsidiaries that own the four hotels as well as ResortQuest International, Inc. Advances are subject to a 60% borrowing base, based on the appraisal values of the hotel properties (reducing to 50% in the event a hotel property is sold). The Company's 2003 revolving credit facility has been paid in full and the related mortgages and liens have been released.

In addition, the $600.0 million credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the new credit facility are as follows:

- the Company must maintain a consolidated leverage ratio of not greater than (i) 7.00 to 1.00 for calendar quarters ending during calendar year 2007, and (ii) 6.25 to 1.00 for all other calendar quarters ending during the term of the credit facility, which levels are subject to increase to 7.25 to 1.00 and 7.00 to 1.00, respectively, for three (3) consecutive quarters at the Company's option if the Company makes a leverage ratio election.

- the Company must maintain a consolidated tangible net worth of not less than the sum of $550.0 million, increased on a cumulative basis as of the end of each calendar quarter, commencing with the calendar quarter ending March 31, 2005, by an amount equal to (i) 75% of consolidated net income (to the extent positive) for the calendar quarter then ended, plus (ii) 75% of the proceeds received by the Company or any of its subsidiaries in connection with any equity issuance.

- the Company must maintain a minimum consolidated fixed charge coverage ratio of not less than (i) 1.50 to 1.00 for any reporting calendar quarter during which the leverage ratio election is effective; and (ii) 2.00 to 1.00 for all other calendar quarters during the term hereof.

- the Company must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an interest rate equal to the then current seven year Treasury Note plus 0.25%) of not less than 1.60 to 1.00.

- the Company's investments in entities which are not wholly-owned subsidiaries may not exceed an amount equal to ten percent (10.0%) of the Company's consolidated total assets.

As of June 30, 2005, the Company was in compliance with all covenants**.** As of June 30, 2005, no borrowings were outstanding under the $600.0 million credit facility, but the lending banks had issued $17.7 million of letters of

credit under the credit facility for the Company. The credit facility is cross-defaulted to the Company's other indebtedness.

8. 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, Inc. Class B common stock ("Viacom Stock"). The seven-year SFEC has a notional amount of $613.1 million and required contract payments based upon a stated 5% rate. The SFEC protects the Company against decreases in the fair market value of the Viacom Stock while providing for participation in increases in the fair market value, as discussed below. The Company realized cash proceeds from the SFEC of $506.5 million, net of discounted prepaid contract payments and prepaid interest related to the first 3.25 years of the contract and transaction costs totaling $106.6 million. In October 2000, the Company prepaid the remaining 3.75 years of contract interest payments required by the SFEC of $83.2 million. As a result of the prepayment, the Company is not required to make any further contract interest payments during the seven-year term of the SFEC. Additionally, as a result of the prepayment, the Company was released from certain covenants of the SFEC, which related to sales of assets, additional indebtedness and liens. The unamortized balances of the prepaid contract interest are classified as current assets of $26.9 million as of June 30, 2005 and December 31, 2004 and long-term assets of $24.0 million and $37.4 million as of June 30, 2005 and December 31, 2004, respectively, in the accompanying condensed consolidated balance sheets. The Company is recognizing the prepaid contract payments and deferred financing charges associated with the SFEC as interest expense over the seven-year contract period using the effective interest method, which resulted in non-cash interest expense of $6.7 million for the three months ended June 30, 2005 and 2004, and $13.3 million and $13.4 million for the six months ended June 30, 2005 and 2004, respectively. The Company utilized $394.1 million of the net proceeds from the SFEC to repay all outstanding indebtedness under its 1997 revolving credit facility, and the 1997 revolving credit facility was terminated.

The Company's obligation under the SFEC is collateralized by a security interest in the Company's Viacom Stock. At the end of the seven-year contract term, the Company may, at its option, elect to pay in cash rather than by delivery of all or a portion of the Viacom Stock. The SFEC protects the Company against decreases in the fair market value of the Viacom Stock below $56.05 per share by way of a put option; the SFEC also provides for participation in the increases in the fair market value of the Viacom Stock in that the Company receives 100% of the appreciation between $56.05 and $64.45 per share and, by way of a call option, 25.93% of the appreciation above $64.45 per share, as of June 30, 2005. The call option strike price decreased from $67.97 as of December 31, 2004 to $64.45 as of June 30, 2005 due to the Company receiving dividend distributions from Viacom. Future dividend distributions received from Viacom may result in an adjusted call strike price.

In accordance with the provisions of SFAS No. 133, as amended, certain components of the secured forward exchange contract are considered derivatives, as discussed in Note 9.

9. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company utilizes derivative financial instruments to reduce certain of its interest rate risks and to manage risk exposure to changes in the value of its Viacom Stock.

Upon adoption of SFAS No. 133, the Company valued the SFEC based on pricing provided by a financial institution and reviewed by the Company. The financial institution's market prices are prepared for each quarter close period on a mid-market basis by reference to proprietary models and do not reflect any bid/offer spread. For the three months and six months ended June 30, 2005, the Company recorded net pretax gains in the Company's condensed consolidated statement of operations of $34.3 million and $40.0 million, respectively, related to the increase in the fair value of the derivatives associated with the SFEC. For the three months and six months ended June 30, 2004, the Company recorded net pretax gains in the Company's condensed consolidated statement of

operations of $12.9 million and $58.0 million, respectively, related to the increase in the fair value of the derivatives associated with the SFEC.

Upon issuance of the 8% Senior Notes, the Company entered into two interest rate swap agreements with a notional amount of $125.0 million to convert the fixed rate on $125.0 million of the 8% Senior Notes to a variable rate in order to access the lower borrowing costs that were available on floating-rate debt. Under these swap agreements, which mature on November 15, 2013, the Company receives a fixed rate of 8% and pays a variable rate, in arrears, equal to six-month LIBOR plus 2.95%. The terms of the swap agreement mirror the terms of the 8% Senior Notes, including semi-annual settlements on the 15th of May and November each year. Under the provisions of SFAS No. 133, as amended, changes in the fair value of this interest rate swap agreement must be offset against the corresponding change in fair value of the 8% Senior Notes through earnings. The Company has determined that there will not be an ineffective portion of this hedge and therefore, no impact on earnings. As of June 30, 2005, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was $1.2 million. The Company has recorded a derivative asset and an offsetting increase in the balance of the 8% Senior Notes accordingly. As of December 31, 2004, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was $0.5 million. The Company recorded a derivative asset and an offsetting increase in the balance of the 8% Senior Notes accordingly.

10. RESTRUCTURING CHARGES:

The following table summarizes the activities of the Company’s restructuring charges for the six months ended June 30, 2005:

(in thousands)	Balance at December 31, 2004	Restructuring charges and adjustments	Payments	Balance at June 30, 2005
2001 restructuring charges	$107	$—	$107	$—
2000 restructuring charges	14	—	9	5
	$121	$—	$116	$ 5

2001 Restructuring Charge

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 Issue No. 94-3. 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. As a result, the Company reversed $0.9 million of the 2001 restructuring charges during 2002 related to continuing operations based upon the occurrence of certain triggering events. Also during the second quarter of 2002, the Company evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement agreements had expired and adjusted the previously recorded amounts by $0.2 million. During the second quarter of 2004, the Company evaluated the 2001 restructuring accrual and determined that the remaining sublease payments it was scheduled to receive were less than originally estimated. During the fourth quarter of 2004, the Company again evaluated the 2001 restructuring accrual due to a continued decline in the creditworthiness of a sublessee and determined that the remaining sublease payments that it would collect were less than estimated during the second quarter of 2004. As a result of these evaluations, the Company increased the 2001 restructuring charge by $0.3 million during 2004 related to continuing operations. As of June 30, 2005, the Company had made all payments accrued under the 2001 restructuring accrual.

2000 Restructuring Charge

During 2000, the Company completed an assessment of its strategic alternatives related to its operations and capital requirements and developed a strategic plan designed to refocus the Company's operations, reduce its operating losses, and reduce its negative cash flows (the "2000 Strategic Assessment"). As part of the Company's 2000 Strategic Assessment, the Company recognized pretax restructuring charges of $13.1 million related to continuing operations during 2000, in accordance with EITF Issue No. 94-3. Additional restructuring charges of $3.2 million during 2000 were included in discontinued operations. During 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of $3.7 million of the restructuring charges originally recorded during 2000. During the second quarter of 2002, the Company entered into a sublease that reduced the liability the Company was originally required to pay, and the Company reversed $0.1 million of the 2000 restructuring charge related to the reduction in required payments. During the second quarter of 2004, the Company evaluated the 2000 restructuring accrual and determined that the remaining severance payments it was scheduled to make were less than originally estimated. As a result, the Company reversed $0.1 million of the 2000 restructuring charge during 2004 related to continuing operations. As of June 30, 2005, the Company has recorded cash payments of $9.4 million against the 2000 restructuring accrual related to continuing operations. The remaining balance of the 2000 restructuring accrual at June 30, 2005 of $5,000, from continuing operations, is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheet, which the Company expects to be paid by the end of 2005.

11. SUPPLEMENTAL CASH FLOW DISCLOSURES:

Cash paid for interest related to continuing operations for the three months and six months ended June 30, 2005 and 2004 was comprised of:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Debt interest paid	$20,203	$13,327	$20,453	$14,628
Deferred financing costs paid	169	595	8,451	909
Capitalized interest	(741)	(119)	(1,096)	(5,244)
Cash interest paid, net of capitalized interest	$19,631	$13,803	$27,808	$10,293

Income taxes received (paid) were $0.4 million and $(0.7) million for the six months ended June 30, 2005 and 2004, respectively.

Certain transactions have been reflected as non-cash activities in the accompanying condensed consolidated statement of cash flows for the six months ended June 30, 2005, as further discussed below.

In March 2005, the Company donated 65,100 shares of Viacom stock with a market value of $2.3 million to a charitable foundation established by the Company, which was recorded as selling, general and administrative expense in the accompanying condensed consolidated statement of operations. This donation is reflected as an increase in net loss and a corresponding decrease in other assets and liabilities in the accompanying condensed consolidated statement of cash flows.

In connection with the settlement of litigation with the Nashville Hockey Club Limited Partnership ("NHC") on February 22, 2005, as further discussed in Note 17, the Company issued to NHC a 5-year, $5 million promissory note. Because the Company continued to accrue expense under the naming rights agreement throughout the course

of this litigation, the issuance of this promissory note resulted in an increase in long term debt and capital lease obligations and a decrease in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheet and statement of cash flows.

12. GOODWILL AND INTANGIBLES:

The changes in the carrying amounts of goodwill by business segment for the six months ended June 30, 2005 are as follows (amounts in thousands):

	Balance as of December 31, 2004	Impairment Losses	Acquisitions	Purchase Accounting Adjustments	Balance as of June 30, 2005
Opry and Attractions	$ 6,915	$—	$ —	$ —	$ 6,915
ResortQuest	159,153	—	14,917	(263)	173,807
Total	$166,068	$—	$14,917	$(263)	$180,722

During the six months ended June 30, 2005, the Company recorded goodwill of $3.0 million and $11.9 million related to the acquisitions of Whistler and East West Resorts, respectively, as previously discussed in Note 6. During the six months ended June 30, 2005, the Company made adjustments to accrued liabilities associated with the Whistler acquisition, the final purchase price and accrued liabilities associated with the East West Resorts acquisition, and deferred taxes associated with the ResortQuest acquisition as a result of obtaining additional information. These adjustments resulted in a net decrease in goodwill of $0.3 million.

The carrying amount of indefinite-lived intangible assets not subject to amortization was $40.3 million and $40.6 million at June 30, 2005 and December 31, 2004, respectively. The gross carrying amount of amortized intangible assets in continuing operations was $38.3 million and $30.5 million at June 30, 2005 and December 31, 2004, respectively. The significant increase in amortized intangible assets during six months ended June 30, 2005 is due to the acquisitions of Whistler and East West Resorts, as discussed in Note 6. The related accumulated amortization of amortized intangible assets in continuing operations was $7.5 million and $4.5 million at June 30, 2005 and December 31, 2004, respectively. The amortization expense related to intangible assets from continuing operations during the three months and six months ended June 30, 2005 was $1.3 million and $2.7 million, respectively. The amortization expense related to intangible assets from continuing operations during the three months and six months ended June 30, 2004 was $1.0 million and $2.0 million, respectively. The estimated amounts of amortization expense for the next five years are as follows (in thousands):

Year 1	$ 5,134
Year 2	4,875
Year 3	4,875
Year 4	4,875
Year 5	4,780
Total	$24,539

13. STOCK PLANS:

SFAS No. 123, “Accounting for Stock-Based Compensation”, encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for employee stock-based compensation using the intrinsic value method as prescribed in APB Opinion No. 25, “Accounting for Stock Issued to Employees”, and related interpretations, under which no

compensation cost related to employee stock options has been recognized. In December 2002, the Financial Accounting Standards Board ("FASB") issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of SFAS No. 123". SFAS No. 148 amends SFAS No. 123 to provide two additional methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of SFAS No. 123 to require certain disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company adopted the amended disclosure provisions of SFAS No. 148 on December 31, 2002, and the information contained in this report reflects the disclosure requirements of the new pronouncement. The Company accounts for employee stock-based compensation in accordance with APB Opinion No. 25.

If compensation cost for these plans had been determined consistent with the provisions of SFAS No. 123, the Company's net loss and loss per share for the three months and six months ended June 30, 2005 and 2004 would have been increased to the following pro forma amounts:

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Net loss:				
As reported	$ (411)	$(22,648)	$ (9,268)	$(41,546)
Less: Stock-based employee compensation, net of tax effect	1,178	981	2,361	1,880
Pro forma	$(1,589)	$(23,629)	$(11,629)	$(43,426)
Net loss per share:				
As reported	$ (0.01)	$ (0.57)	$ (0.23)	$ (1.05)
Pro forma	$ (0.04)	$ (0.60)	$ (0.29)	$ (1.10)
Net loss per share assuming dilution:				
As reported	$ (0.01)	$ (0.57)	$ (0.23)	$ (1.05)
Pro forma	$ (0.04)	$ (0.60)	$ (0.29)	$ (1.10)

At June 30, 2005 and December 31, 2004, there were 3,919,300 and 3,586,551 shares, respectively, of the Company's common stock reserved for future issuance pursuant to the exercise of outstanding stock options under its stock option and incentive plans. Under the terms of its plans, stock options are granted with an exercise price equal to the fair market value at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable on the first anniversary of the date of grant, while options granted to employees are exercisable ratably over a period of four years beginning on the first anniversary of the date of grant. The Company accounts for this plan under APB Opinion No. 25 and related interpretations, under which no compensation expense for employee and non-employee director stock options has been recognized.

The plan also provides for the award of restricted stock and restricted stock units. At June 30, 2005 and December 31, 2004, awards of 75,392 and 93,805 shares, respectively, of restricted common stock were outstanding. The market value at the date of grant of these restricted shares was recorded as unearned compensation as a component

of stockholders' equity. Unearned compensation is amortized and expensed over the vesting period of the restricted stock.

The Company has an employee stock purchase plan whereby substantially all employees are eligible to participate in the purchase of designated shares of the Company's common stock. Prior to January 1, 2005, participants in the plan purchased these shares at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. Effective January 1, 2005, the plan was amended such that participants in the plan now purchase these shares at a price equal to 95% of the of the closing price at the end of each quarterly stock purchase period. The Company issued 2,482 and 2,633 shares of common stock at an average price per share of $44.17 and $26.50 pursuant to this plan during the three months ended June 30, 2005 and 2004, respectively.

Included in compensation expense for the three months ended June 30, 2005 and 2004 is $0.7 million and $0.7 million, respectively, related to the grant of 596,000 units and 604,000 units, respectively, under the Company's Performance Accelerated Restricted Stock Unit Program. Included in compensation expense for the six months ended June 30, 2005 and 2004 is $1.3 million and $1.3 million related to the grant of these units.

14. RETIREMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:

The Company sponsors unfunded defined benefit postretirement health care and life insurance plans for certain employees. Effective December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Prescription Drug Act") was enacted into law. The Prescription Drug Act introduces a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D.

During May 2004, the FASB issued FASB Staff Position No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003". This standard requires sponsors of defined benefit postretirement health care plans to make a reasonable determination whether (1) the prescription drug benefits under its plan are actuarially equivalent to Medicare Part D and thus qualify for the subsidy under the Prescription Drug Act and (2) the expected subsidy will offset or reduce the employer's share of the cost of the underlying postretirement prescription drug coverage on which the subsidy is based. Sponsors whose plans meet both of these criteria were required to re-measure the accumulated postretirement benefit obligation and net periodic postretirement benefit expense of their plans to reflect the effects of the Prescription Drug Act in the first interim or annual reporting period beginning after September 15, 2004.

During the second quarter of 2004, the Company determined that the prescription drug benefits provided under its postretirement health care plan were actuarially equivalent to Medicare Part D and thus would qualify for the subsidy under the Prescription Drug Act and the expected subsidy would offset its share of the cost of the underlying drug coverage. The Company elected to early-adopt the provisions of FASB Staff Position No. 106-2 during the second quarter of 2004 and re-measured its accumulated postretirement benefit obligation and net periodic postretirement benefit expense accordingly. The accumulated postretirement benefit obligation was reduced by $2.9 million during the second quarter of 2004 as a result of the subsidy related to benefits attributed to past service. This reduction in the accumulated postretirement benefit obligation was recorded as a deferred actuarial gain and will be amortized over future periods in the same manner as other deferred actuarial gains. The effect of the subsidy on the measurement of net periodic postretirement benefit expense for the three month period ended June 30, 2004 was as follows (in thousands):

Service cost	$ (10)
Interest cost	(45)
Expected return on plan assets	—
Amortization of net actuarial gain	(109)
Amortization of prior service cost	—
Amortization of curtailment gain	—
Net periodic postretirement benefit expense	$(164)

Net periodic pension expense reflected in the accompanying condensed consolidated statements of operations included the following components for the three and six months ended June 30 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Service cost	$ 109	$ 151	$ 218	$ 301
Interest cost	1,201	1,188	2,402	2,376
Expected return on plan assets	(960)	(854)	(1,920)	(1,709)
Amortization of net actuarial loss	648	667	1,296	1,335
Amortization of prior service cost	1	1	2	2
Total net periodic pension expense	$ 999	$1,153	$ 1,998	$ 2,305

Net postretirement benefit expense reflected in the accompanying condensed consolidated statements of operations included the following components for the three and six months ended June 30 (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Service cost	$ 52	$ 69	$ 104	$ 162
Interest cost	198	207	396	523
Amortization of net actuarial gain	(126)	(141)	(251)	(141)
Amortization of net prior service cost	(250)	(250)	(500)	(500)
Amortization of curtailment gain	(61)	(61)	(122)	(122)
Total net postretirement benefit expense	$(187)	$(176)	$(373)	$ (78)

15. INCOME TAXES

The Company’s effective tax rate as applied to pretax income for the three months ended June 30, 2005 and 2004 was 169% and 42%, respectively. The Company’s higher effective tax rate was due primarily to a change in the rate used to value certain prior year stated deferred tax assets.

The Company’s effective tax rate as applied to pretax income for the six months ended June 30, 2005 and 2004 was 31% and 40%, respectively. The Company’s lower effective tax rate was due primarily to a change in the rate used to value certain prior year stated deferred tax assets.

16. NEWLY ISSUED ACCOUNTING STANDARDS:

In December 2004, the FASB issued SFAS No. 123(R), *Share Based Payment*, which replaces SFAS No. 123 and supercedes APB 25. SFAS No. 123(R) requires the measurement of all share-based payments to employees, including grants of employee stock options, using a fair-value based method and the recording of such expense over the related vesting period. SFAS No. 123(R) also requires the recognition of compensation expense for the fair value of any unvested stock option awards outstanding at the date of adoption. The proforma disclosure previously permitted under SFAS No. 123 and SFAS No. 148 is no longer an alternative under SFAS No. 123(R). The effective date for adopting SFAS 123(R) is the beginning of the first fiscal year beginning after June 15, 2005, which will be January 1, 2006 for the Company. Early adoption is permitted but not required. The Company plans

to adopt the modified prospective method permitted under SFAS No. 123(R). Under this method, companies are required to record compensation expense for new and modified awards over the related vesting period of such awards prospectively and record compensation expense prospectively for the unvested portion, at the date of adoption, of previously issued and outstanding awards over the remaining vesting period of such awards. No change to prior periods is permitted under the modified prospective method. Based on the unvested stock option awards outstanding as of June 30, 2005 that are expected to remain unvested as of January 1, 2006, the Company expects to recognize additional pre-tax compensation expense during 2006 of approximately $5.0 million beginning in the first quarter of 2006 as a result of the adoption of SFAS No. 123(R). Future levels of compensation expense recognized related to stock option awards (including the aforementioned) may be impacted by new awards and/or modifications, repurchases and cancellations of existing awards before and after the adoption of this standard.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets – An Amendment of APB Opinion No. 29.* The amendments made by SFAS No. 153 are based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. Further, the amendments eliminate the exception for non-monetary exchanges of similar productive assets and replace it with a general exception for exchanges of non-monetary assets that do not have commercial substance. SFAS No. 153 is to be applied prospectively for non-monetary exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect the adoption of SFAS No. 153 to have a material impact on the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections.* SFAS No. 154 is a replacement of APB Opinion No. 20, *Accounting Changes*, and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements*. This statement applies to all voluntary changes in accounting principle and changes the accounting for and reporting of a change in accounting principle. SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable to do so. APB Opinion No. 20 previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. SFAS No. 154 carries forward many provisions of APB Opinion 20 without change, including the provisions related to the reporting of a change in accounting estimate, a change in the reporting entity, and the correction of an error. SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Earlier application is permitted for accounting changes and corrections of errors made occurring in fiscal years beginning after June 1, 2005. SFAS No. 154 does not change the transition provisions of any existing accounting pronouncements, including those that are in a transition phase as of the effective date of the Statement. The Company does not expect the adoption of SFAS No. 154 to have a material impact on the Company's financial position or results of operations.

17. COMMITMENTS AND CONTINGENCIES:

On February 22, 2005, the Company concluded the settlement of litigation with NHC, which owns the Nashville Predators NHL hockey team, over (i) NHC's obligation to redeem the Company's ownership interest, and (ii) the Company's obligations under the Nashville Arena Naming Rights Agreement dated November 24, 1999. Under the Naming Rights Agreement, which had a 20-year term through 2018, the Company was required to make annual payments to NHC, beginning at $2,050,000 in 1999 and with a 5% escalation each year thereafter, and to purchase a minimum number of tickets to Predators games each year. At the closing of the settlement, NHC redeemed all of the Company's outstanding limited partnership units in the Predators pursuant to a Purchase Agreement dated February 22, 2005 effectively terminating the Company's ownership interest in the Predators. In addition, the Naming Rights Agreement was cancelled pursuant to the Acknowledgment of Termination of Naming Rights Agreement. As a part of the settlement, the Company made a one-time cash payment to NHC of $4 million and issued to NHC a 5-year, $5 million promissory note bearing interest at 6% per annum. The note is payable at $1 million per year for 5 years, with the first payment due on the first anniversary of the resumption of NHL Hockey in

Nashville, Tennessee, which is currently expected to be on October 5, 2005. The Company's obligation to pay the outstanding amount under the note shall terminate immediately if, at any time before the note is paid in full, the Predators cease to be an NHL team playing their home games in Nashville, Tennessee. In addition, if the Predators cease to be an NHL team playing its home games in Nashville prior to the first payment under the note, then in addition to the note being cancelled, the Predators will pay the Company $4 million. If the Predators cease to be an NHL team playing its home games in Nashville after the first payment but prior to the second payment under the note, then in addition to the note being cancelled, the Predators will pay the Company $2 million. In addition, pursuant to a Consent Agreement among the Company, the National Hockey League and owners of NHC, the Company's guaranty described below has been limited as described below. The Company continued to recognize the expense under the Naming Rights Agreement throughout the course of this litigation. As a result, the net effect of the settlement resulted in the Company reversing $2.4 million of expense previously accrued under the Naming Rights Agreement during the first quarter of 2005.

In connection with the Company's execution of the Agreement of Limited Partnership of the Nashville Hockey Club, L.P. on June 25, 1997, the Company, its subsidiary CCK, Inc., Craig Leipold, Helen Johnson-Leipold (Mr. Leipold's wife) and Samuel C. Johnson (Mr. Leipold's father-in-law) entered into a guaranty agreement executed in favor of the National Hockey League (NHL). This agreement provides for a continuing guarantee of the following obligations for as long as any of these obligations remain outstanding: (i) all obligations under the expansion agreement between the Nashville Hockey Club, L.P. and the NHL; and (ii) all operating expenses of the Nashville Hockey Club, L.P. The maximum potential amount which the Company and CCK, collectively, could be liable under the guaranty agreement is $15.0 million, although the Company and CCK would have recourse against the other guarantors if required to make payments under the guarantee. In connection with the legal settlement with the Nashville Predators consummated on February 22, 2005, as described above, this guaranty has been limited so that the Company is not responsible for any debt, obligation or liability of Nashville Hockey Club, L.P. that arises from any act, omission or circumstance occurring after the date of the legal settlement. As of June 30, 2005, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

In connection with RHAC, LLC's execution of the Waikiki Hotel Loans as described in Note 4, IB-SIV, the parent company of the Company's joint venture partner, entered into two separate Guaranties of Recourse Obligations with the Lender whereby it guaranteed its pro-rata portion of RHAC, LLC's obligations under the Waikiki Hotel Loans for as long as those loans remain outstanding (i) in the event of certain types of fraud, breaches of environmental representations or warranties, or breaches of certain "special purpose entity" covenants by RHAC, LLC, on the one hand, or (ii) in the event of bankruptcy or reorganization proceedings of RHAC, LLC, on the other hand. As a part of the joint venture arrangement and simultaneously with the closing of the purchase of the Waikiki Hotel, the Company entered into a Contribution Agreement with IB-SIV, whereby the Company agreed that, in the event that IB-SIV is required to make any payments pursuant to the terms of these guarantees, it will contribute to IB-SIV an amount equal to 19.9% of any such guaranty payments. The Company estimates that the maximum potential amount that the Company could be liable under this contribution agreement is $17.2 million, which represents 19.9% of the $86.3 million of total debt that RHAC, LLC owes to Lender. As of June 30, 2005, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

Also in connection with RHAC, LLC's execution of the Waikiki Hotel Loans described in Note 4, IB-SIV and the Company were required to execute an irrevocable letter of credit in favor of the Lender with a total notional amount of $7.9 million, in order to secure RHAC, LLC's obligation to perform certain capital upgrades on the Waikiki Hotel and to provide additional security for payment of the Waikiki Hotel Loans. This letter of credit is required to remain outstanding until all required capital upgrades have been completed. However, the notional amount of this letter of credit will be reduced by the amount of funds actually expended by RHAC, LLC on the capital upgrades. Under the terms of the Waikiki Hotel Loans, the Lender may draw up to the notional amount of this letter of credit and apply the proceeds to the Waikiki Hotel Loans upon the occurrence of an event of default, as defined. Pursuant to the Contribution Agreement described above, the Company agreed to initially execute a letter of credit for the full $7.9 million notional amount required by the Lender, and IB-SIV agreed that, in the event that any amounts are drawn by Lender under the letter of credit, it will contribute an amount equal to 80.1% of any such letter of credit draw to the Company. IB-SIV further agreed to execute a separate letter of credit subsequent to closing with a notional amount of $6.3 million to allow the Company to reduce the notional amount of its letter of credit to $1.6 million. As of June 30, 2005, IB-SIV had not executed this replacement letter of credit and the Company's $7.9 million letter of credit was still outstanding. The maximum potential amount which the Company could be liable under this

obligation is $7.9 million, as of June 30, 2005, although, pursuant to the Contribution Agreement, the Company would have recourse against IB-SIV to recover 80.1% of any payments made pursuant to this obligation. As of June 30, 2005, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this obligation.

Certain of the Company's ResortQuest subsidiary's property management agreements in Hawaii contain provisions for guaranteed levels of returns to the owners. These agreements, which have remaining terms of up to approximately 7 years, also contain force majeure clauses to protect the Company from forces or occurrences beyond the control of management.

On February 24, 2005, the Company acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland (Washington D.C. area) for approximately $29 million on which the Company is developing a hotel to be known as the Gaylord National Resort & Convention Center. Approximately $17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. The Company currently expects to open the hotel in 2008. In connection with this project, Prince George's County, Maryland approved, in July 2004, two bond issues related to the development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to the Company upon completion of the project. The Company will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development. On May 9, 2005, the Company entered into an agreement with a general contractor for the provision of certain initial construction services at the site. The Company expects to enter into a construction contract for the entire hotel project when the Company has determined the guaranteed maximum price for the project. The Company is also considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

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

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18. 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,	
	2005	2004	2005	2004
Revenues:				
Hospitality	$147,678	$128,024	$290,179	$223,283
Opry and Attractions	18,688	16,772	31,545	29,397
ResortQuest	62,268	57,197	126,073	108,148
Corporate and Other	128	78	275	126
Total	$228,762	$202,071	$448,072	$360,954
Depreciation and amortization:				
Hospitality	$ 15,335	$ 15,908	$ 31,179	$ 27,369
Opry and Attractions	1,154	1,315	2,552	2,626
ResortQuest	2,731	2,389	5,505	4,915
Corporate and Other	1,059	1,163	2,061	2,560
Total	$ 20,279	$ 20,775	$ 41,297	$ 37,470
Operating income (loss):				
Hospitality	$ 23,985	$ 12,875	$ 45,937	$ 25,525
Opry and Attractions	2,153	817	(3)	(1,761)
ResortQuest	(1,426)	964	666	2,855
Corporate and Other	(10,145)	(11,541)	(19,911)	(22,984)
Preopening costs	(1,173)	(3,210)	(2,116)	(14,016)
Impairment and other charges	—	(1,212)	—	(1,212)
Restructuring charges	—	(78)	—	(78)
Total operating income (loss)	13,394	(1,385)	24,573	(11,671)
Interest expense, net of amounts capitalized	(17,884)	(14,332)	(35,975)	(24,161)
Interest income	588	274	1,173	660
Unrealized loss on Viacom stock	(30,735)	(38,400)	(47,898)	(95,286)
Unrealized gain on derivatives	34,349	12,943	39,986	57,997
(Loss) income from unconsolidated companies	(1,590)	983	(118)	1,796
Other gains and losses	2,472	717	4,922	1,637
Income (loss) before provision (benefit) for income taxes and discontinued operations	$ 594	$ (39,200)	$ (13,337)	$ (69,028)

19. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:

Prior to the issuance of the 6.75% Senior Notes and repayment of the Senior Loan on November 30, 2004, as discussed in Note 7, not all of the Company's subsidiaries guaranteed the 8% Senior Notes. All of the Company's subsidiaries that were borrowers under, or had guaranteed, the Company's 2003 revolving credit facility or previously, the Company's 2003 Florida/Texas senior secured credit facility, were guarantors of the 8% Senior Notes (the "Former Guarantors"). Certain of the Company's subsidiaries, including those that incurred the Company's Nashville Hotel Loan or owned or managed the Nashville loan borrower (the "Former Non-Guarantors"), did not guarantee the 8% Senior Notes. However, subsequent to the issuance of the 6.75% Senior Notes and repayment of the Senior Loan on November 30, 2004, the 8% Senior Notes and 6.75% Senior Notes became guaranteed on a senior unsecured basis by generally all of the Company's active domestic subsidiaries (the "Guarantors"). As a result, the Company has classified the balance sheet, results of operations, and cash flows of the subsidiaries that incurred the Company's Nashville Hotel Loan or owned or managed the Nashville loan borrower as of June 30, 2005 and December 31, 2004 and for the three months and six months ended June 30, 2005 as guarantor subsidiaries in the consolidating financial information presented below. The results of operations and cash flows of these subsidiaries for the three months and six months ended June 30, 2004 are classified as non-guarantor subsidiaries in the consolidating financial information presented below. The Company's investment in Bass Pro and certain other discontinued operations remained non-guarantors of the 8% Senior Notes and 6.75% Senior Notes after repayment of the Senior Loan, so the Company has classified the balance sheet, results of operations and cash flows of these subsidiaries as of June 30, 2005 and December 31, 2004 and for the three and six months ended June 30, 2005 as non-guarantor subsidiaries (the "Non-Guarantors") in the consolidating financial information presented below. The condensed consolidating financial information includes certain allocations of revenues and expenses based on management's best estimates, which are not necessarily indicative of financial position, results of operations and cash flows that these entities would have achieved on a stand-alone basis.

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2005

	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(In thousands)		
Revenues	$ 18,305	$220,102	$ —	$ (9,645)	$228,762
Operating expenses:					
Operating costs	6,038	138,782	—	(4,327)	140,493
Selling, general and administrative	9,427	43,996	—	—	53,423
Management fees	—	5,318	—	(5,318)	—
Preopening costs	—	1,173	—	—	1,173
Depreciation	1,378	16,239	—	—	17,617
Amortization	345	2,317	—	—	2,662
Operating income	1,117	12,277	—	—	13,394
Interest expense, net of amounts capitalized	(19,305)	(14,636)	(1,389)	17,446	(17,884)
Interest income	15,874	281	1,879	(17,446)	588
Unrealized loss on Viacom stock	(30,735)	—	—	—	(30,735)
Unrealized gain on derivatives	34,349	—	—	—	34,349
Income (loss) from unconsolidated companies	—	107	(1,697)	—	(1,590)
Other gains and (losses), net	2,964	(492)	—	—	2,472
Income (loss) before provision (benefit) for income taxes	4,264	(2,463)	(1,207)	—	594
Provision (benefit) for income taxes	822	553	(370)	—	1,005
Equity in subsidiaries' (earnings) losses, net	3,853	—	—	(3,853)	—
Net (loss) income	$ (411)	$ (3,016)	$ (837)	$ 3,853	$ (411)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2004

	Issuer	Former Guarantors	Former Non-Guarantors	Eliminations	Consolidated
			(In thousands)		
Revenues	$ 18,563	$ 139,323	$ 55,895	$ (11,710)	$ 202,071
Operating expenses:					
Operating costs	5,513	89,801	33,958	(3,739)	125,533
Selling, general and administrative	10,276	35,002	7,496	(126)	52,648
Management fees	—	4,624	3,221	(7,845)	—
Preopening costs	—	3,210	—	—	3,210
Impairment and other charges	—	1,212	—	—	1,212
Restructuring charges, net	78	—	—	—	78
Depreciation	1,382	11,941	5,450	—	18,773
Amortization	490	1,276	236	—	2,002
Operating income (loss)	824	(7,743)	5,534	—	(1,385)
Interest expense, net of amounts capitalized	(13,579)	(14,249)	(2,563)	16,059	(14,332)
Interest income	14,190	295	1,848	(16,059)	274
Unrealized loss on Viacom stock	(38,400)	—	—	—	(38,400)
Unrealized gain on derivatives	12,943	—	—	—	12,943
Income from unconsolidated companies	—	—	983	—	983
Other gains and (losses)	802	(84)	(1)	—	717
Income (loss) before provision (benefit) for income taxes	(23,220)	(21,781)	5,801	—	(39,200)
Provision (benefit) for income taxes	(9,122)	(8,231)	801	—	(16,552)
Equity in subsidiaries' (earnings) losses, net	8,550	—	—	(8,550)	—
Net income (loss)	$ (22,648)	$ (13,550)	$ 5,000	$ 8,550	$ (22,648)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2005

	Issuer	Guarantors	Non-Guarantors (In thousands)	Eliminations	Consolidated
Revenues	$ 36,896	$ 433,290	$ —	$ (22,114)	$ 448,072
Operating expenses:					
Operating costs	10,984	275,319	—	(8,479)	277,824
Selling, general and administrative	19,045	83,217	—	—	102,262
Management fees	—	13,635	—	(13,635)	—
Preopening costs	—	2,116	—	—	2,116
Depreciation	2,745	33,158	—	—	35,903
Amortization	692	4,702	—	—	5,394
Operating income	3,430	21,143	—	—	24,573
Interest expense, net of amounts capitalized	(37,709)	(29,306)	(2,731)	33,771	(35,975)
Interest income	30,388	851	3,705	(33,771)	1,173
Unrealized loss on Viacom stock	(47,898)	—	—	—	(47,898)
Unrealized gain on derivatives	39,986	—	—	—	39,986
Income (loss) from unconsolidated companies	—	107	(225)	—	(118)
Other gains and (losses), net	3,657	1,265	—	—	4,922
(Loss) income before (benefit) provision for income taxes	(8,146)	(5,940)	749	—	(13,337)
(Benefit) provision for income taxes	(3,722)	(698)	351	—	(4,069)
Equity in subsidiaries' (earnings) losses, net	4,844	—	—	(4,844)	—
Net (loss) income	$ (9,268)	$ (5,242)	$ 398	$ 4,844	$ (9,268)

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2004

	Issuer	Former Guarantors	Former Non-Guarantors	Eliminations	Consolidated
			(In thousands)		
Revenues	$ 35,200	$ 249,263	$ 99,903	$ (23,412)	$ 360,954
Operating expenses:					
Operating costs	10,867	155,416	64,636	(6,530)	224,389
Selling, general and administrative	19,956	60,274	15,356	(126)	95,460
Management fees	—	9,727	7,029	(16,756)	—
Preopening costs	—	14,016	—	—	14,016
Impairment and other charges	—	1,212	—	—	1,212
Restructuring charges, net	78	—	—	—	78
Depreciation	2,809	19,217	11,261	—	33,287
Amortization	1,163	2,527	493	—	4,183
Operating income	327	(13,126)	1,128	—	(11,671)
Interest expense, net of amounts capitalized	(27,059)	(23,374)	(5,777)	32,049	(24,161)
Interest income	28,083	624	4,002	(32,049)	660
Unrealized loss on Viacom stock	(95,286)	—	—	—	(95,286)
Unrealized gain on derivatives	57,997	—	—	—	57,997
Income (loss) from unconsolidated companies	—	—	1,796	—	1,796
Other gains and (losses), net	1,689	(53)	1	—	1,637
(Loss) income before (benefit) provision for income taxes	(34,249)	(35,929)	1,150	—	(69,028)
(Benefit) provision for income taxes	(14,367)	(12,286)	(829)	—	(27,482)
Equity in subsidiaries’ (earnings) losses, net	21,664	—	—	(21,664)	—
Net (loss) income	$ (41,546)	$ (23,643)	$ 1,979	$ 21,664	$ (41,546)

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Balance Sheet

June 30, 2005

	Issuer	Guarantors	Non-Guarantors (in thousands)	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents — unrestricted	$ 25,663	$ (4,193)	$ —	$ —	$ 21,470
Cash and cash equivalents — restricted	1,747	75,955	—	—	77,702
Short term investments	10,000	—	—	—	10,000
Trade receivables, net	601	48,813	—	—	49,414
Deferred financing costs	26,865	—	—	—	26,865
Deferred income taxes	5,614	3,187	13	—	8,814
Other current assets	5,979	27,954	112	(126)	33,919
Intercompany receivables, net	1,035,115	—	32,978	(1,068,093)	—
Current assets of discontinued operations	—	—	—		—
Total current assets	1,111,584	151,716	33,103	(1,068,219)	228,184
Property and equipment, net of accumulated depreciation	82,465	1,286,209	—	—	1,368,674
Intangible assets, net of accumulated amortization	18	30,698	—	—	30,716
Goodwill	—	180,722	—	—	180,722
Indefinite lived intangible assets	1,480	38,835	—	—	40,315
Investments	818,858	21,601	67,945	(485,374)	423,030
Estimated fair value of derivative assets	223,864	—	—	—	223,864
Long-term deferred financing costs	44,231	—	—	—	44,231
Other long-term assets	5,039	10,113	7,500	—	22,652
Total assets	$ 2,287,539	$ 1,719,894	$ 108,548	$ (1,553,593)	$ 2,562,388
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	$ 367	$ 409	$ —	$ —	$ 776
Accounts payable and accrued liabilities	31,901	181,517	—	(291)	213,127
Intercompany payables, net	—	1,198,814	(130,721)	(1,068,093)	—
Current liabilities of discontinued operations	—	(19)	677	—	658
Total current liabilities	32,268	1,380,721	(130,044)	(1,068,384)	214,561
Secured forward exchange contract	613,054	—	—	—	613,054
Long-term debt and capital lease obligations, net of current portion	581,307	1,022	—	—	582,329
Deferred income taxes	133,306	64,703	1,825	—	199,834
Estimated fair value of derivative liabilities	274	—	—	—	274
Other long-term liabilities	57,664	24,879	(17)	165	82,691
Long-term liabilities of discontinued operations	—	—	—	—	—
Stockholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	402	3,337	2	(3,339)	402
Additional paid-in capital	664,474	517,184	53,846	(571,030)	664,474
Retained earnings	223,002	(271,931)	182,936	88,995	223,002
Other stockholders' equity	(18,212)	(21)	—	—	(18,233)
Total stockholders' equity	869,666	248,569	236,784	(485,374)	869,645
Total liabilities and stockholders' equity	$ 2,287,539	$ 1,719,894	$ 108,548	$ (1,553,593)	$ 2,562,388

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Balance Sheet

December 31, 2004

	Issuer	Guarantors	Non-Guarantors (In thousands)	Eliminations	Consolidated
ASSETS:					
Current assets:					
Cash and cash equivalents — unrestricted	$ 39,711	$ 5,781	$ —	$ —	$ 45,492
Cash and cash equivalents — restricted	2,446	42,703	—	—	45,149
Short term investments	27,000	—	—	—	27,000
Trade receivables, net	614	29,714	—	—	30,328
Deferred financing costs	26,865	—	—	—	26,865
Deferred income taxes	7,413	2,985	13	—	10,411
Other current assets	6,418	22,382	94	(126)	28,768
Intercompany receivables, net	990,597	—	33,446	(1,024,043)	—
Current assets of discontinued operations	—	—	—	—	—
Total current assets	1,101,064	103,565	33,553	(1,024,169)	214,013
Property and equipment, net	85,535	1,257,716	—	—	1,343,251
Amortized intangible assets, net	36	25,928	—	—	25,964
Goodwill	—	166,068	—	—	166,068
Indefinite lived intangible assets	1,480	39,111	—	—	40,591
Investments	873,871	16,747	68,170	(490,218)	468,570
Estimated fair value of derivative assets	187,383	—	—	—	187,383
Long-term deferred financing costs	50,323	550	—	—	50,873
Other long-term assets	5,811	11,021	7,500	—	24,332
Long-term assets of discontinued operations	—	—	—	—	—
Total assets	$ 2,305,503	$ 1,620,706	$ 109,223	$ (1,514,387)	$ 2,521,045
LIABILITIES AND STOCKHOLDERS' EQUITY:					
Current liabilities:					
Current portion of long-term debt	$ 368	$ 95	$ —	$ —	$ 463
Accounts payable and accrued liabilities	42,521	126,458	—	(291)	168,688
Intercompany payables, net	—	1,152,042	(127,999)	(1,024,043)	—
Current liabilities of discontinued operations	—	(19)	1,052	—	1,033
Total current liabilities	42,889	1,278,576	(126,947)	(1,024,334)	170,184
Secured forward exchange contract	613,054	—	—	—	613,054
Long-term debt	575,727	219	—	—	575,946
Deferred income taxes	137,645	69,630	(213)	—	207,062
Estimated fair value of derivative liabilities	4,514	—	—	—	4,514
Other long-term liabilities	62,098	18,424	(3)	165	80,684
Long-term liabilities of discontinued operations	—	—	—	—	—
Minority interest of discontinued operations	—	—	—	—	—
Stockholders' equity:					
Preferred stock	—	—	—	—	—
Common stock	399	3,337	2	(3,339)	399
Additional paid-in capital	655,110	517,184	53,846	(571,030)	655,110
Retained earnings	232,270	(266,689)	182,538	84,151	232,270
Other stockholders' equity	(18,203)	25	—	—	(18,178)
Total stockholders' equity	869,576	253,857	236,386	(490,218)	869,601
Total liabilities and stockholders' equity	$ 2,305,503	$ 1,620,706	$ 109,223	$ (1,514,387)	$ 2,521,045

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2005

	Issuer	Guarantors	Non-Guarantors (In thousands)	Eliminations	Consolidated
Net cash (used in) provided by continuing operating activities	$ (31,793)	$ 98,727	$ 375	$ —	$ 67,309
Net cash used in discontinued operating activities	—	—	(375)	—	(375)
Net cash (used in) provided by operating activities	(31,793)	98,727	—	—	66,934
Purchases of property and equipment	(3,264)	(56,919)	—	—	(60,183)
Acquisition of businesses, net of cash acquired	—	(20,223)	—	—	(20,223)
Purchase of investment in RHAC Holdings, LLC	—	(4,747)	—	—	(4,747)
Proceeds from sale of assets	5,967	2,960	—	—	8,927
Purchases of short term investments	(15,000)	—	—	—	(15,000)
Proceeds from sale of short term investments	32,000	—	—	—	32,000
Other investing activities	(198)	(950)	—	—	(1,148)
Net cash provided by (used in) investing activities — continuing operations	19,505	(79,879)	—	—	(60,374)
Net cash provided by investing activities — discontinued operations	—	—	—	—	—
Net cash provided by (used in) investing activities	19,505	(79,879)	—	—	(60,374)
Deferred financing costs paid	(8,451)	—	—	—	(8,451)
Decrease (increase) in restricted cash and cash equivalents	699	(28,541)	—	—	(27,842)
Proceeds from exercise of stock option and purchase plans	6,145	—	—	—	6,145
Other financing activities, net	(153)	(281)	—	—	(434)
Net cash used in financing activities — continuing operations	(1,760)	(28,822)	—	—	(30,582)
Net cash provided by financing activities — discontinued operations	—	—	—	—	—
Net cash used in financing activities	(1,760)	(28,822)	—	—	(30,582)
Net change in cash and cash equivalents	(14,048)	(9,974)	—	—	(24,022)
Cash and cash equivalents at beginning of year	39,711	5,781	—	—	45,492
Cash and cash equivalents at end of year	$ 25,663	$ (4,193)	$ —	$ —	$ 21,470

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2004

	Issuer	Former Guarantors	Former Non-Guarantors	Eliminations	Consolidated
			(In thousands)		
Net cash (used in) provided by continuing operating activities	$ (68,954)	$ 102,491	$ 5,882	$ —	$ 39,419
Net cash used in discontinued operating activities	—	(27)	(49)	—	(76)
Net cash (used in) provided by operating activities	(68,954)	102,464	5,833	—	39,343
Purchases of property and equipment	(2,096)	(81,419)	(4,147)	—	(87,662)
Purchases of short term investments	(84,650)	—	—	—	(84,650)
Proceeds from sale of short term investments	119,850	—	—	—	119,850
Other investing activities	(85)	(1,076)	(24)	—	(1,185)
Net cash provided by (used in) investing activities — continuing operations	33,019	(82,495)	(4,171)	—	(53,647)
Net cash provided by investing activities — discontinued operations	—	—	—	—	—
Net cash provided by (used in) investing activities	33,019	(82,495)	(4,171)	—	(53,647)
Repayment of long-term debt	—	—	(4,002)	—	(4,002)
Deferred financing costs paid	(718)	(108)	(83)	—	(909)
(Increase) decrease in restricted cash and cash equivalents	(2,319)	(18,153)	3,072	—	(17,400)
Proceeds from exercise of stock option and purchase plans	5,607	—	—	—	5,607
Other financing activities, net	(146)	(26)	—	—	(172)
Net cash provided by (used in) financing activities — continuing operations	2,424	(18,287)	(1,013)	—	(16,876)
Net cash provided by financing activities — discontinued operations	—	—	—	—	—
Net cash provided by (used in) financing activities	2,424	(18,287)	(1,013)	—	(16,876)
Net change in cash and cash equivalents	(33,511)	1,682	649	—	(31,180)
Cash and cash equivalents at beginning of year	54,413	2,958	1,594	—	58,965
Cash and cash equivalents at end of year	$ 20,902	$ 4,640	$ 2,243	$ —	$ 27,785

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

Our Current Operations

Our operations are organized into four principal business segments:

· Hospitality, consisting of our Gaylord Opryland Resort and Convention Center ("Gaylord Opryland"), our Gaylord Palms Resort and Convention Center ("Gaylord Palms"), our Gaylord Texan Resort and Convention Center ("Gaylord Texan"), and our Radisson Hotel at Opryland ("Radisson Hotel").

· ResortQuest, consisting of our vacation rental property management business.

· Opry and Attractions, consisting of our Grand Ole Opry assets, WSM-AM and our Nashville attractions.

· Corporate and Other, consisting of our ownership interests in certain entities and our corporate expenses.

For the three and six months ended June 30, our total revenues were divided among these business segments as follows:

	Three Months Ended June		Six Months Ended June 30,	
Segment	**2005**	**2004**	**2005**	**2004**
Hospitality	64.6%	63.4%	64.8%	61.9%
ResortQuest	27.2%	28.3%	28.1%	30.0%
Opry and Attractions	8.2%	8.3%	7.0%	8.1%
Corporate and Other.	—	—	0.1%	—

We generate a significant portion of our revenues from our Hospitality segment. We believe that we are the only hospitality company focused primarily on the large group meetings and conventions sector of the lodging market. Our strategy is to continue this focus by concentrating on our "All-in-One-Place" self-contained service offerings and by emphasizing customer rotation among our convention properties, while also offering additional vacation and entertainment opportunities to guests and target customers through the ResortQuest and Opry and Attractions business segments.

Our concentration in the hospitality industry, and in particular the large group meetings sector of the hospitality industry, exposes us to certain risks outside of our control. General economic conditions, particularly national and global economic conditions, can affect the number and size of meetings and conventions attending our hotels. Our business is also exposed to risks related to tourism, including terrorist attacks and other global events which affect levels of tourism in the United States and, in particular, the areas of the country in which our properties are located. Competition and the desirability of the locations in which our hotels and other vacation properties are located are also important risks to our business.

Key Performance Indicators

Hospitality Segment. The operating results of our Hospitality segment are highly dependent on the volume of customers at our hotels and the quality of the customer mix at our hotels. These factors impact the price we can

charge for our hotel rooms and other amenities, such as food and beverage and meeting space. Key performance indicators related to revenue are:

· hotel occupancy (volume indicator)

· average daily rate (“ADR”) (price indicator)

· Revenue per Available Room (“RevPAR”) (a summary measure of hotel results calculated by dividing room sales by room nights available to guests for the period)

· Total Revenue per Available Room (“Total RevPAR”) (a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period)

· Net Definite Room Nights Booked (a volume indicator which represents the total number of definite bookings for future room nights at Gaylord hotels confirmed during the applicable period, net of cancellations)

We recognize Hospitality segment revenue from rooms as earned on the close of business each day and from concessions and food and beverage sales at the time of sale. Almost all of our Hospitality segment revenues are either cash-based or, for meeting and convention groups meeting our credit criteria, billed and collected on a short-term receivables basis. Our industry is capital intensive, and we rely on the ability of our hotels to generate operating cash flow to repay debt financing, fund maintenance capital expenditures and provide excess cash flow for future development.

The results of operations of our Hospitality segment are affected by the number and type of group meetings and conventions scheduled to attend our hotels in a given period. We attempt to offset any identified shortfalls in occupancy by creating special events at our hotels or offering incentives to groups in order to attract increased business during this period. A variety of factors can affect the results of any interim period, including the nature and quality of the group meetings and conventions attending our hotels during such period, which meetings and conventions have often been contracted for several years in advance, and the level of transient business at our hotels during such period.

ResortQuest Segment. Our ResortQuest segment earns revenues through property management fees and other sources such as real estate commissions. The operating results of our ResortQuest segment are primarily dependent on the volume of guests staying at vacation properties managed by us and the number and quality of vacation properties managed by us. Key performance factors related to revenue are:

· occupancy rate of units available for rental (volume indicator)

· average daily rate (price indicator)

· ResortQuest Revenue per Available Room (“ResortQuest RevPAR”) (a summary measure of ResortQuest results calculated by dividing gross lodging revenue for properties under exclusive rental management contracts by net available unit nights available to guests for the period)

· Total Units Under Management (a volume indicator which represents the total number of vacation properties available for rental)

We recognize revenues from property management fees ratably over the rental period based on our share of the total rental price of the vacation rental property. Almost all of our vacation rental property revenues are deducted

from the rental fees paid by guests prior to paying the remaining rental price to the property owner. Other ResortQuest revenues are recognized at the time of sale.

The results of operations of our ResortQuest segment are principally affected by the number of guests staying at the vacation rental properties managed by us in a given period. A variety of factors can affect the results of any interim period, such as adverse weather conditions, economic conditions in a particular region or the nation as a whole, the perceived attractiveness of the vacation destinations in which we are located and the quantity and quality of our vacation rental property units under management. In addition, many of the units that we manage are located in seasonal locations (for example, our beach resorts in Florida), resulting in our business locations recognizing a larger percentage of their revenues during those peak seasons.

Overall Outlook

We have invested heavily in our operations in the six months ended June 30, 2005 and the years ended December 31, 2004 and 2003, primarily in connection with the construction and ultimate opening of the Gaylord Texan in 2003 and 2004, as well as the ResortQuest acquisition, which was consummated on November 20, 2003. Our investments in 2005 will consist primarily of ongoing capital improvements for our existing properties and the construction of the Gaylord National hotel project described below. We also plan to grow our ResortQuest brand through acquisitions from time to time depending on the opportunities.

As previously disclosed in our Current Report on Form 8-K filed on June 6, 2005 and as more fully described in Note 4 to our condensed consolidated financial statements for the three months and six months ended June 30, 2005 and 2004 included herewith, our then wholly-owned subsidiary RHAC, LLC completed the purchase of the Aston Waikiki Beach Hotel in Honolulu, Hawaii for a purchase price of $107 million on May 31, 2005. Simultaneously with this purchase, a private real estate fund managed by DB Real Estate Opportunities Group acquired an 80.1% interest in the parent of RHAC, LLC, and we retained a 19.9% interest in this entity. As a part of this transaction, we also entered into a joint venture arrangement with the fund. As a result of the completion of the property acquisition and the equity investment by the real estate fund, we expect our gross investment in the property after expected capital improvements to be $5-7 million. Additionally, as a result of the joint venture arrangement, ResortQuest entered into a new 20-year management agreement with respect to the property.

On February 24, 2005, we acquired approximately 42 acres of land and related land improvements in Prince George’s County, Maryland (Washington D.C. area) for approximately $29 million on which we are developing a hotel to be known as the Gaylord National Resort & Convention Center. Approximately $17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. We currently expect to open the hotel in 2008. In connection with this project, Prince George’s County, Maryland approved, in July 2004, two bond issues related to the development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to us upon completion of the project. We will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development. On May 9, 2005, we entered into an agreement with a general contractor for the provision of certain initial construction services at the site. We expect to enter into a construction contract for the entire hotel project when we have determined the guaranteed maximum price for the project. We are also considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

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Selected Financial Information

The following table contains our unaudited selected summary financial data for the three and six month periods ended June 30, 2005 and 2004. The table also shows the percentage relationships to total revenues and, in the case of segment operating income (loss), its relationship to segment revenues.

	Three Months ended June 30,				Six Months ended June 30,			
	2005	%	2004	%	2005	%	2004	%
	(in thousands, except percentages)				(in thousands, except percentages)			
Income Statement Data:								
REVENUES:								
Hospitality	$147,678	64.6%	$128,024	63.4%	$290,179	64.8%	$223,283	61.9%
Opry and Attractions	18,688	8.2%	16,772	8.3%	31,545	7.0%	29,397	8.1%
ResortQuest	62,268	27.2%	57,197	28.3%	126,073	28.1%	108,148	30.0%
Corporate and Other	128	0.0%	78	0.0%	275	0.1%	126	0.0%
Total revenues	228,762	100.0%	202,071	100.0%	448,072	100.0%	360,954	100.0%
OPERATING EXPENSES:								
Operating costs	140,493	61.4%	125,533	62.1%	277,824	62.0%	224,389	62.2%
Selling, general and administrative	53,423	23.4%	52,648	26.1%	102,262	22.8%	95,460	26.4%
Preopening costs	1,173	0.5%	3,210	1.6%	2,116	0.5%	14,016	3.9%
Impairment and other charges	—	0.0%	1,212	0.6%	—	0.0%	1,212	0.3%
Restructuring charges	—	0.0%	78	0.0%	—	0.0%	78	0.0%
Depreciation and amortization:								
Hospitality	15,335	6.7%	15,908	7.9%	31,179	7.0%	27,369	7.6%
Opry and Attractions	1,154	0.5%	1,315	0.7%	2,552	0.6%	2,626	0.7%
ResortQuest	2,731	1.2%	2,389	1.2%	5,505	1.2%	4,915	1.4%
Corporate and Other	1,059	0.5%	1,163	0.6%	2,061	0.5%	2,560	0.7%
Total depreciation and amortization	20,279	8.9%	20,775	10.3%	41,297	9.2%	37,470	10.4%
Total operating expenses	215,368	94.1%	203,456	100.7%	423,499	94.5%	372,625	103.2%
OPERATING INCOME (LOSS):								
Hospitality	23,985	16.2%	12,875	10.1%	45,937	15.8%	25,525	11.4%
Opry and Attractions	2,153	11.5%	817	4.9%	(3)	0.0%	(1,761)	-6.0%
ResortQuest	(1,426)	-2.3%	964	1.7%	666	0.5%	2,855	2.6%
Corporate and Other	(10,145)	(A)	(11,541)	(A)	(19,911)	(A)	(22,984)	(A)
Preopening costs	(1,173)	(B)	(3,210)	(B)	(2,116)	(B)	(14,016)	(B)
Impairment and other charges	—	(B)	(1,212)	(B)	—	(B)	(1,212)	(B)
Restructuring charges	—	(B)	(78)	(B)	—	(B)	(78)	(B)
Total operating income (loss)	13,394	5.9%	(1,385)	-0.7%	24,573	5.5%	(11,671)	-3.2%
Interest expense, net of amounts capitalized	(17,884)	(C)	(14,332)	(C)	(35,975)	(C)	(24,161)	(C)
Interest income	588	(C)	274	(C)	1,173	(C)	660	(C)
Unrealized gain (loss) on Viacom stock and derivatives, net	3,614	(C)	(25,457)	(C)	(7,912)	(C)	(37,289)	(C)
(Loss) income from unconsolidated companies	(1,590)	(C)	983	(C)	(118)	(C)	1,796	(C)
Other gains and (losses), net	2,472	(C)	717	(C)	4,922	(C)	1,637	(C)
(Provision) benefit for income taxes	(1,005)	(C)	16,552	(C)	4,069	(C)	27,482	(C)
Net loss	$ (411)	(C)	$ (22,648)	(C)	$ (9,268)	(C)	$ (41,546)	(C)

(A) These amounts have not been shown as a percentage of segment revenue because the Corporate and Other segment generates only minimal revenue.

(B) These amounts have not been shown as a percentage of segment revenue because the Company does not associate them with any individual segment in managing the Company.

(C) These amounts have not been shown as a percentage of total revenue because they have no relationship to total revenue.

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Summary Financial Results

Results

The following table summarizes our financial results for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except per share data)					
Total revenues	$228,762	$202,071	13.2%	$448,072	$360,954	24.1%
Total operating expenses	$215,368	$203,456	5.9%	$423,499	$372,625	13.7%
Operating income (loss)	$ 13,394	$ (1,385)	1067.1%	$ 24,573	$ (11,671)	310.5%
Net loss	$ (411)	$ (22,648)	98.2%	$ (9,268)	$ (41,546)	77.7%
Net loss per share — fully diluted	$ (0.01)	$ (0.57)	98.2%	$ (0.23)	$ (1.05)	78.1%

Total Revenues

The increase in our total revenues for the three and six months ended June 30, 2005, as compared to the three and six months ended June 30, 2004, is primarily attributable to the increase in our Hospitality segment revenues (an increase of $19.7 million for the three months, and an increase of $66.9 million for the six months, ended June 30, 2005, as compared to the same periods in 2004), described more fully below, and to the increase in our ResortQuest segment revenues (an increase of $5.1 million for the three months, and an increase of $17.9 million for the six months ended June 30, 2005, as compared to the same periods in 2004), also described more fully below.

Total Operating Expenses

The increase in our total operating expenses for the three and six months ended June 30, 2005, as compared to the three and six months ended June 30, 2004, is primarily due to increased Hospitality segment operating expenses associated with increased Hospitality segment revenues (excluding preopening costs, total Hospitality operating expenses of $123.7 million for the three months, and $244.2 million for the six months, ended June 30, 2005), described more fully below, and increased ResortQuest segment operating expenses (total ResortQuest operating expenses of $63.7 million for the three months, and $125.4 million for the six months, ended June 30, 2005), also described more fully below.

Operating Income (Loss)

The operating income experienced in the three and six months ended June 30, 2005 was an improvement from the operating loss experienced in the same periods in 2004 due primarily to improved Hospitality segment performance. An increase in Opry and Attractions segment performance, as well as reductions in preopening costs and Corporate and Other segment expenses (as compared to the same periods in 2004), all as described more fully below, also contributed to our improved operating performance in the three and six months ended June 30, 2005. However, ResortQuest segment performance, described more fully below, served to reduce our operating income in the three and six months ended June 30, 2005, as compared to the same periods in 2004.

Net Income (Loss)

The net loss experienced in the three and six months ended June 30, 2005 was an improvement from the net loss experienced in the same periods in 2004 due to the improvements in operating income described above. Increased interest expense in the three and six months ended June 30, 2005 (as compared to the same periods in 2004), more fully described

below, served to offset the impact of our improvements in operating income over such periods. Our net loss for the three months ended June 30, 2005 was impacted by an unrealized gain on Viacom stock and derivatives, net, for the three months ended June 30, 2005 of $3.6 million (as compared to an unrealized loss on Viacom stock and derivatives, net, for the same period in 2004 of $25.5 million) and a provision for income taxes of $1.0 million for the three months ended June 30, 2005 (as compared to a benefit for income taxes of $16.6 million for the same period in 2004), each as more fully described below. Our net loss for the six months ended June 30, 2005 was impacted by an unrealized loss on Viacom stock and derivatives, net, for the six months ended June 30, 2005 of $7.9 million (as compared to an unrealized loss on Viacom stock and derivatives, net, for the same period in 2004 of $37.3 million) and a benefit for income taxes of $4.1 million for the six months ended June 30, 2005 (as compared to a benefit for income taxes of $27.5 million for the same period in 2004), each as more fully described below.

Factors and Trends Contributing to Operating Performance

The most important factors and trends contributing to our operating performance during the periods described herein have been:

- Increased Hospitality segment revenues for the three and six months ended June 30, 2005 resulting from improved system-wide occupancy rates, average daily rate and RevPAR, for these periods. This was a result of a significant improvement in the operating performance of the Gaylord Texan in 2005, as compared to the hotel's results in 2004 after its opening in April 2004, as well as overall strong results from both the Gaylord Opryland and the Gaylord Palms hotels.
- Continued strong food and beverage, banquet and catering services at our hotels for the three and six months ended June 30, 2005, which positively impacted Total RevPAR at our hotels and served to supplement the impact of the increased occupancy, average daily rate and RevPAR of the Hospitality segment during the first and second quarters of 2005.
- The addition of revenues and expenses to our ResortQuest segment associated with the approximately 2,500 additional units gained in the acquisition of vacation rental management businesses from East West Resorts, LLC and Whistler Lodging Company, Ltd. in the first quarter of 2005.
- An increase in ResortQuest average daily rates during the first and second quarters of 2005, which, although offset by slightly lower occupancy rates in such periods, served to increase ResortQuest RevPAR in such periods. ResortQuest results were also impacted by continued reinvestment in brand-building initiatives, which include technology, marketing and organizational improvements.

Operating Results — Detailed Segment Financial Information

Hospitality Segment

Total Segment Results. The following presents the financial results of our Hospitality segment for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,		% Change	Six Months Ended June 30,		% Change
	2005	2004		2005	2004	
	(In thousands, except percentages and performance metrics)					
Hospitality revenue(1)	$147,678	$128,024	15.4%	$290,179	$223,283	30.0%
Hospitality operating expenses:						
Operating costs	84,033	74,730	12.4%	167,480	128,498	30.3%
Selling, general and administrative	24,325	24,511	-0.8%	45,583	41,891	8.8%
Depreciation and amortization	15,335	15,908	-3.6%	31,179	27,369	13.9%
Total Hospitality operating expenses	123,693	115,149	7.4%	244,242	197,758	23.5%
Hospitality operating income (2)	$ 23,985	$ 12,875	86.3%	$ 45,937	$ 25,525	80.0%
Hospitality performance metrics:						
Occupancy	76.4%	73.5%	3.9%	75.0%	71.2%	5.3%
ADR	$ 150.91	$ 143.16	5.4%	$ 149.94	$ 147.11	1.9%
RevPAR(3)	$ 115.30	$ 105.26	9.5%	$ 112.48	$ 104.76	7.4%
Total RevPAR(4)	$ 266.08	$ 231.22	15.1%	$ 262.82	$ 229.85	14.3%
Net Definite Room Nights Booked(5)	389,000	357,000	9.0%	575,000	619,000	-7.1%

(1) Hospitality results and performance metrics include the results of our Radisson Hotel and include the results of the Gaylord Texan from April 2, 2004, its first date of operation.

(2) Hospitality operating income does not include preopening costs. See the discussion of preopening costs set forth below.

(3) We calculate Hospitality RevPAR by dividing room sales by room nights available to guests for the period. Hospitality RevPAR is not comparable to similarly titled measures such as revenues.

(4) We calculate Hospitality Total RevPAR by dividing the sum of room sales, food and beverage, and other ancillary services (which equals Hospitality segment revenue) by room nights available to guests for the period. Hospitality Total RevPAR is not comparable to similarly titled measures such as revenues.

(5) Net Definite Room Night Booked includes 93,000 and 0 room nights for the three months ended June 30, 2005 and 2004, respectively, and 115,000 and 0 room nights for the six months ended June 30, 2005 and 2004, respectively, related to Gaylord National, which we expect to open in 2008.

The increase in total Hospitality segment revenue in the three and six months ended June 30, 2005, as compared to the same periods in 2004, is due to a significant improvement in the operating performance of the Gaylord Texan in 2005, as compared to the hotel’s results in 2004 after its opening in April 2004, as well as overall strong results from both the Gaylord Opryland and the Gaylord Palms hotels, described below.

Hospitality segment operating expenses consist of direct operating costs, selling, general and administrative expenses, and depreciation and amortization expense. The increase in Hospitality segment operating expenses in the three and six months ended June 30, 2005, as compared to the same periods in 2004, is due to increased Hospitality segment operating costs, described below.

Hospitality segment operating costs, which consist of direct costs associated with the daily operations of our hotels (primarily room, food and beverage and convention costs), increased in the three and six months ended June 30, 2005, as compared to the same period in 2004, due to the increased costs associated with increased Hospitality segment occupancy rates. Hospitality segment operating costs in the six months ended June 30, 2005, as compared to the same period in 2004, were also impacted by the opening of the Gaylord Texan hotel in April 2004.

Hospitality segment selling, general and administrative expenses, consisting of administrative and overhead costs, declined slightly in the three months ended June 30, 2005, as compared to the same period in 2004, primarily due to a reduction in selling, general and administrative expenses from the amounts incurred in 2004 associated with the opening of the Gaylord Texan. Hospitality segment selling, general and administrative expenses increased in the six months ended June 30, 2005, as compared to the same period in 2004, primarily due to an increase in Gaylord Opryland selling, general and administrative expenses, described below.

Total Hospitality depreciation and amortization expense declined slightly in the three months ended June 30, 2005, as compared to the same period in 2004, primarily due to certain fixed assets at Gaylord Opryland becoming fully depreciated during the three months ended June 30, 2005. Total Hospitality depreciation and amortization expense increased in the six months ended June 30, 2005, as compared to the same period in 2004, primarily due to the opening of the Gaylord Texan.

Property-Level Results. The following presents the property-level financial results of our Hospitality segment for the three and six months ended June 30, 2005 and 2004 and include the results of the Gaylord Texan from April 2, 2004, its date of opening.

Gaylord Opryland Results. The results of Gaylord Opryland for the three and six months ended June 30, 2005 and 2004 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages and performance metrics)					
Total revenues	$59,309	$55,895	6.1%	$109,170	$99,903	9.3%
Operating expense data:						
Operating costs	$34,091	$32,349	5.4%	$ 66,686	$61,765	8.0%
Selling, general and administrative	$ 9,279	$ 7,496	23.8%	$ 16,761	$15,356	9.1%
Hospitality performance metrics:						
Occupancy	77.0%	76.2%	1.0%	73.0%	68.3%	6.9%
ADR	$141.24	$143.00	-1.2%	$ 134.05	$139.33	-3.8%
RevPAR	$108.69	$109.03	-0.3%	$ 97.88	$ 95.20	2.8%
Total RevPAR	$226.38	$213.20	6.2%	$ 209.43	$190.53	9.9%

The increase in Gaylord Opryland revenue in the three months ended June 30, 2005, as compared to the same period in 2004, is due to slightly increased occupancy rates at the hotel and increased Total RevPAR at the hotel due to improved food and beverage and other ancillary services revenue at the hotel. A lower average daily rate due to groups with lower room rates at the hotel during the period resulted in a marginally lower RevPAR at the hotel during the period. The hotel's results during the three months ended June 30, 2005 were also impacted by the commencement in May 2005 of a multi-year room refurbishment program, which removed 120 rooms from available inventory during the period. This refurbishment program will be complete by December 2007.

The increase in Gaylord Opryland revenue in the six months ended June 30, 2005, as compared to the same period in 2004, is due to increased occupancy rates at the hotel and increased Total RevPAR at the hotel due to improved food and beverage and other ancillary services revenue at the hotel. The increase in occupancy rates was due to increased group business during the period. A decrease in average daily rate, due to groups with lower room rates at the hotel during the period, served to offset the impact of the hotel's increased occupancy on the hotel's RevPAR for the period.

The increase in operating costs at Gaylord Opryland in the three and six months ended June 30, 2005, as compared to the same periods in 2004, was due to increased costs necessary to service the increased hotel occupancy during such periods. Selling, general and administrative expenses at Gaylord Opryland in the three and six months ended June 30, 2005 increased from the same periods in 2004 due to increased advertising costs associated with the opening of the Relâche spa, increased marketing costs related to special events at hotel, non-recurring personnel costs, and increased credit card commissions related to the hotel's increased revenues.

Gaylord Palms Results. The results of Gaylord Palms for the three and six months ended June 30, 2005 and 2004 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages and performance metrics)					
Total revenues	$44,239	$38,712	14.3%	$94,635	$88,487	6.9%
Operating expense data:						
Operating costs	$23,880	$21,461	11.3%	$48,516	$44,877	8.1%
Selling, general and administrative	$ 8,635	$ 8,304	4.0%	$17,137	$17,485	-2.0%
Hospitality performance metrics:						
Occupancy	76.5%	77.3%	-1.0%	83.4%	82.1%	1.6%
ADR	$173.26	$162.61	6.5%	$175.41	$176.17	-0.4%
RevPAR	$132.60	$125.71	5.5%	$146.27	$144.72	1.1%
Total RevPAR	$345.76	$302.56	14.3%	$371.87	$345.80	7.5%

The increase in Gaylord Palms revenue and RevPAR in the three months ended June 30, 2005, as compared to the same period in 2004, is due to an increase in average daily rate due to groups with higher room rates. The hotel's strong food and beverage and other ancillary revenue served to increase the hotel's Total RevPAR for the three months ended June 30, 2005, as compared to the same period in 2004.

Occupancy rates, average daily rate and RevPAR for the six months ended June 30, 2005 remained relatively flat, as compared to the same period in 2004, although strong food and beverage and other ancillary revenues served to increase the hotel's Total RevPAR for the six months ended June 30, 2005, as compared to the same period in 2004.

Operating costs for the three and six months ended June 30, 2005 increased from the same periods in 2004 due primarily to costs associated with increased utilization of the hotel's food and beverage services and the hotel's other ancillary services.

Selling, general and administrative expense for the three and six months ended June 30, 2005, remained relatively flat as compared to the same periods in 2004.

Gaylord Texan Results. The results of the Gaylord Texan for the three and six months ended June 30, 2005 and 2004 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages and performance metrics)					
Total revenues	$41,985	$31,299	34.1%	$82,447	$31,299	163.4%
Operating expense data:						
Operating costs	$25,033	$19,879	25.9%	$50,269	$19,879	152.9%
Selling, general and administrative	$ 5,877	$ 8,267	-28.9%	$10,695	$ 8,267	29.4%
Hospitality performance metrics:						
Occupancy	75.7%	64.0%	18.3%	72.5%	64.0%	13.3%
ADR	$161.01	$135.75	18.6%	$164.79	$135.75	21.4%
RevPAR	$121.84	$ 86.91	40.2%	$119.55	$ 86.91	37.6%
Total RevPAR	$305.34	$230.16	32.7%	$301.46	$230.16	31.0%

The increase in Gaylord Texan revenue, RevPAR and Total RevPAR in the three months ended June 30, 2005, as compared to the same period in 2004, is due to improved occupancy and average daily rate during such period, which can be attributed to the increasing number and quality of groups staying at the Gaylord Texan after its initial months of operation during the second quarter of 2004.

Operating costs for the three months ended June 30, 2005, as compared to the same period in 2004, increased due to increased costs necessary to service the increased occupancy at the hotel. The decrease in selling, general and administrative costs for the three months ended June 30, 2005, as compared to the same period in 2004, is due to the increased marketing costs incurred in connection with the hotel’s opening in 2004.

The increase in Gaylord Texan revenue and operating expense for the six months ended June 30, 2005, as compared to the same period in 2004, is primarily due to the fact that the Gaylord Texan’s first date of operation was April 2, 2004.

Radisson Hotel at Opryland Results. The results of the Radisson Hotel at Opryland for the three and six months ended June 30, 2005 and 2004 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages and performance metrics)					
Total revenues	$2,145	$2,118	1.3%	$3,927	$3,594	9.3%
Operating expense data:						
Operating costs	$1,029	$1,041	-1.2%	$2,009	$1,977	1.6%
Selling, general and administrative	$ 534	$ 444	20.3%	$ 990	$ 783	26.4%
Hospitality performance metrics:						
Occupancy	74.1%	77.0%	-3.8%	67.5%	65.6%	2.9%
ADR	$87.86	$84.48	4.0%	$87.69	$82.65	6.1%
RevPAR	$65.14	$65.04	0.2%	$59.20	$54.22	9.2%
Total RevPAR	$77.78	$76.79	1.3%	$71.60	$64.90	10.3%

Our Radisson hotel revenue, RevPAR and Total RevPAR remained relatively flat in the three months ended June 30, 2005, as compared to the same period in 2004, as decreased occupancy rates were offset by higher average daily rate during such period.

Our Radisson hotel revenue, RevPAR and Total RevPAR increased in the six months ended June 30, 2005, as compared to the same period in 2004, due to increased occupancy rates and a higher average daily rate during such period.

Operating costs at the Radisson hotel in the three and six month periods ended June 30, 2005, as compared to the same periods in 2004, remained stable. Selling, general and administrative expenses at the Radisson hotel in the three and six months ended June 30, 2005, as compared to the same periods in 2004, increased primarily due to non-recurring expenses associated with replacement of the hotel's general manager.

ResortQuest Segment

Total Segment Results. The following presents the financial results of our ResortQuest segment for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages and performance metrics)					
Total revenues	$62,268	$57,197	8.9%	$126,073	$108,148	16.6%
Operating expense data:						
Operating costs	43,463	38,798	12.0%	86,624	72,153	20.1%
Selling, general and administrative	17,500	15,046	16.3%	33,278	28,225	17.9%
Depreciation and amortization	2,731	2,389	14.3%	5,505	4,915	12.0%
Operating income (loss)	$ (1,426)	$ 964	-247.9%	$ 666	$ 2,855	-76.7%
Hospitality performance metrics:						
Occupancy	49.3%	51.9%	-5.0%	54.3%	55.4%	-2.0%
ADR	$162.47	$149.59	8.6%	$ 152.14	$ 138.67	9.7%
RevPAR(1)	$ 80.04	$ 77.62	3.1%	$ 82.57	$ 76.87	7.4%
Total Units Under Management	18,798	17,507	7.4%	18,798	17,507	7.4%

(1) We calculate ResortQuest RevPAR by dividing gross lodging revenue for properties under exclusive rental management contracts by net available unit nights available to guests for the period. Our ResortQuest segment revenue represents a percentage of the gross lodging revenues based on the services provided by ResortQuest. Net available unit nights (those available to guests) are equal to total available unit nights less owner, maintenance, and complimentary unit nights. ResortQuest RevPAR is not comparable to similarly titled measures such as revenues.

Revenues. Our ResortQuest segment earns revenues primarily as a result of property management fees and service fees recognized over the time during which our guests stay at our properties. Property management fees paid to us are generally a designated percentage of the rental price of the vacation property, plus certain incremental fees, all of which are based upon the type of services provided by us to the property owner and the type of rental units managed. We also recognize other revenues primarily related to real estate broker commissions. The increase in ResortQuest revenue in the three and six months ended June 30, 2005, as compared to 2004, is due primarily to the addition of units associated with the East-West and Whistler acquisitions and increases in ResortQuest RevPAR for such periods. In addition, the timing of the Easter Holiday period, a strong vacation travel period, shifted from the second quarter in 2004 to the first quarter in 2005, affecting comparisons between 2004 and 2005.

Operating Expenses. ResortQuest operating expenses primarily consist of operating costs, selling, general and administrative expenses and depreciation and amortization expense. Operating costs of ResortQuest, which are comprised of payroll expenses, credit card transaction fees, travel agency fees, advertising, payroll for managed entities and various other direct operating costs, increased in the first and second quarters of 2005, as compared to the same periods in 2004, due to the addition of units associated with the East-West and Whistler acquisitions. Selling, general and administrative expenses of ResortQuest, which are comprised of payroll expenses, rent, utilities and various other general and administrative costs, increased in the three and six months ended June 30, 2005, as compared to the three and six months ended June 30, 2004, due to additional expenses associated with the East-West and Whistler acquisitions, as well as

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continued reinvestment in brand-building initiatives, which include technology, marketing and organizational improvements.

Opry and Attractions Segment

Total Segment Results. The following presents the financial results of our Opry and Attractions segment for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages)					
Total revenues	$18,688	$16,772	11.4%	$31,545	$29,397	7.3%
Operating expense data:						
Operating costs	11,196	10,026	11.7%	20,497	19,651	4.3%
Selling, general and administrative	4,185	4,614	-9.3%	8,499	8,881	-4.3%
Depreciation and amortization	1,154	1,315	-12.2%	2,552	2,626	-2.8%
Operating income (loss) (1)	$ 2,153	$ 817	163.5%	$ (3)	$ (1,761)	99.8%

(1) Opry and Attractions operating income (loss) for the three and six months ended June 30, 2004 excludes the effects of an impairment charge of $1.2 million recorded during those periods.

The increase in revenues in the Opry and Attractions segment for the three and six months ended June 30, 2005, as compared to the same periods in 2004, is primarily due to increased attendance at the Grand Ole Opry and retail sales of our recently released five-volume audio project entitled Grand Ole Opry Live Classics.

The increase in Opry and Attractions operating costs in the three and six months ended June 30, 2005, as compared to the same periods in 2004, was due primarily to increased costs related to the increased attendance at the Grand Ole Opry, as well as the costs associated with the retail release of the Grand Ole Opry Live Classics project. The decrease in Opry and Attractions selling, general and administrative expenses in the three months and six months ended June 30, 2005, as compared to the same periods in 2004, was due primarily to reductions in selling, general and administrative expenses at our Nashville area attractions, including the General Jackson.

Corporate and Other Segment

Total Segment Results. The following presents the financial results of our Corporate and Other segment for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages)					
Total revenues	$ 128	$ 78	64.1%	$ 275	$ 126	118.3%
Operating expense data:						
Operating costs	1,801	1,979	-9.0%	3,223	4,087	-21.1%
Selling, general and administrative	7,413	8,477	-12.6%	14,902	16,463	-9.5%
Depreciation and amortization	1,059	1,163	-8.9%	2,061	2,560	-19.5%
Operating income (loss) (1)	$(10,145)	$(11,541)	12.1%	$(19,911)	$(22,984)	13.4%

(1) Corporate and Other operating income (loss) for the three and six months ended June 30, 2004 excludes the effects of an adjustment to restructuring charges of $0.1 million recorded during those periods.

Corporate and Other revenue for the three and six months ended June 30, 2005, primarily consisted of rental income and corporate sponsorships.

Corporate and Other operating expenses decreased in the three and six months ended June 30, 2005, as compared to the three and six months ended June 30, 2004. Corporate and Other operating costs, which primarily consist of costs associated with information technology, decreased in the first three and six months of 2005, as compared to the first three and six months of 2004, mostly due to a reduction in contract service costs and consulting fees related to information technology initiatives . Corporate and Other selling, general and administrative expenses, which consist of the Gaylord Entertainment Center naming rights agreement (prior to its termination on February 22, 2005), senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, decreased in the three and six months ended June 30, 2005, as compared to the three and six months ended June 30, 2004, primarily due to the elimination of expense associated with the naming rights agreement. Corporate and Other selling, general and administrative expenses during the six months ended June 30, 2005 were also impacted by the net reversal of $2.4 million of expense previously accrued under the naming rights agreement as a result of the settlement of litigation in connection with that agreement, the effect of which was largely offset by the contribution by us of $2.3 million of Viacom stock to the newly formed Gaylord charitable foundation in the first quarter of 2005. Corporate and Other depreciation and amortization expense, which is primarily related to information technology equipment and capitalized electronic data processing software costs, for the three and six months ended June 30, 2005 decreased from the same periods in 2004 due to the retirement of certain depreciable assets.

Operating Results — Preopening costs

In accordance with AICPA SOP 98-5, “Reporting on the Costs of Start-Up Activities”, we expense the costs associated with start-up activities and organization costs as incurred. The decrease in preopening costs in the three and six months ended June 30, 2005, as compared to the same periods in 2004, was a result of the elimination in 2005 of preopening costs related to the Gaylord Texan and a partially offsetting increase in preopening costs associated with the Gaylord National.

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Non-Operating Results Affecting Net Income (Loss)

General

The following table summarizes the other factors which affected our net income (loss) for the three and six months ended June 30, 2005 and 2004:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2005	2004	% Change	2005	2004	% Change
	(In thousands, except percentages)					
Interest expense, net of amounts capitalized	$(17,884)	$(14,332)	24.8%	$(35,975)	$(24,161)	48.9%
Interest income	$ 588	$ 274	114.6%	$ 1,173	$ 660	77.7%
Unrealized gain (loss) on Viacom stock and derivatives, net	$ 3,614	$(25,457)	114.2%	$ (7,912)	$(37,289)	78.8%
Income (loss) from unconsolidated companies	$ (1,590)	$ 983	-261.7%	(118)	$ 1,796	-106.6%
Other gains and losses, net	$ 2,472	$ 717	244.8%	$ 4,922	$ 1,637	200.7%
Provision (benefit) for income taxes	$ 1,005	$(16,552)	-106.1%	$ (4,069)	$(27,482)	-85.2%

Interest Expense, Net of Amounts Capitalized

Interest expense, net of amounts capitalized, increased during the three months ended June 30, 2005, as compared to the same period in 2004, due to higher average debt balances during 2005. Interest expense, net of amounts capitalized, increased during the six months ended June 30, 2005, as compared to the same period in 2004, due to higher average debt balances during 2005, the write-off of $0.5 million of deferred financing costs in the first quarter of 2005 in connection with the replacement of our $100.0 million credit facility, and a $4.1 million decrease in capitalized interest. Capitalized interest decreased from $5.2 million during the six month ended June 30, 2004 to $1.1 million during the six month ended June 30, 2005 as a result of the opening of the Gaylord Texan in April 2004. Our weighted average interest rate on our borrowings, including the interest expense associated with the secured forward exchange contract related to our Viacom stock investment and excluding the write-off of deferred financing costs during the period, was 6.3% and 5.0% for the three months ended June 30, 2005 and 2004, respectively, and was 6.2% and 5.1% for the six months ended June 30, 2005 and 2004, respectively. As further discussed in Note 8 to our condensed consolidated financial statements for the three months and six months ended June 30, 2005 and 2004 included herewith, the secured forward exchange contract related to our Viacom Stock investment resulted in non-cash interest expense of $6.7 million for the three months ended June 30, 2005 and 2004, and $13.3 million and $13.4 million for the six months ended June 30, 2005 and 2004, respectively.

Interest Income

The increase in interest income during the three and six months ended June 30, 2005, as compared to the same periods in 2004, is due to higher cash balances invested in interest-bearing accounts in 2005.

Unrealized Gain (Loss) on Viacom Stock and Derivatives, Net

During 2000, we entered into a seven-year secured forward exchange contract with respect to 10.9 million shares of our Viacom Class B common stock investment. Effective January 1, 2001, we adopted the provisions of SFAS No. 133, as amended. Components of the secured forward exchange contract are considered derivatives as defined by SFAS No. 133.

For the three months ended June 30, 2005, we recorded a net pretax loss of $30.7 million related to the decrease in fair value of the Viacom stock. For the three months ended June 30, 2005, we recorded a net pretax gain of $34.3 million

related to the increase in fair value of the derivatives associated with the secured forward exchange contract. This resulted in a net pretax gain of $3.6 million relating to the unrealized gain (loss) on Viacom stock and derivatives, net, for the three months ended June 30, 2005.

For the six months ended June 30, 2005, we recorded a net pretax loss of $47.9 million related to the decrease in fair value of the Viacom stock. For the six months ended June 30, 2005, we recorded a net pretax gain of $40.0 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract. This resulted in a net pretax loss of $7.9 million relating to the unrealized gain (loss) on Viacom stock and derivatives, net, for the six months ended June 30, 2005.

Income/Loss from Unconsolidated Companies

From January 1, 2000 to July 8, 2004, we accounted for our investment in Bass Pro under the cost method of accounting. On July 8, 2004, Bass Pro redeemed the approximate 28.5% interest held in Bass Pro by private equity investor, J.W. Childs Associates. As a result, our ownership interest in Bass Pro increased to 26.6% as of the redemption date. Because our ownership interest in Bass Pro increased to a level exceeding 20%, we were required by Accounting Principles Board Opinion No. 18, “The Equity Method of Accounting for Investments in Common Stock”, to begin accounting for our investment in Bass Pro under the equity method of accounting beginning in the third quarter of 2004. The equity method of accounting has been applied retroactively to all periods presented.

In the second quarter of 2005, Bass Pro restated its previously issued historical financial statements to reflect certain non-cash changes, which resulted primarily from a change in the manner in which Bass Pro accounts for its long term leases. This restatement resulted in a cumulative reduction in Bass Pro’s net income of $8.6 million through December 31, 2004, which resulted in a pro-rata cumulative reduction in our income from unconsolidated companies of $1.7 million. We determined that the impact of the adjustments recorded by Bass Pro is immaterial to our consolidated financial statements in all prior periods. Therefore, we have reflected our $1.7 million share of the re-statement adjustments as a one-time adjustment to loss from unconsolidated companies during the second quarter of 2005. Including this one-time adjustment, our equity income from our investment in Bass Pro was a loss of $1.7 million for the quarter ended June 30, 2005 and a loss of $0.2 million for the six months ended June 30, 2005.

Other Gains and Losses, Net

Our other gains and losses for the three months ended June 30, 2005 primarily consisted of a $2.1 million gain on the sale of the Ryman Auditorium parking lot, a dividend distribution from our investment in Viacom stock, a loss on the retirement of certain other fixed assets and other miscellaneous income and expenses. Our other gains and losses for the three months ended June 30, 2004 primarily consisted of a dividend distribution from our investment in Viacom stock and other miscellaneous income and expenses.

Provision (Benefit) for Income Taxes

The effective tax rate as applied to pretax income from continuing operations differed from the statutory federal rate due to the following (as of June 30):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	**2004**	**2005**	**2004**
U.S. federal statutory rate	35%	35%	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	2	2	2	3
Adjustment to deferred tax liabilities due to state tax rate adjustment	134	6	(5)	3
Other	(2)	(1)	(1)	(1)
Effective tax rate	169%	42%	31%	40%

The increase in our effective tax rate for the three months ended June 30, 2005, as compared to our effective tax rate for the same period in 2004, was due primarily to a change in the rate used to value certain prior year state deferred tax assets.

The decrease in our effective tax rate for the six months ended June 30, 2005, as compared to our effective tax rate for the same period in 2004, was due primarily to a change in the rate used to value certain prior year state deferred tax assets.

Liquidity and Capital Resources

Cash Flows — Summary

Our cash flows consisted of the following during the six months ended June 30 (in thousands):

	2005	2004
Operating Cash Flows:		
Net cash flows provided by operating activities — continuing operations	$ 67,309	$ 39,419
Net cash flows used in operating activities — discontinued operations	(375)	(76)
Net cash flows provided by operating activities	66,934	39,343
Investing Cash Flows:		
Purchases of property and equipment	(60,183)	(87,662)
Acquisition of businesses, net of cash acquired	(20,223)	—
Purchase of investment in RHAC, LLC	(4,747)	—
Proceeds from sale of assets	8,927	—
Purchases of short-term investments	(15,000)	(84,650)
Proceeds from sale of short-term investments	32,000	119,850
Other	(1,148)	(1,185)
Net cash flows used in investing activities — continuing operations	(60,374)	(53,647)
Net cash flows provided by investing activities — discontinued operations	—	—
Net cash flows used in investing activities	(60,374)	(53,647)
Financing Cash Flows:		
Repayment of long-term debt	—	(4,002)
Deferred financing costs paid	(8,451)	(909)
Increase in restricted cash and cash equivalents	(27,842)	(17,400)
Other	5,711	5,435
Net cash flows used in financing activities — continuing operations	(30,582)	(16,876)
Net cash flows used in financing activities — discontinued operations	—	—
Net cash flows used in financing activities	(30,582)	(16,876)
Net change in cash and cash equivalents	$(24,022)	$(31,180)

Cash Flows From Operating Activities. Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, and maintenance capital expenditures. During the six months ended June 30, 2005, our net cash flows provided by operating activities — continuing operations were $67.3 million, reflecting primarily our net loss before non-cash depreciation expense, amortization expense, income tax benefit, interest expense, loss on the Viacom stock and related derivatives, loss from unconsolidated companies and gains on sales of certain fixed assets of approximately $47.4 million, as well as favorable changes in working capital of approximately $19.9 million. The favorable changes in working capital primarily resulted from the timing of payment of various liabilities, including trade payables, accrued expenses, and accrued interest, as well as an increase in deferred revenues due to increased receipts of deposits on advance bookings of hotel rooms (primarily at Gaylord Opryland and Gaylord Texan) and vacation properties (primarily related to a seasonal increase in deposits received on advance bookings of vacation properties for the summer months). These favorable changes in working capital were partially offset by an increase in trade receivables due to a seasonal increase in revenues and the timing of payments received from corporate group guests at Gaylord Opryland, Gaylord Palms and Gaylord Texan and a seasonal increase in revenues at ResortQuest, as well as an increase in prepaid expenses due to the timing of payments made to renew our insurance contracts.

During the six months ended June 30, 2004, our net cash flows provided by operating activities — continuing operations were $39.4 million, reflecting primarily our net loss before non-cash depreciation expense, amortization expense, income tax benefit, interest expense, loss on the Viacom stock and related derivatives, impairment charges, and income from unconsolidated companies of approximately $19.2 million, as well as favorable changes in working capital of approximately $20.2 million due to the timing of payment of various liabilities including trade payables and accrued expenses, as well as an increase in deferred revenues as a result of increased receipts of deposits on advance bookings of hotel rooms and seasonal increases in vacation rental property bookings at ResortQuest. These favorable changes in working capital were offset by an increase in trade receivables due to the opening of the Gaylord Texan, the timing of guest lodging versus payments received at Gaylord Opryland and Gaylord Palms and a seasonal increase in revenues at ResortQuest.

Cash Flows From Investing Activities. During the six months ended June 30, 2005, our primary uses of funds and investing activities were purchases of property and equipment, which totaled $60.2 million (consisting of construction at the new Gaylord National Resort & Convention Center of $25.7 million, continuing construction at the new Gaylord Texan of $9.7 million, approximately $12.4 million at Gaylord Opryland primarily related to the construction of a new spa facility, and approximately $8.0 million related to ResortQuest) and the purchases of two businesses (Whistler Lodging Company, Ltd. and East West Resorts), which totaled $20.2 million.

During the six months ended June 30, 2004, our primary uses of funds and investing activities were purchases of property and equipment, which totaled $87.7 million. These capital expenditures include continuing construction at the new Gaylord Texan of $74.9 million, approximately $4.1 million related to Gaylord Opryland, and approximately $1.2 million related to the Grand Ole Opry.

We currently project capital expenditures for the twelve months of 2005 to total approximately $165 million, which includes approximately $72 million related to the construction of our new Gaylord National Resort & Convention Center in Prince George's County, Maryland, continuing construction costs at the Gaylord Texan of approximately $20 million, approximately $27 million at Gaylord Opryland primarily related to the construction of a new spa facility and a room refurbishment project, and approximately $20 million related to ResortQuest.

Cash Flows From Financing Activities. Our cash flows from financing activities reflect primarily the issuance of debt and the repayment of long-term debt. During the six months ended June 30, 2005, our net cash flows used in financing activities were approximately $30.6 million, reflecting the payment of $8.5 million of deferred financing costs in connection with our entering into a new $600.0 million credit facility and a $27.8 million increase in restricted cash and cash equivalents, partially offset by $6.1 million in proceeds received from the exercise of stock options.

During the six months ended June 30, 2004, our net cash flows used in financing activities were approximately $16.9 million, reflecting scheduled repayments of $4.0 million of the senior loan portion of our former Nashville hotel loan and an increase in restricted cash and cash equivalents of $17.4 million, offset by proceeds received from the exercise of stock options of $5.6 million.

On January 9, 2004, we filed a Registration Statement on Form S-3 with the SEC pursuant to which we may sell from time to time up to $500 million of our debt or equity securities. The Registration Statement as amended on April 27, 2004 was declared effective by the SEC on April 27, 2004. Except as otherwise provided in the applicable prospectus supplement at the time of sale of the securities, we may use the net proceeds from the sale of the securities for general corporate purposes, which may include reducing our outstanding indebtedness, increasing our working capital, acquisitions and capital expenditures.

Principal Debt Agreements

New $600 Million Credit Facility. On March 10, 2005, we entered into a new $600.0 million credit facility with Bank of America, N.A. acting as the administrative agent. Our new credit facility consists of the following components: (a) a $300.0 million senior secured revolving credit facility, which includes a $50.0 million letter of credit sublimit, and (b) a $300.0 million senior secured delayed draw term loan facility, which may be drawn on in one or more advances during its term. The credit facility also includes an accordion feature that will allow us, on a one-time basis, to increase the credit facilities by a total of up to $300.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The revolving loan, letters of credit and term loan mature on March 9, 2010. At our election, the revolving loans and the term loans may have an interest rate of LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on our financial performance. Interest on our borrowings is payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR rate-based loans. Principal is payable in full at maturity. We are required to pay a commitment fee ranging from 0.25% to 0.50% per year of the average unused portion of the credit facility.

The purpose of the new credit facility is for working capital and capital expenditures and the financing of the costs and expenses related to the construction of the Gaylord National hotel. Construction of the Gaylord National hotel is required to be substantially completed by June 30, 2008 (subject to customary force majeure provisions).

The new credit facility is (i) secured by a first mortgage and lien on the real property and related personal and intellectual property of our Gaylord Opryland hotel, Gaylord Texan hotel, Gaylord Palms hotel and Gaylord National hotel (to be constructed) and pledges of equity interests in the entities that own such properties and (ii) guaranteed by each of our four wholly owned subsidiaries that own the four hotels as well as ResortQuest International, Inc. Advances are subject to a 60% borrowing base, based on the appraisal values of the hotel properties (reducing to 50% in the event a hotel property is sold). Our former revolving credit facility has been paid in full and the related mortgages and liens have been released.

In addition, the new credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the new credit facility are as follows:

- we must maintain a consolidated leverage ratio of not greater than (i) 7.00 to 1.00 for calendar quarters ending during calendar year 2007, and (ii) 6.25 to 1.00 for all other calendar quarters ending during the term of the credit facility, which levels are subject to increase to 7.25 to 1.00 and 7.00 to 1.00, respectively, for three (3) consecutive quarters at our option if we make a leverage ratio election.
- we must maintain a consolidated tangible net worth of not less than the sum of $550.0 million, increased on a cumulative basis as of the end of each calendar quarter, commencing with the calendar quarter ending March 31, 2005, by an amount equal to (i) 75% of consolidated net income (to the extent positive) for the calendar quarter then ended, plus (ii) 75% of the proceeds received by us or any of our subsidiaries in connection with any equity issuance.
- we must maintain a minimum consolidated fixed charge coverage ratio of not less than (i) 1.50 to 1.00 for any reporting calendar quarter during which the leverage ratio election is effective; and (ii) 2.00 to 1.00 for all other calendar quarters during the term hereof.
- we must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an interest rate equal to the then current seven year Treasury Note plus 0.25%) of not less than 1.60 to 1.00.

- our investments in entities which are not wholly-owned subsidiaries may not exceed an amount equal to ten percent (10.0%) of our consolidated total assets.

As of June 30, 2005, we were in compliance with all covenants. As of June 30, 2005, no borrowings were outstanding under the $600.0 million credit facility, but the lending banks had issued $17.7 million of letters of credit under the facility for us. The credit facility is cross-defaulted to our other indebtedness.

8% Senior Notes. On November 12, 2003, we completed our offering of $350 million in aggregate principal amount of senior notes due 2013 (the "8% Senior Notes") in an institutional private placement. In January 2004, we filed an exchange offer registration statement on Form S-4 with the SEC with respect to the 8% Senior Notes and exchanged the existing senior notes for publicly registered senior notes with the same terms after the registration statement was declared effective in April 2004. The interest rate of the notes is 8%, although we have entered into interest rate swaps with respect to $125 million principal amount of the 8% Senior Notes which results in an effective interest rate of LIBOR plus 2.95% with respect to that portion of the notes. The 8% Senior Notes, which mature on November 15, 2013, bear interest semi- annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2004. The 8% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2008 at a designated redemption amount, plus accrued and unpaid interest. In addition, we may redeem up to 35% of the 8% Senior Notes before November 15, 2006 with the net cash proceeds from certain equity offerings. The 8% Senior Notes rank equally in right of payment with our other unsecured unsubordinated debt, but are effectively subordinated to all of our secured debt to the extent of the assets securing such debt. The 8% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of our active domestic subsidiaries. In connection with the offering and subsequent registration of the 8% Senior Notes, we paid approximately $10.1 million in deferred financing costs. The net proceeds from the offering of the 8% Senior Notes, together with cash on hand, were used as follows:

- $275.5 million was used to repay our $150 million senior term loan portion and the $50 million subordinated term loan portion of the 2003 Florida/Texas loans, as well as the remaining $66 million of our $100 million Nashville hotel mezzanine loan and to pay certain fees and expenses related to the ResortQuest acquisition; and

- $79.2 million was placed in escrow pending consummation of the ResortQuest acquisition, at which time that amount was used, together with available cash, to repay ResortQuest's senior notes and its credit facility.

In addition, the 8% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 8% Senior Notes are cross-defaulted to our other indebtedness.

6.75% Senior Notes. On November 30, 2004, we completed our offering of $225 million in aggregate principal amount of senior notes due 2014 (the "6.75% Senior Notes") in an institutional private placement. In April 2005, we filed an exchange offer registration statement on Form S-4 with the SEC with respect to the 6.75% Senior Notes and exchanged the existing senior notes for publicly registered senior notes after the registration statement was declared effective in May 2005. The interest rate of the notes is 6.75%. The 6.75% Senior Notes, which mature on November 15, 2014, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2005. The 6.75% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2009 at a designated redemption amount, plus accrued and unpaid interest. In addition, we may redeem up to 35% of the 6.75% Senior Notes before November 15, 2007 with the net cash proceeds from certain equity offerings. The 6.75% Senior Notes rank equally in right of payment with our other unsecured unsubordinated debt, but are effectively subordinated to all of our secured debt to the extent of the assets securing such debt. The 6.75% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of our active domestic subsidiaries. In connection with the offering of the 6.75% Senior Notes, we paid approximately $4.2 million in deferred financing costs. The net proceeds from the offering of the 6.75% Senior Notes, together with cash on hand, were used to repay the senior loan secured by the Nashville hotel assets

and to provide capital for growth of the Company's other businesses and other general corporate purposes. In addition, the 6.75% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 6.75% Senior Notes are cross-defaulted to our other indebtedness.

Prior Indebtedness

$100 Million Revolving Credit Facility. Prior to the completion of our $600 million credit facility on March 10, 2005, we had in place, from November 20, 2003, a $65.0 million revolving credit facility, which was increased to $100.0 million on December 17, 2003. The revolving credit facility, which replaced the revolving credit portion of our 2003 Florida/Texas senior secured credit facility discussed below, was scheduled to mature in May 2006. The revolving credit facility had an interest rate, at our election, of either LIBOR plus 3.50%, subject to a minimum LIBOR of 1.32%, or the lending banks' base rate plus 2.25%. Interest on our borrowings was payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR rate-based loans. Principal was payable in full at maturity. The revolving credit facility was guaranteed on a senior unsecured basis by our subsidiaries that were guarantors of our 8% Senior Notes and 6.75% Senior Notes, described above (consisting generally of all our active domestic subsidiaries including, following repayment of the Nashville hotel loan arrangements in December 2004, the subsidiaries owning the Nashville hotel assets), and was secured by a leasehold mortgage on the Gaylord Palms. We were required to pay a commitment fee equal to 0.5% per year of the average daily unused revolving portion of the revolving credit facility.

In addition, the revolving credit facility contained certain covenants which, among other things, limited the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests in the revolving credit facility were as follows:

- a maximum total leverage ratio requiring that at the end of each fiscal quarter, our ratio of consolidated indebtedness minus unrestricted cash on hand to consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, not exceed a range of ratios (decreasing from 7.5 to 1.0 for early 2004 to 5.0 to 1.0 for 2005 and thereafter) for the recent four fiscal quarters;
- a requirement that the adjusted net operating income for the Gaylord Palms be at least $25 million at the end of each fiscal quarter ending December 31, 2003, through December 31, 2004, and $28 million at the end of each fiscal quarter thereafter, in each case based on the most recent four fiscal quarters; and
- a minimum fixed charge coverage ratio requiring that, at the end of each fiscal quarter, our ratio of consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, to the sum of (i) consolidated interest expense and capitalized interest expense for the previous fiscal quarter, multiplied by four, and (ii) required amortization of indebtedness for the most recent four fiscal quarters, be not less than 1.5 to 1.0.

Nashville Hotel Loan. On March 27, 2001, we, through wholly owned subsidiaries, entered into a $275.0 million senior secured loan and a $100.0 million mezzanine loan with Merrill Lynch Mortgage Lending, Inc. The mezzanine loan was repaid in November 2003 with the proceeds of the 8% Senior Notes, and the senior loan was repaid in November 2004 with the proceeds of the 6.75% Senior Notes. The senior and mezzanine loan borrower and its sole member were subsidiaries formed for the purposes of owning and operating the Nashville hotel and entering into the loan transaction and were special-purpose entities whose activities were strictly limited, although we fully consolidate these entities in our consolidated financial statements. The senior loan was secured by a first mortgage lien on the assets of Gaylord Opryland. The terms of the senior loan required us to purchase interest rate hedges in notional amounts equal to the outstanding balances of the senior loan in order to protect against adverse changes in one-month LIBOR which have

been terminated. We used $235.0 million of the proceeds from the senior loan and the mezzanine loan to refinance an existing interim loan incurred in 2000.

2003 Florida/Texas Senior Secured Credit Facility. Prior to the closing of the 8% Senior Notes offering and establishment of our $100 million revolving credit facility, we had in place our 2003 Florida/Texas senior secured credit facility, consisting of a $150 million senior term loan, a $50 million subordinated term loan and a $25 million revolving credit facility, outstanding amounts of which were repaid with proceeds of the 8% Senior Notes offering. When the 2003 loans were first established, proceeds were used to repay 2001 term loans incurred in connection with the development of the Gaylord Palms.

Future Developments

On February 24, 2005, we acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland (Washington D.C. area) for approximately $29 million on which we are developing a hotel to be known as the Gaylord National Resort & Convention Center. Approximately $17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. We currently expect to open the hotel in 2008. In connection with this project, Prince George's County, Maryland approved, in July 2004, two bond issues related to the development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to us upon completion of the project. We will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development. On May 9, 2005, we entered into an agreement with a general contractor for the provision of certain initial construction services at the site. We expect to enter into a construction contract for the entire hotel project when we have determined the guaranteed maximum price for the project. We are also considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

Commitments and Contractual Obligations

The following table summarizes our significant contractual obligations as of June 30, 2005, including long-term debt and operating and capital lease commitments (amounts in thousands):

Contractual obligations	Total amounts committed	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	$ 575,100	$ 100	$ —	$ —	$ 575,000
Capital leases	1,787	711	749	327	—
Promissory note payable to Nashville Predators	5,000	—	2,000	2,000	1,000
Construction commitments	47,643	39,293	6,675	1,675	—
Operating leases	740,833	13,876	20,431	15,624	690,902
Other	875	175	350	350	—
Total contractual obligations	$1,371,238	$54,155	$30,205	$19,976	$1,266,902

The total operating lease commitments of $740.8 million above includes the 75-year operating lease agreement we entered into during 1999 for 65.3 acres of land located in Osceola County, Florida where Gaylord Palms is located.

During 2002 and 2001, we entered into certain agreements related to the construction of the Gaylord Texan. At June 30, 2005, we had paid approximately $446.7 million related to these agreements, which is included in property and equipment in the consolidated balance sheets.

During 1999, we entered into a 20-year naming rights agreement related to the Nashville Arena with the Nashville Predators. The Nashville Arena was renamed the Gaylord Entertainment Center as a result of the agreement. The contractual commitment required us to pay $2.1 million during the first year of the contract, with a 5% escalation each year for the remaining term of the agreement, and to purchase a minimum number of tickets to Predators games each year. As further discussed in Note 17 to our condensed consolidated financial statements for the three and six months ended June 30, 2005 and 2004 included herewith and which is incorporated herein by reference, on February 22, 2005, the Company concluded the settlement of litigation with NHC over (i) NHC's obligation to redeem the Company's ownership interest, and (ii) the Company's obligations under the Nashville Arena Naming Rights Agreement. At the closing of the settlement, NHC redeemed all of the Company's outstanding limited partnership units in the Predators, effectively terminating the Company's ownership interest in the Predators. In addition, the Naming Rights Agreement was cancelled. As a part of the settlement, the Company made a one-time cash payment to NHC of $4 million and issued to NHC a 5-year, $5 million promissory note bearing interest at 6% per annum. The note is payable at $1 million per year for 5 years, with the first payment due on the first anniversary of the resumption of NHL Hockey in Nashville, Tennessee, which is currently expected to be on October 5, 2005. The Company's obligation to pay the outstanding amount under the note shall terminate immediately if, at any time before the note is paid in full, the Predators cease to be an NHL team playing their home games in Nashville, Tennessee. In addition, if the Predators cease to be an NHL team playing its home games in Nashville prior to the first payment under the note, then in addition to the note being cancelled, the Predators will pay the Company $4 million. If the Predators cease to be an NHL team playing its home games in Nashville after the first payment but prior to the second payment under the note, then in addition to the note being cancelled, the Predators will pay the Company $2 million.

At the expiration of the secured forward exchange contract relating to the Viacom stock owned by us, which is scheduled for May 2007, we will be required to pay the deferred taxes relating thereto. This deferred tax liability is estimated to be $152.8 million. A complete description of the secured forward exchange contract is contained in Note 8 to our condensed consolidated financial statements for the three and six months ended June 30, 2005 and 2004 included herewith.

Critical Accounting Policies and Estimates

We prepare our condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States. Certain of our accounting policies, including those related to revenue recognition, impairment of long-lived assets and goodwill, restructuring charges, derivative financial instruments, income taxes, and retirement and postretirement benefits other than pension plans, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. There can be no assurance that actual results will not differ from our estimates. For a discussion of our critical accounting policies and estimates, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our Annual Report on Form 10-K for the year-ended December 31, 2004. There were no newly identified critical accounting policies in the first or second quarters of 2005, nor were there any material changes to the critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year-ended December 31, 2004.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 16 to our condensed consolidated financial statements for the three and six months ended June 30, 2005 and 2004 included herewith.

Private Securities Litigation Reform Act

This quarterly report on Form 10-Q contains "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as "may," "will,"

“project,” “might,” “expect,” “believe,” “anticipate,” “intend,” “could,” “would,” “estimate,” “continue” or “pursue,” or the negative or other variations thereof or comparable terminology. In particular, they include statements relating to, among other things, future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results. We have based these forward-looking statements on our current expectations and projections about future events.

We caution the reader that forward-looking statements involve risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, as well as other factors described in our Annual Report on Form 10-K for the year ended December 31, 2004 or described from time to time in our other reports filed with the Securities and Exchange Commission:

- the potential adverse effect of our debt on our cash flow and our ability to fulfill our obligations under our indebtedness and maintain adequate cash to finance our business;
- the availability of debt and equity financing on terms that are favorable to us;
- the challenges associated with the integration of ResortQuest’s operations into our operations;
- factors affecting the number of guests renting vacation properties managed by ResortQuest, included adverse weather conditions such as hurricanes, economic conditions in a particular region of the nation as a whole, or the perceived attractiveness of the destinations in which we operate and the units we manage;
- general economic and market conditions and economic and market conditions specifically related to the hotel and large group meetings and convention industry; and
- the timing, budgeting and other factors and risks relating to new hotel development, including our ability to generate cash flow from the Gaylord Texan.

Any forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is from changes in the value of our investment in Viacom stock and changes in interest rates.

Risks Related to a Change in Value of Our Investment in Viacom Stock

At June 30, 2005, we held an investment of 10.9 million shares of Viacom stock, which was received as the result of the sale of television station KTVT to CBS in 1999 and the subsequent acquisition of CBS by Viacom in 2000. We 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, 2005, the fair market value of our investment in the 10.9 million shares of Viacom stock was $350.2 million or $32.02 per share. The secured forward exchange contract protects us against decreases in the fair market value of the Viacom Stock below $56.05 per share by way of a put option; the secured forward exchange contract also provides for participation in the increases in the fair market value of the Viacom Stock in that we receive 100% of the appreciation between $56.05 and $64.45 per share and, by way of a call option, 25.93% of the appreciation above $64.45 per share, as of June 30, 2005. The call option strike price decreased from $67.97 as of December 31, 2004 to $64.45 as of June 30, 2005 due to the Company receiving dividend distributions

from Viacom. Future dividend distributions received from Viacom may result in an adjusted call strike price. Changes in the market price of the Viacom stock could have a significant impact on future earnings. For example, a 5% increase in the value of the Viacom stock at June 30, 2005 would have resulted in a decrease of $1.2 million in the net pre-tax loss on the investment in Viacom stock and related derivatives for the six months ended June 30, 2005. Likewise, a 5% decrease in the value of the Viacom stock at June 30, 2005 would have resulted in an increase of $0.9 million in the net pre-tax loss on the investment in Viacom stock and related derivatives for the six months ended June 30, 2005.

Risks Related to Changes in Interest Rates

Interest rate risk related to our indebtedness. We have exposure to interest rate changes primarily relating to outstanding indebtedness under our outstanding 8% Senior Notes and our $600 million credit facility.

In conjunction with our offering of the 8% Senior Notes, we terminated our variable to fixed interest rate swaps with an original notional value of $200 million related to the senior term loan and the subordinated term loan portions of the 2003 Florida/ Texas senior secured credit facility, which were repaid for a net benefit aggregating approximately $242,000.

We also entered into a new interest rate swap with respect to $125 million aggregate principal amount of our 8% Senior Notes. This interest rate swap, which has a term of ten years, effectively adjusts the interest rate of that portion of the 8% Senior Notes to LIBOR plus 2.95%. The interest rate swap on the 8% Senior Notes are deemed effective and therefore the hedge has been treated as an effective fair value hedge under SFAS No. 133. If LIBOR were to increase by 100 basis points, our annual interest cost on the 8% Senior Notes would increase by approximately $1.3 million.

Interest on borrowings under our $600.0 million credit facility bear interest at a variable rate of either LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on our financial performance. As of June 30, 2005, no borrowings were outstanding under our $600.0 million credit facility. Therefore, if LIBOR and Eurodollar rates were to increase by 100 basis points each, there would be no impact on our annual interest cost under the $600.0 million credit facility based on debt amounts outstanding at June 30, 2005.

Cash Balances. Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at June 30, 2005. As a result, the interest rate market risk implicit in these investments at June 30, 2005, if any, is low.

Risks Related to Foreign Currency Exchange Rates

Substantially all of our revenues are realized in U.S. dollars and are from customers in the United States. Although we own certain subsidiaries who conduct business in foreign markets and whose transactions are settled in foreign currencies, these operations are not material to our overall operations. Therefore, we do not believe we have any significant foreign currency exchange rate risk. We do not hedge against foreign currency exchange rate changes and do not speculate on the future direction of foreign currencies.

Summary

Based upon our overall market risk exposures at June 30, 2005, we believe that the effects of changes in the stock price of our Viacom stock or interest rates could be material to our consolidated financial position, results of operations or cash flows. However, we believe that the effects of fluctuations in foreign currency exchange rates on our consolidated financial position, results of operations or cash flows would not be material.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that materially affected, or are likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is a party to certain litigation, as described in Note 17 to our condensed consolidated financial statements for the three months and six months ended June 30, 2005 and 2004 included herewith and which is incorporated herein by reference.

ITEM 2. UNREGISTERED SALES OF EQUITY 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 5, 2005 (the "Annual Meeting"). The stockholders of the Company voted to elect ten directors. Each director must be elected annually. The following table sets forth the number of votes cast for and withheld/abstained with respect to each of the nominees:

Nominee	For	Withhold	Total
E.K. Gaylord II	27,986,640	9,280,948	37,267,588
E. Gordon Gee	36,449,422	818,165	37,267,587
Ellen Levine	37,130,783	130,804	37,261,587
Robert P. Bowen	36,341,534	926,053	37,267,587
Ralph Horn	37,118,609	148,978	37,267,587
Michael I. Bender	37,035,988	231,599	37,267,587
Laurence S. Geller	36,707,530	560,057	37,267,587
Michael D. Rose	36,530,020	737,567	37,267,587
Colin V. Reed	37,129,813	137,774	37,267,587
Michael I. Roth	36,696,900	570,687	37,267,587

ITEM 5. OTHER INFORMATION

Inapplicable.

ITEM 6. EXHIBITS

See Index to Exhibits following the Signatures page.

Table of Contents

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 5, 2005

By: /s/ Colin V. Reed
Colin V. Reed
Chairman of the Board of Directors,
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/ Rod Connor
Rod Connor
Senior Vice President and Chief Administrative Officer
(Principal Accounting Officer)

INDEX TO EXHIBITS

10.1 Employment Agreement of David C. Kloeppel

31.1 Certification of Colin V. Reed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

31.2 Certification of David C. Kloeppel pursuant to Section 302 of Sarbanes-Oxley Act of 2002.

32.1 Certification of Colin V. Reed and David C. Kloeppel pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS AGREEMENT, dated as of May 4, 2005, by and between GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation having its corporate headquarters at One Gaylord Drive, Nashville, Tennessee 37214 ("the Company") and DAVID C. KLOEPPEL, a resident of Nashville, Tennessee ("Executive").

WITNESSETH:

WHEREAS, the Company desires to employ Executive as its Executive Vice President and Chief Financial Officer, and Executive desires to serve in such capacity pursuant to the terms of this Agreement;

NOW, THEREFORE, in consideration of the covenants and agreements hereinafter set forth, the parties hereto agree as follows:

AGREEMENT

1. EMPLOYMENT; TERM; PLACE OF EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company upon the terms and conditions contained in this Agreement. The term of Executive's employment hereunder shall commence on May 4, 2005 (the "Effective Date") and shall continue for a period of four (4) years from and after the Effective Date (the "Employment Period"). For purposes of this Agreement, a "Contract Year" shall mean a one year period commencing on the Effective Date or any anniversary thereof. Executive shall render services at the offices established by the Company in the greater Nashville metropolitan area; provided that Executive agrees to travel on temporary trips to such other places as may be required to perform Executive's duties hereunder.

2. DUTIES; TITLE.

(a) Description of Duties.

(i) During the Employment Period, Executive shall serve the Company as its Executive Vice President and Chief Financial Officer and report directly to the President and Chief Executive Officer ("CEO"). Executive shall supervise the financial conduct of the business and affairs of the Company, its subsidiaries and respective divisions, supervise the development function for the Company, and perform such other duties as the CEO shall determine.

(ii) Executive shall faithfully perform the duties required of his office. Subject to Section 2(b), Executive shall devote all of his business time and effort to the performance of his duties to the Company.

(b) Other Activities. Notwithstanding anything to the contrary contained in Section 2(a), Executive shall be permitted to engage in the following activities, provided that such activities do not materially interfere or conflict with Executive's duties and responsibilities to the Company:

(i) Executive may serve on the governing boards of, or otherwise participate in, a reasonable number of trade associations and charitable organizations,

whose purposes are not inconsistent with the activities and the image of the Company;

(ii) Executive may engage in a reasonable amount of charitable activities and community affairs; and

(iii) Subject to the prior approval of the Board of Directors, Executive may serve on the board of directors of one or more business corporations, provided also that they do not compete, directly or indirectly, with the Company.

(c) Other Policies. Executive shall be subject to and shall comply with all codes of conduct, personnel policies and procedures applicable to senior executives of the Company, including, without limitation, policies regarding sexual harassment, conflicts of interest and insider trading.

3. CASH COMPENSATION.

(a) Base Salary. During the initial Contract Year, the Company shall pay to Executive an annual salary of $475,000. Executive's annual salary shall be increased in each subsequent Contract Year by a percentage equal to the annual percentage increase, if any, generally granted to other senior executives, such percentage to be determined from time to time by the Human Resources Committee of the Board of Directors (such annual salary, together with any increases under this subsection (b), being herein referred to as the "Base Salary").

(b) Annual Cash Bonus. Executive shall be eligible for an annual cash bonus equal to a target of 75% of Executive's Base Salary (the "Year-End Bonus") to be paid to him in each calendar year and shall be determined based on the achievement of certain goals and Company performance criteria as established by the CEO and approved by the Board's Human Resources Committee. The Year-End Bonus for each calendar year shall be paid to Executive on or before the end of February 28th of the immediately succeeding year.

(c) Withholding. The Base Salary and each Year-End Bonus shall be subject to applicable withholding and shall be payable in accordance with the Company's payroll practices.

4. RESTRICTED STOCK GRANT. The Company hereby grants to Executive 16,000 restricted shares of Company Common Stock (the "Restricted Stock Grant"). The restrictions on the Restricted Stock Grant shares shall terminate in 4,000 share increments on the first through the fourth anniversaries of August 1, 2005; provided, however, Executive must be employed by the Company on each such anniversary date for the restrictions on the particular share increment to be terminated. The Restricted Stock Grant is hereby granted pursuant to the Company's Omnibus Plan as may hereafter be further amended, and shall otherwise be subject to the terms of a restricted stock grant agreement between the Company and Executive in the form prescribed for Company executives generally. If a restriction terminates as to a 4,000 share increment, the Company shall deliver such shares to Executive.

5. BENEFITS; EXPENSES; ETC.

(a) Expenses. During the Employment Period, the Company shall reimburse Executive, in accordance with the Company's policies and procedures, for all reasonable

expenses incurred by Executive, including reimbursement for his reasonable first class travel expenses in connection with the performance of his duties for the Company.

(b) Vehicle Allowance. During the Employment Period, Executive shall be entitled to receive from the Company a vehicle allowance of $800 per month, subject to future increases as may be granted to senior executives.

(c) Vacation. During the Employment Period, Executive shall be entitled to four (4) weeks vacation during each Contract Year.

(d) Company Plans. During the Employment Period, Executive shall be entitled to participate in and enjoy the benefits of (i) the Company Health Insurance Plan, (ii) the Company 401(k) Savings Plan, (iii) the Company Supplemental Deferred Compensation ("SUDCOMP") Plan, and (iv) any health, life, disability, retirement, pension, group insurance, or other similar plan or plans which may be in effect or instituted by the Company for the benefit of senior executives generally, upon such terms as may be therein provided. A summary of such benefits as in effect on the date hereof has been provided to Executive, the receipt of which is hereby acknowledged.

(e) Attorney's Fees. Executive shall be entitled to reimbursement for reasonable attorney's fees and expenses incurred by Executive in the review and negotiation of this Agreement, upon submission of documentation evidencing such fees and expenses.

6. TERMINATION. Executive's employment hereunder may be terminated prior to the expiration of the Employment Period as follows:

(a) Termination by Death. Upon the death of Executive ("Death"), Executive's employment shall automatically terminate as of the date of Death.

(b) Termination by Company for Permanent Disability. At the option of the Company, Executive's employment may be terminated by written notice to Executive or his personal representative in the event of the Permanent Disability of Executive. As used herein, the term "Permanent Disability" shall mean a physical or mental incapacity or disability which renders Executive unable substantially to render the services required hereunder for a period of ninety (90) consecutive days or one hundred eighty (180) days during any twelve (12) month period as determined in good faith by the Company.

(c) Termination by Company for Cause. At the option of the Company, Executive's employment may be terminated by written notice to Executive upon the occurrence of any one or more of the following events (each, a "Cause"):

(i) any action by Executive constituting fraud, self-dealing, embezzlement, or dishonesty in the course of his employment hereunder;

(ii) any conviction of Executive of a crime involving moral turpitude;

(iii) failure of Executive after reasonable notice promptly to comply with any valid and legal directive of the CEO;

(iv) a material breach by Executive of any of his obligations under this Agreement and failure to cure such breach within ten (10) days of his receipt of written notice thereof from the Company; or

(v) a failure by Executive to perform adequately his responsibilities under this Agreement as demonstrated by objective and verifiable evidence showing that the business operations under Executive's control have been materially harmed as a result of Executive's gross negligence or willful misconduct.

(d) Termination by Executive for Good Reason. At the option of Executive, Executive may terminate his employment by written notice to Company given within a reasonable time after the occurrence of the following circumstances ("Good Reason"), unless the Company cures the same within thirty (30) days of such notice:

(i) Any adverse change by Company in the Executive's position or title described in Section 2 hereof, whether or not any such change has been approved by a majority of the members of the Board;

(ii) The assignment to Executive, over his reasonable objection, of any duties materially inconsistent with his status as Executive Vice President and Chief Financial Officer or a substantial adverse alteration in the nature of his responsibilities;

(iii) A reduction by Company in his annual base salary of $475,000 as the same may be increased from time to time pursuant to Section 3(b) hereof;

(iv) Company's requiring Executive to be based anywhere other than the Company's headquarters in Nashville, Tennessee except for required travel on the Company's business;

(v) The failure by Company, without Executive's consent, to pay to him any portion of his current compensation, except pursuant to this Agreement or pursuant to a compensation deferral elected by Executive;

(vi) Except as permitted by this Agreement, the failure by Company to continue in effect any compensation plan (or substitute or alternative plan) in which Executive is entitled to participate which is material to Executive's total compensation, or the failure by the Company to continue Executive's participation therein on a basis that is materially as favorable both in terms of the amount of benefits provided and the level of Executive's participation relative to other participants at Executive's grade level; or

(vii) The failure by Company to continue to provide Executive with benefits substantially similar to those enjoyed by senior executives under the Company's pension and deferred compensation plans, and the life insurance, medical, health and accident, and disability plans in which Executive is entitled to participate, except as required by law, or the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive Executive of any material fringe benefit enjoyed by Executive, or the failure by the Company to provide Executive with the number of paid vacation days to which Executive is entitled; or

(viii) A material breach by the Company of any of its obligations under this Agreement.

(e) Termination by Company Without Cause. At the option of the Company Executive's employment may be terminated by written notice to Executive at any time ("Without Cause").

7. EFFECT OF TERMINATION.

(a) Effect Generally. If Executive's employment is terminated prior to the fourth anniversary of the Effective Date, the Company shall not have any liability or obligation to Executive other than as specifically set forth in Section 6, Section 7 and Section 8 hereof. Upon the termination of Executive's employment for any reason, he shall, upon the request of the Company, resign from all corporate offices held by Executive.

(b) Effect of Termination by Death. Upon the termination of Executive's employment as a result of Death, Executive's estate shall be entitled to receive an amount equal to: (i) accrued but unpaid Base Salary through the date of termination; (ii) a pro rata portion of Executive's Annual Bonus, if any, for the year in which termination occurs, (iii) any unpaid portion of the Annual Bonuses for prior calendar years, accrued and unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(a), (b) or (e), and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company, excluding benefits payable pursuant to any plan beneficiary pursuant to a contractual beneficiary designation by Executive, (iv) the portion of the Restricted Stock Grant that is free from restrictions as of the date of death and the acceleration and immediate release of all restrictions from all Restricted Stock Grants that are subject to restrictions as of the date of death, (v) Executive's vested Stock Options as of the date of death, the vesting and exercise of which is governed by the Omnibus Plan; and (vi) all of Executive's Stock Options, which pursuant to the Omnibus Plan are accelerated as of the termination date (date of death) and are exercisable until the expiration of the Stock Option Term.

(c) Effect of Termination for Permanent Disability. Upon the termination of Executive's employment hereunder as a result of Permanent Disability, Executive shall be entitled to receive an amount equal to: (i) accrued but unpaid Base Salary through the date of termination; (ii) a pro rata portion of Executive's Annual Bonus, if any, for the year in which termination occurs, (iii) any unpaid portion of an Annual Bonus for prior calendar years, long-term disability benefits available to executives of the Company, accrued and unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(a), (b) or (e) and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company; (iv) the portion of the Restricted Stock Grant that is free from restrictions as of the termination date; (v) Executive's vested Stock Options as of the date of termination, the vesting of which is governed by the Omnibus Plan; and (vi) all of Executive's Stock Options, which pursuant to the Omnibus Plan are accelerated as of the termination date and are exercisable until the expiration of the Stock Option Term. Payments to Executive hereunder shall be reduced by any payments received by Executive under any worker's compensation or similar law.

(d) Effect of Termination by the Company for Cause or by Executive Without Good Reason. Upon the termination of Executive's employment by the Company for Cause or by Executive for any reason other than Good Reason, Executive shall be entitled to receive an amount equal to: (i) accrued but unpaid Base Salary through the date of termination, (ii) any unpaid Annual Bonus for prior calendar years, accrued but unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(a), (b) or (e) and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company; and (iii) the portion of the Restricted Stock Grant that is free from restrictions as of the

termination date. All Stock Options, to the extent not theretofore exercised, shall terminate on the date of termination of employment under this Section 7(d). Executive shall also forfeit any right to an Annual Bonus for the calendar year in which Executive's termination occurs.

(e) Effect of Termination by the Company Without Cause or by Executive for Good Reason. Upon the termination of Executive's employment hereunder by the Company Without Cause or by Executive for Good Reason, Executive shall be entitled to: (i) the payment of two (2) times Executive's Base Salary for the year in which such termination shall occur; (ii) payment of two (2) times Executive's Annual Bonus for the preceding year, (iii) any unpaid portion of any Annual Bonus for prior calendar years, accrued and unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(a), (b),or (e) and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company; (iv) the portion of the Restricted Stock Grant that is free from restrictions as of the date of termination and the acceleration and immediate release of all restrictions from up to 8,000 shares of the Restricted Stock Grant that are subject to restrictions as of the date of termination and immediate release of all restrictions from a pro-rata portion of the units of restricted stock grants under the Company's Performance Accelerated Restricted Stock Unit Program ("PARSUP") that are subject to restrictions as of the date of termination (for purposes of this clause, the number of PARSUP units that shall vest early shall be an amount equal to the number of unvested PARSUP units on the date of termination multiplied by a fraction, the numerator of which is total number of months (including any fractional month) during which Executive was employed hereunder commencing with February 2003 (up to 60), and the denominator of which is 60); and (v) the vested portion of Executive's Stock Options, and the acceleration and immediate vesting of Executive's unvested Stock Options that were scheduled to vest during the two-year period following the date of Executive's termination. Executive shall have two (2) years from the date of such termination Without Cause or by Executive for Good Reason to exercise all vested Stock Options.

8. CHANGE OF CONTROL.

(a) Definition. A "Change of Control" shall be deemed to have taken place if:

(i) any person or entity, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, other than the Company, a wholly-owned subsidiary thereof, or any employee benefit plan of the Company or any of its subsidiaries becomes the beneficial owner of Company securities having 35% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of the issuance of securities initiated by the Company in the ordinary course of business);

(ii) individuals who, as of the date of this Amendment, were members of the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the members of the Board; provided that any individual who becomes a director after such date whose election or nomination for election by the Company's shareholders was approved by two-thirds of the members of the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened "election contest" relating to the election of the directors of the Company (as such terms are used in Rule 14a-11 under the Securities Exchange Act of 1934), "tender offer" (as such term is used in Section 14(d) of the Securities Exchange Act of 1934) or a proposed transaction described in clause (iii) below) shall be deemed to be members of the Incumbent Board.".

(iii) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the holders of all the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction constitute, following such transaction, less than a majority of the combined voting power of the then-outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transactions; or

(iv) the Company sells all or substantially all of the assets of the Company.

(b) Effect of Change of Control. In the event that within one (1) year following a Change of Control, the Company terminates Executive Without Cause or Executive terminates employment for Good Reason, Executive shall be entitled to: (i) the payment of three (3) times Executive's Base Salary for the year in which such termination shall occur; (ii) the payment of three (3) times Executive's Annual Bonus for the preceding year; (iii) any unpaid portion of any Annual Bonus for prior calendar years, accrued and unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(a), (b),or (e) and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company; (iv) the portion of the Restricted Stock Grant that is free from restrictions as of the date of termination and the acceleration and immediate release of all restrictions from all Restricted Stock Grants that are subject to restrictions as of the date of termination; and (v) the vested portion of Executive's Stock Options and the acceleration and immediate vesting of any unvested portion of Executive's Stock Options. Executive shall have two (2) years from the date of such termination to exercise all vested Stock Options.

9. EXCISE TAX REIMBURSEMENT. In connection with or arising out of a Change in Control of the Company, in the event Executive shall be subject to the tax imposed by Section 4999 of the Code (the "Excise Tax") in respect of any payment or distribution by the Company or any other person or entity to or for Executive's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, or whether prior to or following any termination of Executive other than Termination for Cause or By Executive without Good Reason (a "Payment"), the Company shall pay to Executive an additional amount. The additional amount (the "Gross-Up Payment") shall be equal to the Excise Tax, together with any federal, state and local income tax, employment tax and any other taxes associated with this payment such that Executive incurs no out-of-pocket expenses associated with the Excise Tax. Provided, however, nothing in this Section shall obligate the Company to pay Executive for any federal, state or local income taxes imposed upon Executive by virtue of a Payment. For purposes of determining whether any of the Payments will be subject to the Excise Tax and the amount of such Excise Tax the following will apply:

(a) Determination of Parachute Payments. Any payments or benefits received or to be received by Executive in connection with a Change in Control of the Company or his termination of employment other than by the Company for Cause or by Executive Without Good Reason shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel selected by the Company's independent auditors and acceptable to Executive such other payments or benefits (in whole or in part) do not constitute parachute payments, or such excess parachute payments (in whole or in part) represent reasonable compensation for

services actually rendered within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax; and

(b) Valuation of Benefits and Determination of Tax Rates. The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with proposed, temporary or final regulations under Section 280G(d)(3) and (4) of the Code or, in the absence of such regulations, in accordance with the principles of Section 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of Executive's residence on the date of termination of his employment, net of the applicable reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(c) Repayment of Gross-Up by Executive and Possible Additional Gross-Up by Company. In the event that the amount of Excise Tax attributable to Payments is subsequently determined to be less than the amount taken into account hereunder at the time of termination of Executive's employment, he shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined the portion of the Gross-Up Payment attributable to such reduction (including the portion of the Gross-Up Payment attributable to the Excise Tax, employment tax and federal (and state and local) income tax imposed on the Gross-Up Payment being repaid by Executive if such repayment results in a reduction in Excise Tax and/or a federal (and state and local) income tax deduction) plus interest on the amount of such repayment at the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax attributable to Payments is determined to exceed the amount taken into account hereunder at the time of the termination of Executive's employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional gross-up payment in respect of such excess (plus any interest and/or penalties payable by Executive with respect to such excess) at the time that the amount of such excess is finally determined.

10. EXECUTIVE COVENANTS.

(a) General. Executive and the Company understand and agree that the purpose of the provisions of this Section 10 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to impair or infringe upon Executive's right to work, earn a living, or acquire and possess property from the fruits of his labor. Executive hereby acknowledges that the post-employment restrictions set forth in this Section 10 are reasonable and that they do not, and will not, unduly impair his ability to earn a living after the termination of his employment with the Company. Therefore, subject to the limitations of reasonableness imposed by law upon restrictions set forth herein, Executive shall be subject to the restrictions set forth in this Section 10.

(b) Definitions. The following capitalized terms used in this Section 10 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms: "Confidential Information" means any confidential or proprietary information possessed by the Company without limitation, any confidential "know-how," customer lists, details of client and consultant contracts, current and anticipated customer requirements, pricing policies, price lists, market studies, business plans, operational methods, marketing plans or strategies, product development techniques or plans,

computer software programs (including object code and source code), data and documentation, data base technologies, systems, structures and architectures, inventions and ideas, past, current and planned research and development, compilations, devices, methods, techniques, processes, financial information and data, business acquisition plans, new personnel acquisition plans and any other information that would constitute a trade secret under the common law or statutory law of the State of Tennessee.

"Person" means any individual or any corporation, partnership, joint venture, association or other entity or enterprise.

"Protected Employees" means employees of the Company or its affiliated companies who are employed by the Company or its affiliated companies at any time within six (6) months prior to the date of termination of Executive for any reason whatsoever or any earlier date (during the Restricted Period) of an alleged breach of the Restrictive Covenants by Executive.

"Restricted Period" means the period of Executive's employment by the Company plus a period extending two (2) years from the date of termination of employment; provided, however, the Restricted Period shall be extended for a period equal to the time during which Executive is in breach of his obligations to the Company under this Section 10.

"Restrictive Covenants" means the restrictive covenants contained in Section 10(c) hereof:

(c) Restrictive Covenants.

(i) Restriction on Disclosure and Use of Confidential Information. Executive understands and agrees that the Confidential Information constitutes a valuable asset of the Company and its affiliated entities, and may not be converted to Executive's own use or converted by Executive for the use of any other Person. Accordingly, Executive hereby agrees that Executive shall not, directly or indirectly, at any time during the Restricted Period or thereafter, reveal, divulge or disclose to any Person not expressly authorized by the Company any Confidential Information, and Executive shall not, at any time during the Restricted Period or thereafter, directly or indirectly, use or make use of any Confidential Information in connection with any business activity other than that of the Company. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Company's rights or Executive's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices,

(ii) Non-solicitation of Protected Employees. Executive understands and agrees that the relationship between the Company and each of its Protected Employees constitutes a valuable asset of the Company and may not be converted to Executive's own use or converted by Executive for the use of any other Person. Accordingly, Executive hereby agrees that during the Restricted Period Executive shall not directly or indirectly on Executive's own behalf or on behalf of any Person solicit any Protected Employee to terminate his or her employment with the Company.

(iii) Non-interference with Company Opportunities. Executive understands and agrees that all business opportunities with which he is involved

during his employment with the Company constitute valuable assets of the Company and its affiliated entities, and may not be converted to Executive's own use or converted by Executive for the use of any other Person. Accordingly, Executive hereby agrees that during the Restricted Period or thereafter, Executive shall not directly or indirectly on Executive's own behalf or on behalf of any Person, interfere with, solicit, pursue, or in any way make use of any such business opportunities.

(d) Exceptions from Disclosure Restrictions. Anything herein to the contrary notwithstanding, Executive shall not be restricted from disclosing or using Confidential Information that: (i) is or becomes generally available to the public other than as a result of an unauthorized disclosure by Executive or his agent; (ii) becomes available to Executive in a manner that is not in contravention of applicable law from a source (other than the Company or its affiliated entities or one of its or their officers, employees, agents or representatives) that is not known by Executive, after reasonable investigation, to be bound by a confidential relationship with the Company or its affiliated entities or by a confidentiality or other similar agreement; or (iii) is required to be disclosed by law, court order or other legal process; provided, however, that in the event disclosure is required by law, court order or legal process, Executive shall provide the Company with prompt notice of such requirement so that the Company may seek an appropriate protective order prior to any such required disclosure by Executive.

(e) Enforcement of the Restrictive Covenants.

(i) Rights and Remedies upon Breach. In the event Executive breaches, or threatens to commit a breach of, any of the provisions of the Restrictive Covenants, the Company shall have the right and remedy to enjoin, preliminarily and permanently, Executive from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Company and that money damages would not provide an adequate remedy to the Company. The rights referred to herein shall be independent of any others and severally enforceable, and shall be in addition to, and not in lieu of, any other rights and remedies available to the Company at law or in equity.

(ii) Severability of Covenant. Executive acknowledges and agrees that the Restrictive Covenants are reasonable and valid in all respects. If any court determines that any Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions.

11. COOPERATION IN FUTURE MATTERS. Executive hereby agrees that, for a period of three (3) years following the date of his termination, he shall cooperate with the Company's reasonable requests relating to matters that pertain to Executive's employment by the Company, including, without limitation, providing information of limited consultation as to such matters, participating in legal proceedings, investigations or audits on behalf of the Company, or otherwise making himself reasonably available to the Company for other related purposes. Any such cooperation shall be performed at times scheduled taking into consideration Executive's other commitments, and Executive shall be compensated (except for cooperation in connection with legal proceedings) at a reasonable hourly or per diem rate to be agreed by the parties to the extent such cooperation is required on more than an occasional and limited basis. Executive shall also be reimbursed for all reasonable out of pocket expenses. Executive shall not be required to perform such cooperation to the extent it conflicts with any requirements of exclusivity of service for another employer or otherwise, nor in any manner that in the good faith belief of Executive would conflict with his rights under or ability to enforce this Agreement.

12. INDEMNIFICATION. The Company shall indemnify Executive and hold him harmless from and against any and all costs, expenses, losses, claims, damages, obligations or liabilities (including actual attorneys fees and expenses) arising out of any acts or failures to act by the Company, its directors, employees or agents that occurred prior to the Effective Date, or arising out of or relating to any acts, or omissions to act, made by Executive on behalf of or in the course of performing services for the Company to the fullest extent permitted by the Bylaws of the Company, or, if greater, as permitted by applicable law, as the same shall be in effect from time to time. If any claim, action, suit or proceeding is brought, or any claim relating thereto is made, against Executive with respect to which indemnity may be sought against the Company pursuant to this Section, Executive shall notify the Company in writing thereof, and the Company shall have the right to participate in, and to the extent that it shall wish, in its discretion, assume and control the defense thereof, with counsel satisfactory to Executive.

13. EXECUTIVE'S REPRESENTATIONS AND WARRANTIES. Executive represents and warrants that he is free to enter into this Agreement and, as of the Effective Date, that he is not subject to any conflicting obligation or any disability which shall prevent or hinder Executive's execution of this Agreement or the performance of his obligations hereunder; that no lawsuits or claims are pending or, to Executive's knowledge, threatened against Executive; and that he has never been subject to bankruptcy, insolvency, or similar proceedings, has never been convicted of a felony or a crime involving moral turpitude, and has never been subject to an investigation or proceeding by or before the Securities and Exchange Commission or any state securities commission. The Company shall have the authority to conduct an independent investigation into the background of Executive and Executive agrees to fully cooperate in any such investigation. The Company shall notify Executive if it intends to conduct such an investigation.

14. NOTICES. Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or mailed by first class registered mail, return receipt requested, or by commercial courier or delivery service, or by facsimile or electronic mail, addressed to the parties at the addresses set forth below (or at such other address as any party may specify by notice to all other parties given as aforesaid):

(a) if to the Company, to:

Gaylord Entertainment Company
One Gaylord Drive
Nashville, Tennessee 37214
Attention: President
Facsimile Number: (615) 316-6010

(b) if to Executive, to:

David C. Kloeppel
c/o Gaylord Entertainment Company
One Gaylord Drive
Nashville, TN 37214

and/or to such other persons and addresses as any party shall have specified in writing to the other by notice as aforesaid.

15. MISCELLANEOUS.

(a) Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supercedes and replaces in its entirety Executive's September 4, 2001 employment agreement with the Company. This Agreement may not be modified, amended, or terminated except by a written agreement signed by all of the parties hereto. Nothing contained in this Agreement shall be construed to impose any obligation on the Company to renew this Agreement and neither the continuation of employment nor any other conduct shall be deemed to imply a continuing obligation upon the expiration of this Agreement.

(b) Assignment; Binding Effect. This Agreement shall not be assignable by Executive, but it shall be binding upon, and shall inure to the benefit of, his heirs, executors, administrators, and legal representatives. This Agreement shall be binding upon the Company and inure to the benefit of the Company and its respective successors and permitted assigns. This Agreement may only be assigned by the Company to an entity controlling, controlled by, or under common control with the Company; provided, however, that no such assignment shall relieve the Company of any of its obligations hereunder.

(c) Waiver. No waiver of any breach or default hereunder shall be considered valid unless in writing, and no such waiver shall be deemed a waiver of any subsequent breach or default of the same or similar nature.

(d) Enforceability. Subject to the terms of Section 12(e) hereof, if any provision of this Agreement shall be held invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable any other severable provision of this Agreement, and this Agreement shall be carried out as if any such invalid or unenforceable provision were not contained herein, unless the invalidity or unenforceability of such provision substantially impairs the benefits of the remaining portions of this Agreement.

(e) Headings. The section headings contained herein are for the purposes of convenience only and are not intended to define or limit the contents of the sections.

(f) Counterparts. This Agreement may be executed in two or more counterparts, all of which taken together shall be deemed one original.

(g) Confidentiality of Agreement. The parties agree that the terms of this Agreement as they relate to compensation, benefits, and termination shall, unless otherwise required by law (including, in the Company's reasonable judgment, as required by federal and state securities laws), be kept confidential; provided, however, that any party hereto shall be permitted to disclose this Agreement or the terms hereof with any of its legal, accounting, or financial advisors provided that such party ensures that the recipient shall comply with the provisions of this Section 17(g).

(h) Governing Law. This Agreement shall be deemed to be a contract under the laws of the State of Tennessee and for all purposes shall be construed and enforced in accordance with the internal laws of said state.

(i) No Third Party Beneficiary. This Agreement shall not confer any rights or remedies upon any person or entity other than the parties hereto and their respective successors and permitted assigns.

(j) Arbitration. Any controversy or claim between or among the parties hereto, including but not limited to those arising out of or relating to this Agreement or any related agreements or instruments, including any claim based on or arising from an alleged tort, shall be determined by binding arbitration in accordance with the Federal Arbitration Act (or if not applicable, the law of the state of Tennessee), the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date hereof, and the provisions set forth below. In the event of any inconsistency, the provisions herein shall control. Judgment upon any arbitration award may be entered in any court having jurisdiction. Any party to the Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any controversy or claim to which this Agreement applies in any court having jurisdiction over such action; provided, however, that all arbitration proceedings shall take place in Nashville, Tennessee. The arbitration body shall set forth its findings of fact and conclusions of law with citations to the evidence presented and the applicable law, and shall render an award based thereon. In making its determinations and award(s), the arbitration body shall base its award on applicable law and precedent, and shall not entertain arguments regarding punitive damages, nor shall the arbitration body award punitive damages to any person. Each party shall bear its own costs and expenses.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Colin V. Reed

Colin V. Reed
President and Chief Executive Officer

EXECUTIVE:

/s/ David C. Kloeppel

David C. Kloeppel

EXHIBIT 31.1

CERTIFICATIONS

I, Colin V. Reed, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaylord Entertainment Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ Colin V. Reed
- ---------------------
Name: Colin V. Reed
Title: Chairman of the Board of Directors,
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, David C. Kloeppel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gaylord Entertainment Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ David C. Kloeppel
- ------------------------------------
Name: David C. Kloeppel
Title: Executive Vice President
and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Gaylord Entertainment Company (the "Company") on Form 10-Q for the quarter ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of thE Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Colin V. Reed

Colin V. Reed
Chairman of the Board of Directors,
President and Chief Executive Officer
August 5, 2005

By: /s/ David C. Kloeppel

David C. Kloeppel
Executive Vice President and Chief
Financial Officer
August 5, 2005

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.