

GAYLORD ENTERTAINMENT CO /DE

Form 10-Q

May 09, 2006

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**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 March 31, 2006

or

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

Commission file number 1-13079

GAYLORD ENTERTAINMENT COMPANY

(Exact name of registrant as specified in its charter)

Delaware

73-0664379

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

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

(615) 316-6000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

Class
Common Stock, \$.01 par value

Outstanding as of April 30, 2006
40,624,881 shares

GAYLORD ENTERTAINMENT COMPANY
FORM 10-Q
For the Quarter Ended March 31, 2006
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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****For the Three Months Ended March 31, 2006 and 2005****(Unaudited)****(In thousands, except per share data)**

	2006	2005
Revenues	\$ 242,155	\$ 214,013
Operating expenses:		
Operating costs	152,227	136,106
Selling, general and administrative	45,866	45,140
Preopening costs	1,062	943
Depreciation	18,617	18,208
Amortization	2,685	2,729
Operating income	21,698	10,887
Interest expense, net of amounts capitalized	(17,830)	(18,091)
Interest income	707	579
Unrealized loss on Viacom stock and CBS stock	(13,235)	(17,163)
Unrealized gain on derivatives	15,392	5,637
Income from unconsolidated companies	2,756	1,472
Other gains and (losses), net	6,090	2,450
Income (loss) before provision (benefit) for income taxes	15,578	(14,229)
Provision (benefit) for income taxes	4,208	(5,183)
Income (loss) from continuing operations	11,370	(9,046)
Gain from discontinued operations, net of income taxes	1,789	189
Net income (loss)	\$ 13,159	\$ (8,857)
<u>Basic income (loss) per share:</u>		
Income (loss) from continuing operations	\$ 0.28	\$ (0.23)
Gain from discontinued operations, net of income taxes	0.05	0.01
Net income (loss)	\$ 0.33	\$ (0.22)

Fully diluted income (loss) per share:

Income (loss) from continuing operations	\$ 0.27	\$ (0.23)
Gain from discontinued operations, net of income taxes	0.05	0.01
Net income (loss)	\$ 0.32	\$ (0.22)

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
March 31, 2006 and December 31, 2005
(Unaudited)
(In thousands)

	March 31,	December
	2006	31,
		2005
ASSETS		
Current assets:		
Cash and cash equivalents unrestricted	\$ 36,975	\$ 59,797
Cash and cash equivalents restricted	30,414	23,651
Short term investments		
Trade receivables, less allowance of \$1,272 and \$2,471, respectively	61,115	37,168
Deferred financing costs	26,865	26,865
Deferred income taxes	8,562	8,861
Other current assets	35,070	29,298
Current assets of discontinued operations	1,239	2,649
 Total current assets	 200,240	 188,289
 Property and equipment, net of accumulated depreciation	 1,438,827	 1,404,419
Intangible assets, net of accumulated amortization	26,520	27,828
Goodwill	174,442	178,088
Indefinite lived intangible assets	40,315	40,315
Investments	419,117	429,295
Estimated fair value of derivative assets	236,464	220,430
Long-term deferred financing costs	21,751	29,144
Other long-term assets	16,586	14,136
Long-term assets of discontinued operations	436	646
 Total assets	 \$ 2,574,698	 \$ 2,532,590
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 1,819	\$ 1,825
Accounts payable and accrued liabilities	203,455	190,692
Current liabilities of discontinued operations	1,551	3,650
 Total current liabilities	 206,825	 196,167
 Secured forward exchange contract	 613,054	 613,054
Long-term debt and capital lease obligations, net of current portion	605,358	598,475
Deferred income taxes	179,749	177,652
Estimated fair value of derivative liabilities	4,500	1,994

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Other long-term liabilities	91,975	96,564
Long-term liabilities of discontinued operations	108	117
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, 40,605 and 40,307 shares issued and outstanding, respectively	406	403
Additional paid-in capital	680,555	670,828
Retained earnings	211,479	198,320
Unearned compensation		(1,673)
Accumulated other comprehensive loss	(19,311)	(19,311)
Total stockholders' equity	873,129	848,567
Total liabilities and stockholders' equity	\$ 2,574,698	\$ 2,532,590

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 CASH FLOWS
For the Three Months Ended March 31, 2006 and 2005
(Unaudited)
(In thousands)

	2006	2005
Cash Flows from Operating Activities:		
Net income (loss)	\$ 13,159	\$ (8,857)
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:		
Gain from discontinued operations, net of taxes	(1,789)	(189)
Income from unconsolidated companies	(2,756)	(1,472)
Unrealized (gain) loss on Viacom stock and CBS stock and related derivatives	(2,157)	11,526
Provision (benefit) for deferred income taxes	4,208	(5,152)
Depreciation and amortization	21,302	20,937
Amortization of deferred financing costs	7,393	7,163
Stock-based compensation expense	1,667	1,009
Excess tax benefit from stock-based compensation	(1,890)	
Loss (gain) on sales of assets	128	(1,607)
Dividends received from investment in RHAC Holdings, LLC	172	
Changes in (net of acquisitions and divestitures):		
Trade receivables	(23,947)	(20,474)
Accounts payable and accrued liabilities	11,732	18,270
Other assets and liabilities	(3,175)	669
Net cash flows provided by operating activities continuing operations	24,047	21,823
Net cash flows (used in) provided by operating activities discontinued operations	(1,534)	532
Net cash flows provided by operating activities	22,513	22,355
Cash Flows from Investing Activities:		
Purchases of property and equipment	(53,517)	(33,864)
Acquisition of businesses, net of cash acquired		(20,852)
Investment in RHAC Holdings, LLC	(473)	
Proceeds from sales of assets	310	2,938
Purchases of short-term investments		(10,000)
Proceeds from sale of short term investments		20,000
Other investing activities	(4,039)	(987)
Net cash flows used in investing activities continuing operations	(57,719)	(42,765)
Net cash flows used in investing activities discontinued operations	(816)	(105)
Net cash flows used in investing activities	(58,535)	(42,870)
Cash Flows from Financing Activities:		
Borrowings under credit facility	10,000	

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Deferred financing costs paid		(8,282)
(Increase) decrease in restricted cash and cash equivalents	(6,763)	5,213
Proceeds from exercise of stock option and purchase plans	7,231	4,716
Excess tax benefit from stock-based compensation	1,890	
Other financing activities, net	(458)	(366)
Net cash flows provided by financing activities continuing operations	11,900	1,281
Net cash flows provided by (used in) financing activities discontinued operations	1,300	(431)
Net cash flows provided by financing activities	13,200	850
Net change in cash and cash equivalents	(22,822)	(19,665)
Cash and cash equivalents unrestricted, beginning of period	59,797	43,498
Cash and cash equivalents unrestricted, end of period	\$ 36,975	\$ 23,833

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

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**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, 2005 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. Certain amounts in the prior period financial statements have been reclassified to conform to the 2006 financial statement presentation.

2. INCOME (LOSS) PER SHARE:

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

(in thousands)	Three Months Ended March	
	2006	2005
Weighted average shares outstanding	40,311	39,983
Effect of dilutive stock options	1,084	
Weighted average shares outstanding assuming dilution	41,395	39,983

For the three months ended March 31, 2005, the effect of dilutive stock options was the equivalent of approximately 1,050,000 shares of common stock outstanding, respectively. Because the Company had a loss from continuing operations in the three months ended March 31, 2005, these incremental shares were excluded from the computation of diluted earnings per share for that period as the effect of their inclusion would have been anti-dilutive.

Table of Contents**3. COMPREHENSIVE INCOME (LOSS):**

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

(in thousands)	Three Months Ended March 31,	
	2006	2005
Net income (loss)	\$ 13,159	\$ (8,857)
Unrealized gain on interest rate hedges		37
Foreign currency translation		(29)
Comprehensive income (loss)	\$ 13,159	\$ (8,849)

4. 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, *Accounting for the Impairment or Disposal of Long-Lived Assets* and Accounting Principles Board (APB) Opinion No. 30, *Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, and Unusual and Infrequently Occurring Events and Transactions*. The results of operations, net of taxes, and the carrying value of the 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.

ResortQuest Discontinued Markets

During the third quarter of 2005, the Company committed to a plan of disposal of certain markets of its ResortQuest business that were considered to be inconsistent with the Company's long term growth strategy. In connection with this plan of disposal, the Company recorded pre-tax restructuring charges of \$0.1 million during the three months ended March 31, 2006 for employee severance benefits related to the discontinued markets.

The Company completed the sale of four of these markets in the fourth quarter of 2005 and two more of these markets in the first quarter of 2006. In exchange for the assets associated with the two markets sold in the first quarter of 2006, the buyers of these markets assumed \$0.9 million in liabilities associated with the markets and the Company paid the buyers \$0.7 million in cash. The Company recognized a pretax loss of \$0.3 million during the first quarter of 2006 related to these two sales, which is recorded in income from discontinued operations in the condensed consolidated statement of operations. The Company completed the sale of the remaining two markets in the second quarter of 2006.

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The following table reflects the results of operations of businesses accounted for as discontinued operations for the three months ended March 31, 2006 and 2005:

(in thousands)	Three Months Ended March 31,	
	2006	2005
Revenues:		
ResortQuest Discontinued Markets	\$ 1,347	\$ 5,297
Operating (loss) income:		
ResortQuest Discontinued Markets	\$ (240)	\$ 292
Restructuring charges	(69)	
Total operating (loss) income	(309)	292
Interest income	5	6
Other gains and (losses):		
ResortQuest Discontinued Markets	(222)	
International Cable Networks	(19)	
(Loss) income before (benefit) provision for income taxes	(545)	298
(Benefit) provision for income taxes	(2,334)	109
Gain from discontinued operations	\$ 1,789	\$ 189

Included in other gains and (losses) in the three months ended March 31, 2006 is a pre-tax loss of \$0.3 million on the sale of certain ResortQuest Discontinued Markets. The remaining gains and (losses) in the three months ended March 31, 2006 are primarily comprised of gains and losses on the sale of fixed assets and other assets. The benefit for income taxes for the three months ended March 31, 2006 primarily results from the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest.

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

(in thousands)	March 31, 2006	December 31, 2005
Current assets:		
Cash and cash equivalents unrestricted	\$ 612	\$ 298
Cash and cash equivalents restricted	227	1,527
Trade receivables, net	351	630
Prepaid expenses	32	74
Other current assets	17	120
Total current assets	1,239	2,649
Property and equipment, net of accumulated depreciation	428	565
Intangible assets, net of accumulated amortization	7	79
Other long-term assets	1	2
Total long-term assets	436	646
Total assets	\$ 1,675	\$ 3,295
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,551	\$ 3,650
Total current liabilities	1,551	3,650
Other long-term liabilities	108	117
Total long-term liabilities	108	117
Total liabilities	\$ 1,659	\$ 3,767

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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. As of March 31, 2006 and December 31, 2005, goodwill related to the Whistler acquisition totaled \$3.3 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. As of March 31, 2006 and December 31, 2005, goodwill related to the East West Resorts acquisition totaled \$11.7 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 the Company s common stock for each outstanding share of ResortQuest common stock, and the ResortQuest option holders received 0.275 options to purchase the Company s 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 of the Company common share for each ResortQuest common share), the Company issued 5,318,363 shares of the Company s 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 the Company s common stock. Based on the average market price of the Company s 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.

During 1998, ResortQuest recorded a note receivable of \$4.0 million as a result of cash advances made to a primary stockholder (Debtor) of the predecessor company who is no longer an affiliate of ResortQuest. The note was collateralized by a third mortgage on residential real estate owned by the Debtor. Due to the failure to make interest payments, the note receivable was in default. The Company accelerated the note and demanded payment in full. The Company also contracted an independent external third party to appraise the property by which the note was secured, confirm the outstanding senior claims on the property and assess the associated credit risk. Based on this assessment, the

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Company assigned no value to the note receivable in the purchase price allocation associated with the ResortQuest acquisition. On January 23, 2006, the bankruptcy court approved a plan to restructure the note receivable, and the Company received \$5.7 million in cash and a secured administrative claim of \$0.5 million in full settlement of the note receivable, accrued interest, and other related amounts due to the Company. Because the Company assigned no value to this note receivable as part of the ResortQuest purchase price allocation, the collection of this note receivable resulted in the Company recording a gain of \$5.4 million in other gains and losses in the accompanying condensed consolidated statement of operations for the three months ended March 31, 2006.

As of March 31, 2006 and December 31, 2005, goodwill related to the ResortQuest acquisition in continuing operations totaled \$152.5 million and \$156.1 million, respectively. During the three months ended March 31, 2006, the Company made adjustments to deferred taxes associated with the ResortQuest acquisition as a result of the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest. These adjustments resulted in a net decrease in goodwill of \$3.6 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 three months ended March 31, 2006 (amounts in thousands):

Balance at December 31, 2005	Charges and Adjustments	Payments	Balance at March 31, 2006
\$242	\$	\$242	\$

The Company has accounted for these acquisitions under the purchase method of accounting. Under the purchase method of accounting, the total purchase prices of each acquisition was allocated to the net tangible and identifiable intangible assets based upon their estimated fair value as of the date of completion of each of the acquisitions. The Company determined these fair values with the assistance of a third party valuation expert. The excesses of the purchase prices over the fair values of the net tangible and identifiable intangible assets were 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 allocations of the purchase prices are subject to adjustments for a period not to exceed one year from the consummation date (the allocation period of each acquisition) 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.

6. DEBT:**8% Senior Notes**

On November 12, 2003, the Company completed its offering of \$350 million in aggregate principal amount of senior notes due 2013 (the 8% Senior Notes) in an institutional private placement. The Company filed an exchange offer registration statement on Form S-4 with the Securities and Exchange

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Commission (the SEC) with respect to the 8% Senior Notes and subsequently 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 by the Company, 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. 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 a senior secured credit facility secured by the Company's Florida and Texas hotel properties, as well as the remaining \$66 million of a mezzanine loan secured by the equity interest in a wholly-owned subsidiary that owned Gaylord Opryland 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 (the 6.75% Senior Notes) in an institutional private placement. 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 subsequently exchanged the existing senior notes for publicly registered senior notes with the same terms after the registration statement was declared effective in May 2005. 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 by the Company, 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

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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. 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 a senior loan that was secured by a first mortgage lien on the assets of Gaylord Opryland 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.

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 a \$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:

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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 (other than any such investment in any subsidiary of the Company in existence as of March 10, 2005) may not exceed an amount equal to ten percent (10.0%) of the Company's consolidated total assets.

As of March 31, 2006, the Company was in compliance with all covenants. As of March 31, 2006, \$30.0 million in borrowings were outstanding under the \$600.0 million credit facility, and the lending banks had issued \$15.6 million of letters of credit under the credit facility for the Company. The credit facility is cross-defaulted to the Company's other indebtedness.

7. 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. Effective January 3, 2006, Viacom Inc. completed a transaction to separate Viacom Inc. into two publicly traded companies named Viacom Inc. and CBS Corporation by converting (i) each outstanding share of Viacom Class A common stock into 0.5 shares of Viacom Inc. Class A common stock and 0.5 shares of CBS Corporation Class A common stock and (ii) each outstanding share of Viacom Class B common stock into 0.5 shares of Viacom Inc. Class B common stock and 0.5 shares of CBS Corporation Class B common stock. As a result of this transaction, the Company exchanged its 10,937,900 shares of Viacom Class B common stock for 5,468,950 shares of Viacom, Inc. Class B common stock (Viacom Stock) and 5,468,950 shares of CBS Corporation Class B common stock (CBS Stock) effective January 3, 2006.

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 combined fair market value of the Viacom Stock and CBS Stock while providing for participation in increases in the combined 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

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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 March 31, 2006 and December 31, 2005 and long-term assets of \$3.9 million and \$10.5 million as of March 31, 2006 and December 31, 2005, 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 \$6.6 million for the three months ended March 31, 2006 and 2005. The Company utilized \$394.1 million of the net proceeds from the SFEC to repay all outstanding indebtedness under a 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 and CBS 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 and CBS Stock. The SFEC protects the Company against decreases in the combined fair market value of the Viacom Stock and CBS Stock below \$56.05 per share by way of a put option; the SFEC also provides for participation in the increases in the combined fair market value of the Viacom Stock and CBS 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 March 31, 2006.

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 8.

8. 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 and CBS 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 ended March 31, 2006 and 2005, the Company recorded net pretax gains in the Company's condensed consolidated statements of operations of \$15.4 million and \$5.6 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 fair value hedge and therefore, no impact on earnings. As of March 31, 2006, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was (\$4.5)

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million. The Company has recorded a derivative liability and an offsetting decrease in the balance of the 8% Senior Notes accordingly. As of December 31, 2005, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was (\$1.8) million. The Company recorded a derivative liability and an offsetting reduction in the balance of the 8% Senior Notes accordingly.

9. SUPPLEMENTAL CASH FLOW DISCLOSURES:

Cash paid for interest related to continuing operations for the three months ended March 31, 2006 and 2005 was comprised of:

(in thousands)	Three Months Ended March 31,	
	2006	2005
Debt interest paid	\$ 1,268	\$ 250
Deferred financing costs paid		8,282
Capitalized interest to the extent debt interest paid	(1,268)	(355)
Cash interest paid, net of capitalized interest	\$	\$ 8,177

Total capitalized interest for the three months ended March 31, 2006 was \$1.6 million. Income taxes (paid) received were (\$1.2) million and \$0.4 million for the three months ended March 31, 2006 and 2005, respectively.

Certain transactions have been reflected as non-cash activities in the accompanying condensed consolidated statement of cash flows for the three months ended March 31, 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 14, 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.

Table of Contents**10. GOODWILL AND INTANGIBLES:**

The changes in the carrying amounts of goodwill by business segment for the three months ended March 31, 2006 are as follows (amounts in thousands):

	Balance as of December 31, 2005	Impairment Losses	Acquisitions	Purchase Accounting Adjustments	Balance as of March 31, 2006
Hospitality	\$	\$	\$	\$	\$
Opry and Attractions	6,915				6,915
ResortQuest	171,173			(3,646)	167,527
Corporate and Other					
Total	\$ 178,088	\$	\$	\$ (3,646)	\$ 174,442

During the three months ended March 31, 2006, the Company made adjustments to deferred taxes associated with the ResortQuest acquisition as a result of the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest. These adjustments resulted in a net decrease in goodwill of \$3.6 million.

The carrying amount of indefinite-lived intangible assets not subject to amortization was \$40.3 million at March 31, 2006 and December 31, 2005. The gross carrying amount of amortized intangible assets in continuing operations was \$37.9 million at March 31, 2006 and December 31, 2005. The related accumulated amortization of amortized intangible assets in continuing operations was \$11.4 million and \$10.1 million at March 31, 2006 and December 31, 2005, respectively. The amortization expense related to intangible assets from continuing operations during the three months ended March 31, 2006 and 2005 was \$1.3 million and \$1.4 million, respectively. The estimated amounts of amortization expense for the next five years are as follows (in thousands):

Year 1	\$ 4,877
Year 2	4,822
Year 3	4,822
Year 4	4,774
Year 5	3,787
Total	\$ 23,082

11. STOCK PLANS:

At March 31, 2006, the Company has one stock-based employee compensation plan, which is described more fully below. Prior to January 1, 2006, the Company accounted for stock options granted under this plan under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. No stock-based employee compensation cost was recognized in the accompanying condensed consolidated statement of operations related to stock options granted under this plan for the three months-ended March 31, 2005, as all options granted under this plan had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, the Company adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Under that transition method, compensation cost recognized in the three months-ended March 31, 2006 includes: (a) compensation cost

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for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of Statement 123, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of Statement 123(R). Results for prior periods have not been restated.

As a result of adopting Statement 123(R) on January 1, 2006, the Company's income before provision for income taxes and net income for the three months ended March 31, 2006, are \$1.6 million and \$1.2 million lower, respectively, than if it had continued to account for share-based compensation under APB Opinion 25. Basic and diluted earnings per share for the three months ended March 31, 2006 would have been \$0.36 and \$0.35, respectively, if the Company had not adopted Statement 123(R), compared to reported basic and diluted earnings per share of \$0.33 and \$0.32, respectively.

Prior to the adoption of Statement 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the condensed consolidated statement of cash flows. Statement 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows. The \$1.9 million excess tax benefit classified as a financing cash inflow in the accompanying condensed consolidated statement of cash flows for the three months ended March 31, 2006 would have been classified as an operating cash inflow if the company had not adopted Statement 123(R).

The following table illustrates the effect on net income (loss) and income (loss) per share if the Company had applied the fair value recognition provisions of Statement 123 to options granted under the Company's stock-based employee compensation plan in all periods presented. For purposes of this pro forma disclosure, the value of the options is estimated using a Black-Scholes-Merton option-pricing formula and amortized to expense over the options' vesting periods.

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(in thousands, except per share data)	Three Months Ended March 31,	
	2006	2005
Net Income (Loss):		
As reported	\$ 13,159	\$ (8,857)
Add: Stock option employee compensation expense included in reported net income (loss), net of related tax effects	1,169	
Deduct: Total stock option employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,169)	(1,183)
Pro forma	\$ 13,159	\$ (10,040)
Net income (loss) per share:		
As reported	\$ 0.33	\$ (0.22)
Pro forma	\$ 0.33	\$ (0.25)
Net income (loss) per share assuming dilution:		
As reported	\$ 0.32	\$ (0.22)
Pro forma	\$ 0.32	\$ (0.25)

The compensation cost that has been charged against pre-tax income for all of the Company's stock-based compensation plans was \$1.7 million and \$1.0 million for the three months ended March 31, 2006 and 2005, respectively. The total income tax benefit recognized in the accompanying condensed consolidated statement of operations for all of the Company's stock-based employee compensation plans was \$0.5 million and \$0.4 million for the three months ended March 31, 2006 and 2005, respectively.

Stock Option and Restricted Stock Plan

The Company's 1997 Omnibus Stock Option and Incentive Plan (the "1997 Plan"), which is shareholder-approved, permits the grant of stock options, restricted stock, and restricted stock units to its employees for up to 7,450,000 shares of common stock. The 1997 Plan also provides that no more than 1,000,000 of those shares may be granted for restricted stock and restricted stock units. The Company believes that such awards better align the interests of its employees with those of its shareholders. Stock option awards are generally granted with an exercise price equal to the market price of the Company's stock 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 after one year from the date of grant, while options granted to employees are exercisable one to four years from the date of grant.

The Company records compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option's vesting period. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing formula that uses the assumptions noted in the following table. Because the Black-Scholes-Merton option pricing formula incorporates ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted is

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derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	Three Months Ended March 31,	
	2006	2005
Expected volatility	25.5% - 25.7%	34.7% - 34.9%
Weighted-average expected volatility	25.5%	34.8%
Expected dividends		
Expected term (in years)	4.1	5.0
Risk-free rate	4.3% - 4.5%	4.0% - 4.2%

A summary of stock option activity under the 1997 Plan as of March 31, 2006, and changes during the three months then ended is presented below:

Stock Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2006	3,757,855	\$ 28.17		
Granted	521,790	44.31		
Exercised	(293,076)	24.61		
Forfeited	(29,378)	33.56		
Cancelled	(2,014)	23.62		
Outstanding at March 31, 2006	3,955,177	30.53	6.4	\$ 118,008,552
Exercisable at March 31, 2006	2,522,237	26.83	5.2	\$ 64,649,882

The weighted-average grant-date fair value of options granted during the three months-ended March 31, 2006 and 2005 was \$12.34 and \$15.07, respectively. The total intrinsic value of options exercised during the three months ended March 31, 2006 and 2005 was \$5.9 million and \$3.0 million, respectively.

The 1997 Plan also provides for the award of restricted stock and restricted stock units (Restricted Stock Awards). Restricted Stock Awards granted to employees are exercisable one to four years from the date of grant. The fair value of Restricted Stock Awards is determined based on the market price of the Company's stock at the date of grant. The Company records compensation expense equal to the fair value of each Restricted Stock Award granted over the vesting period. The weighted-average grant-date fair value of Restricted Stock Awards granted during the three months ended March 31, 2006 was \$44.30. No Restricted Stock Awards were granted during the three months ended March 31, 2005. A summary of the status of the Company's Restricted Stock Awards as of March 31, 2006 and changes during the three months ended March 31, 2006, is presented below:

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Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value
Nonvested shares at January 1, 2006	74,035	\$ 33.78
Granted	34,000	44.30
Vested	(3,000)	21.45
Forfeited	(2,835)	31.13
Nonvested shares at March 31, 2006	102,200	37.72

The grant date fair value of all Restricted Stock Awards that vested during the three months ended March 31, 2006 was \$0.1 million.

As of March 31, 2006, there was \$17.8 million of total unrecognized compensation cost related to stock options, restricted stock and restricted stock units granted under the 1997 Plan. That cost is expected to be recognized over a weighted-average period of 1.8 years.

Under its Performance Accelerated Restricted Stock Unit Program (PARSUP) pursuant to the 1997 Plan, the Company may also grant selected executives and other key employees restricted stock units whose vesting occurs upon the earlier of February 2008 or the achievement of various company-wide performance goals.

The fair value of PARSUP awards are determined based on the market price of the Company's stock at the date of grant. The Company records compensation expense equal to the fair value of each PARSUP award granted on a straight line basis over a period beginning on the grant date and ending February 2008. The weighted-average grant-date fair value of PARSUP awards granted during the three months ended March 31, 2006 was \$44.30. No PARSUP awards were granted during the three months ended March 31, 2005. A summary of the status of the Company's PARSUP awards as of March 31, 2006 and changes during the three months ended March 31, 2006, is presented below:

PARSUP Awards	Shares	Weighted Average Grant-Date Fair Value
Nonvested awards at January 1, 2006	583,500	\$ 22.22
Granted	17,500	44.30
Vested		
Forfeited	(70,000)	23.00
Nonvested awards at March 31, 2006	531,000	22.74

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As of March 31, 2006, there was \$5.3 million of total unrecognized compensation cost related to PARSUP awards granted under the 1997 Plan. That cost is expected to be recognized over a weighted-average period of 1.8 years. Cash received from option exercise under all stock-based employee compensation arrangements for the three months ended March 31, 2006 and 2005 was \$7.2 million and \$4.7 million, respectively. The actual tax benefit realized for the tax deductions from option exercise of the stock-based employee compensation arrangements totaled \$2.2 million and \$1.0 million for the three months ended March 31, 2006 and 2005, respectively.

The Company also 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. Participants in the plan purchase these shares at a price equal to 95% of the closing price at the end of each quarterly stock purchase period. The Company issued 3,084 and 2,605 shares of common stock at an average price per share of \$43.11 and \$38.38 pursuant to this plan during the three months ended March 31, 2006 and 2005, respectively.

On May 4, 2006, the Company's stockholders approved a new Omnibus Equity Incentive Plan with 2,690,000 shares available for grant (only 1,350,000 of these shares may be granted in the form of restricted stock or units). No new grants will be made under the 1997 Plan.

12. RETIREMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:

Net periodic pension expense reflected in the accompanying condensed consolidated statements of operations included the following components for the three months ended March 31 (in thousands):

	Three months ended March 31,	
	2006	2005
Service cost	\$ 47	\$ 109
Interest cost	1,215	1,201
Expected return on plan assets	(1,058)	(960)
Amortization of net actuarial loss	748	648
Amortization of prior service cost	1	1
Total net periodic pension expense	\$ 953	\$ 999

Net postretirement benefit expense reflected in the accompanying condensed consolidated statements of operations included the following components for the three months ended March 31 (in thousands):

	Three months ended March 31,	
	2006	2005
Service cost	\$ 48	\$ 52
Interest cost	258	198
Amortization of net actuarial gain		(125)
Amortization of net prior service cost	(245)	(250)
Amortization of curtailment gain	(61)	(61)
Total net postretirement benefit expense	\$	\$ (186)

Table of Contents**13. NEWLY ISSUED ACCOUNTING STANDARDS:**

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 adoption of SFAS No. 154 did not have a material impact on the Company's financial position or results of operations.

14. 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 occurred 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 (October 5, 2006), 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 NHC 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

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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 NHC and the NHL; and (ii) all operating expenses of NHC. 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 NHC that arises from any act, omission or circumstance occurring after the date of the legal settlement. As of March 31, 2006, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

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. RHAC, LLC financed the purchase of the Waikiki Hotel by entering into a series of loan transactions with Greenwich Capital Financial Products, Inc. (the Waikiki Hotel 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). In connection with RHAC, LLC 's execution of the Waikiki Hotel Loans, IB-SIV entered into two separate Guaranties of Recourse Obligations with the Waikiki Hotel Lender whereby it guaranteed 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 for which 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 the Waikiki Hotel Lender as of March 31, 2006. As of March 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with this guarantee.

Also in connection with RHAC, LLC 's execution of the Waikiki Hotel Loans, IB-SIV and the Company were required to execute an irrevocable letter of credit in favor of the Waikiki Hotel 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 Waikiki Hotel 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. 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

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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. During the third quarter of 2005, IB-SIV executed this replacement letter of credit with a notional amount of \$6.3 million, and the Company reduced the notional amount of its letter of credit to \$1.6 million. As of March 31, 2006, the notional amount of the Company's letter of credit had decreased to \$1.5 million as a result of expenditures made by RHAC, LLC on the capital upgrades. The Company estimates that the maximum potential amount for which the Company could be liable under this obligation is \$1.5 million as of March 31, 2006. As of March 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with this obligation.

Certain of the 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 6 years, also contain force majeure clauses to protect the Company from forces or occurrences beyond the control of management. Assuming that the properties under these management agreements break even, the Company estimates that the maximum potential amount of future payments which the Company could be required to make under these guarantees is approximately \$29 million as of March 31, 2006. As of March 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with these guarantees.

On February 23, 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 the Gaylord National Resort & Convention Center (the Gaylord National). 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, was issued by Prince George's County, Maryland in April 2005 to 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, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until the project is completed. Upon completion of the project, these bonds will be delivered to the Company. 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 the development. The Company has entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. As of March 31, 2006, the Company had committed to pay \$293.4 million under those agreements for construction services and supplies (\$197.0 million of which is outstanding). Construction costs to date for this project have exceeded the Company's initial estimates. In addition, the Company plans to expand the Gaylord National project by 500 rooms, contingent upon approval by Prince George's County, Maryland of additional economic incentives for the project. The Company estimates the total cost of the project, including the cost increases and the costs of the expansion, to be between \$785 million and \$835 million (excluding capitalized interest, preopening costs and any government incentives in connection with the Gaylord National hotel project), of which the Company has spent \$96.3 million (including capitalized interest but excluding preopening costs) as of March 31, 2006. The Company is also considering other potential hotel sites throughout the country, including Chula Vista, California (located in the San Diego area). 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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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 March 31,	
	2006	2005
Revenues:		
Hospitality	\$ 165,464	\$ 142,501
Opry and Attractions	16,765	12,857
ResortQuest	59,848	58,508
Corporate and Other	78	147
Total	\$ 242,155	\$ 214,013
Depreciation and amortization:		
Hospitality	\$ 16,140	\$ 15,844
Opry and Attractions	1,414	1,398
ResortQuest	2,734	2,693
Corporate and Other	1,014	1,002
Total	\$ 21,302	\$ 20,937
Operating income (loss):		
Hospitality	\$ 34,451	\$ 21,952
Opry and Attractions	(1,371)	(2,156)
ResortQuest	2,107	1,800
Corporate and Other	(12,427)	(9,766)
Preopening costs	(1,062)	(943)
Total operating income	21,698	10,887
Interest expense, net of amounts capitalized	(17,830)	(18,091)
Interest income	707	579
Unrealized loss on Viacom stock and CBS stock	(13,235)	(17,163)
Unrealized gain on derivatives	15,392	5,637
Income from unconsolidated companies	2,756	1,472
Other gains and (losses), net	6,090	2,450
Income (loss) before provision (benefit) for income taxes	\$ 15,578	\$ (14,229)

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16. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:

Not all of the Company's subsidiaries have guaranteed the 8% Senior Notes and 6.75% Senior Notes.

The 8% Senior Notes and 6.75% Senior Notes are guaranteed on a senior unsecured basis by generally all of the Company's active domestic subsidiaries (the Guarantors). The Company's investment in Bass Pro and certain other discontinued operations (the Non-Guarantors) do not guarantee the 8% Senior Notes and 6.75% Senior Notes.

Prior to January 1, 2006, Gaylord Entertainment Company charged Gaylord Opryland, Gaylord Palms, and Gaylord Texan a management fee equal to 3% of revenues. This management fee, which totaled \$4.1 million during the three months ended March 31, 2005, was recorded as revenues by the Issuer and operating costs by the Guarantors in the condensed consolidating financial information presented below. Effective January 1, 2006, this management fee is no longer charged.

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 March 31, 2006

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Revenues	\$ 15,698	\$ 235,513	\$	\$ (9,056)	\$ 242,155
Operating expenses:					
Operating costs	5,916	146,343		(32)	152,227
Selling, general and administrative	11,555	34,410		(99)	45,866
Management fees		8,925		(8,925)	
Preopening costs		1,062			1,062
Depreciation	1,365	17,252			18,617
Amortization	353	2,332			2,685
Operating income (loss)	(3,491)	25,189			21,698
Interest expense, net of amounts capitalized	(20,015)	(13,934)	(1,311)	17,430	(17,830)
Interest income	14,998	1,363	1,776	(17,430)	707
Unrealized loss on Viacom stock and CBS stock	(13,235)				(13,235)
Unrealized gain on derivatives	15,392				15,392
Income from unconsolidated companies		154	2,602		2,756
Other gains and (losses), net	668	5,422			6,090
Income (loss) before provision (benefit) for income taxes	(5,683)	18,194	3,067		15,578
(Benefit) provision for income taxes	(1,596)	4,942	862		4,208
Equity in subsidiaries (earnings) losses, net	(17,246)			17,246	
(Loss) income from continuing operations	13,159	13,252	2,205	(17,246)	11,370
(Loss) gain from discontinued operations, net of taxes		1,802	(13)		1,789
Net (loss) income	\$ 13,159	\$ 15,054	\$ 2,192	\$ (17,246)	\$ 13,159

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Operations
For the Three Months Ended March 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Revenues	\$ 18,591	\$ 207,891	\$	\$ (12,469)	\$ 214,013
Operating expenses:					
Operating costs	4,946	135,312		(4,152)	136,106
Selling, general and administrative	9,618	35,522			45,140
Management fees		8,317		(8,317)	
Preopening costs		943			943
Depreciation	1,367	16,841			18,208
Amortization	347	2,382			2,729
Operating income	2,313	8,574			10,887
Interest expense, net of amounts capitalized	(18,404)	(14,670)	(1,342)	16,325	(18,091)
Interest income	14,514	564	1,826	(16,325)	579
Unrealized loss on Viacom stock	(17,163)				(17,163)
Unrealized gain on derivatives	5,637				5,637
Income from unconsolidated companies			1,472		1,472
Other gains and (losses), net	693	1,757			2,450
(Loss) income before (benefit) provision for income taxes	(12,410)	(3,775)	1,956		(14,229)
(Benefit) provision for income taxes	(4,544)	(1,360)	721		(5,183)
Equity in subsidiaries (earnings) losses, net	991			(991)	
(Loss) income from continuing operations	(8,857)	(2,415)	1,235	991	(9,046)
Gain from discontinued operations, net		189			189
Net (loss) income	\$ (8,857)	\$ (2,226)	\$ 1,235	\$ 991	\$ (8,857)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
March 31, 2006

	Issuer	Guarantors	Non- Guarantors (in thousands)	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents unrestricted	\$ 28,784	\$ 8,191	\$	\$	\$ 36,975
Cash and cash equivalents restricted	1,202	29,212			30,414
Short term investments					
Trade receivables, net	403	60,712			61,115
Deferred financing costs	26,865				26,865
Deferred income taxes	5,776	2,838	(52)		8,562
Other current assets	7,651	27,545		(126)	35,070
Intercompany receivables, net	1,098,213		42,035	(1,140,248)	
Current assets of discontinued operations		1,239			1,239
Total current assets	1,168,894	129,737	41,983	(1,140,374)	200,240
Property and equipment, net of accumulated depreciation	85,835	1,352,992			1,438,827
Intangible assets, net of accumulated amortization		26,520			26,520
Goodwill		174,442			174,442
Indefinite lived intangible assets	1,480	38,835			40,315
Investments	800,559	19,741	72,783	(473,966)	419,117
Estimated fair value of derivative assets	236,464				236,464
Long-term deferred financing costs	21,751				21,751
Other long-term assets	4,627	11,959			16,586
Long-term assets of discontinued operations		436			436
Total assets	\$ 2,319,610	\$ 1,754,662	\$ 114,766	\$ (1,614,340)	\$ 2,574,698
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	\$ 1,283	\$ 536	\$	\$	\$ 1,819
Accounts payable and accrued liabilities	45,944	157,802		(291)	203,455

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Intercompany payables, net		1,268,601	(128,353)	(1,140,248)	
Current liabilities of discontinued operations		1,006	545		1,551
Total current liabilities	47,227	1,427,945	(127,808)	(1,140,539)	206,825
Secured forward exchange contract	613,054				613,054
Long-term debt and capital lease obligations, net of current portion	604,506	852			605,358
Deferred income taxes	115,269	62,953	1,527		179,749
Estimated fair value of derivative liabilities	4,500				4,500
Other long-term liabilities	61,901	29,910	(1)	165	91,975
Long-term liabilities of discontinued operations		116	(8)		108
Stockholders' equity:					
Preferred stock					
Common stock	406	3,337	2	(3,339)	406
Additional paid-in capital	680,555	517,184	53,846	(571,030)	680,555
Retained earnings	211,479	(287,611)	187,208	100,403	211,479
Other stockholders' equity	(19,287)	(24)			(19,311)
Total stockholders' equity	873,153	232,886	241,056	(473,966)	873,129
Total liabilities and stockholders' equity	\$ 2,319,610	\$ 1,754,662	\$ 114,766	\$ (1,614,340)	\$ 2,574,698

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
December 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
ASSETS:					
Current assets:					
Cash and cash equivalents unrestricted	\$ 41,757	\$ 18,040	\$	\$	\$ 59,797
Cash and cash equivalents restricted	1,201	22,450			23,651
Short-term investments					
Trade receivables, net	254	36,914			37,168
Deferred financing costs	26,865				26,865
Deferred income taxes	5,653	3,196	12		8,861
Other current assets	4,965	24,459		(126)	29,298
Intercompany receivables, net	1,058,718		41,573	(1,100,291)	
Current assets of discontinued operations		2,649			2,649
Total current assets	1,139,413	107,708	41,585	(1,100,417)	188,289
Property and equipment, net	85,240	1,319,179			1,404,419
Amortized intangible assets, net		27,828			27,828
Goodwill		178,088			178,088
Indefinite lived intangible assets	1,480	38,835			40,315
Investments	796,548	19,286	70,181	(456,720)	429,295
Estimated fair value of derivative assets	220,430				220,430
Long-term deferred financing costs	29,144				29,144
Other long-term assets	4,928	9,208			14,136
Long-term assets of discontinued operations		646			646
Total assets	\$ 2,277,183	\$ 1,700,778	\$ 111,766	\$ (1,557,137)	\$ 2,532,590

LIABILITIES AND STOCKHOLDERS EQUITY:

Current liabilities:					
Current portion of long-term debt	\$ 1,254	\$ 571	\$	\$	\$ 1,825
Accounts payable and accrued liabilities	34,362	156,621		(291)	190,692
Intercompany payables, net		1,228,669	(128,378)	(1,100,291)	
		3,124	526		3,650

Current liabilities of
discontinued operations

Total current liabilities	35,616	1,388,985	(127,852)	(1,100,582)	196,167
Secured forward exchange contract	613,054				613,054
Long-term debt	597,190	1,285			598,475
Deferred income taxes	119,142	57,755	755		177,652
Estimated fair value of derivative liabilities	1,994				1,994
Other long-term liabilities	61,596	34,801	2	165	96,564
Long-term liabilities of discontinued operations		120	(3)		117
Stockholders' equity:					
Preferred stock					
Common stock	403	3,337	2	(3,339)	403
Additional paid-in capital	670,828	517,184	53,846	(571,030)	670,828
Retained earnings	198,320	(302,665)	185,016	117,649	198,320
Other stockholders' equity	(20,960)	(24)			(20,984)
Total stockholders' equity	848,591	217,832	238,864	(456,720)	848,567
Total liabilities and stockholders' equity	\$ 2,277,183	\$ 1,700,778	\$ 111,766	\$ (1,557,137)	\$ 2,532,590

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2006

	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
			(In thousands)		
Net cash (used in) provided by continuing operating activities	\$ (29,265)	\$ 53,307	\$ 5	\$	\$ 24,047
Net cash used in discontinued operating activities		(1,529)	(5)		(1,534)
Net cash (used in) provided by operating activities	(29,265)	51,778			22,513
Purchases of property and equipment	(2,636)	(50,881)			(53,517)
Investment in RHAC Holdings, LLC		(473)			(473)
Proceeds from sales of assets		310			310
Other investing activities	(202)	(3,837)			(4,039)
Net cash used in investing activities continuing operations	(2,838)	(54,881)			(57,719)
Net cash used in investing activities discontinued operations		(816)			(816)
Net cash used in investing activities	(2,838)	(55,697)			(58,535)
Borrowings under credit facility	10,000				10,000
Increase in restricted cash and cash equivalents	(1)	(6,762)			(6,763)
Proceeds from exercise of stock option and purchase plans	7,231				7,231
Excess tax benefit from stock-based compensation	1,890				1,890
Other financing activities, net	10	(468)			(458)
Net cash provided by (used in) financing activities continuing operations	19,130	(7,230)			11,900
Net cash provided by financing activities discontinued operations		1,300			1,300
Net cash provided by (used in) financing activities	19,130	(5,930)			13,200
	(12,973)	(9,849)			(22,822)

Net change in cash and cash equivalents				
Cash and cash equivalents at beginning of year	41,757	18,040		59,797
Cash and cash equivalents at end of year	\$ 28,784	\$ 8,191	\$	\$ 36,975

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
For the Three Months Ended March 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Net cash (used in) provided by continuing operating activities	\$ (23,449)	\$ 44,883	\$ 389	\$	\$ 21,823
Net cash provided by (used in) discontinued operating activities		921	(389)		532
Net cash (used in) provided by operating activities	(23,449)	45,804			22,355
Purchases of property and equipment	(1,049)	(32,815)			(33,864)
Acquisition of businesses, net of cash acquired		(20,852)			(20,852)
Proceeds from sale of assets		2,938			2,938
Purchases of short term investments	(10,000)				(10,000)
Proceeds from sale of short term investments	20,000				20,000
Other investing activities	(136)	(851)			(987)
Net cash provided by (used in) investing activities continuing operations	8,815	(51,580)			(42,765)
Net cash used in investing activities discontinued operations		(105)			(105)
Net cash provided by (used in) investing activities	8,815	(51,685)			(42,870)
Deferred financing costs paid	(8,282)				(8,282)
Decrease in restricted cash and cash equivalents	980	4,233			5,213
Proceeds from exercise of stock option and purchase plans	4,716				4,716
Other financing activities, net	(85)	(281)			(366)
Net cash (used in) provided by financing activities continuing operations	(2,671)	3,952			1,281
Net cash used in financing activities discontinued operations		(431)			(431)

Net cash (used in) provided by financing activities	(2,671)	3,521		850
Net change in cash and cash equivalents	(17,305)	(2,360)		(19,665)
Cash and cash equivalents at beginning of year	39,711	3,787		43,498
Cash and cash equivalents at end of year	\$ 22,406	\$ 1,427	\$	\$ 23,833

Table of Contents**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 months ended March 31 2006 and 2005, our total revenues were divided among these business segments as follows:

Segment	2006	2005
Hospitality	68%	67%
ResortQuest	25%	27%
Opry and Attractions	7%	6%
Corporate and Other		

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.

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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)

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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 the peak seasons in their respective locations.

Overall Outlook

Hospitality Segment. We have invested heavily in our operations in the three months ended March 31, 2006 and the years ended December 31, 2005, 2004 and 2003, primarily in connection with the continued construction and ultimate opening of the Gaylord Texan in 2003 and 2004, the ResortQuest acquisition, completed on November 20, 2003, and the beginning of construction of the Gaylord National in 2005 and 2006, which is described in detail below. Our investments in 2006 will consist primarily of ongoing capital improvements for our existing properties and the continued construction of the Gaylord National.

On February 23, 2005, we acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland (located in the 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, was issued by Prince George's County, Maryland in April 2005 to 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, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until the project is completed. Upon completion of the project, these bonds will be delivered to us. 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.

We have entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. The agreement with the general contractor (the Perini/Tompkins Joint Venture) is with our wholly-owned subsidiary, Gaylord National, LLC, and provides for the construction of a portion of the Gaylord National hotel project in a guaranteed maximum price format, and is filed as Exhibit 10.14 to our Annual Report on Form 10-K for the year ended December 31, 2005. As of March 31, 2006, we had committed to pay \$293.4 million under this agreement and the other agreements for construction services and supplies (\$197.0 million of which is outstanding). Construction costs to date have exceeded our initial estimates from 2004. In addition, on February 14, 2006, we announced a planned 500-room expansion of the Gaylord National hotel project, contingent upon approval by Prince George's County, Maryland of additional economic incentives for the project. We currently estimate the total cost of the project to be in

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the range of \$785 million to \$835 million, which includes the estimated construction costs for the expanded 2,000 room facility and excludes \$69 million in capitalized interest, \$41 million in pre-opening costs and the governmental economic incentives. The current Gaylord National budget estimate includes approximately \$36 million of contingency, which if not spent would be saved entirely by the Company. As of March 31, 2006, we have spent \$96.3 million (including capitalized interest but excluding pre-opening costs) on the project. We intend to use proceeds of our \$600 million credit facility, cash flow from operations, and after completion, the proceeds of tax increment payments on the \$95 million government bond described above, as well as additional debt or equity financing and additional governmental incentives (the value of which we estimate to be approximately \$50 million) that we hope to secure in connection with the 500-room expansion, to fund the development and construction costs and to pay related fees and expenses.

We are also considering other potential hotel sites throughout the country, including Chula Vista, California (located in the San Diego area). The timing and extent of any of these development projects is uncertain.

ResortQuest Segment. We plan to grow our ResortQuest brand through acquisitions from time to time depending on the opportunities. In the first quarter of 2005 we acquired certain beach and mountain region vacation rental unit management contracts from East West Resorts and the Whistler, British Columbia lodging business of O'Neill Hotels and Resorts, Ltd.

We also plan to take advantage of real estate development opportunities as these opportunities arise. On May 31, 2005, we entered into a joint venture with an affiliate of Deutsche Bank pursuant to which we obtained a 19.9% interest in the Aston Waikiki Beach Hotel in Honolulu, Hawaii and entered into a new 20-year management agreement with respect to the property.

Beginning in the third quarter of 2005 and ending in the second quarter of 2006, we consummated a plan of disposal of certain ResortQuest markets that were considered to be inconsistent with our long term growth strategy. Exiting these markets, which represent less than 10% of ResortQuest's total inventory, did not have a material impact on ResortQuest's financial results. The operating results for ResortQuest's non-core markets are reflected in Gaylord's consolidated financial results as discontinued operations, net of taxes, for all periods presented.

Results in 2005 and in the first quarter of 2006 were also affected by the ongoing reinvestment in brand-building initiatives, such as technology, marketing and organizational improvements.

Table of Contents**Selected Financial Information**

The following table contains our unaudited selected summary financial data for the three month periods ended March 31, 2006 and 2005. 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 March 31,			
	2006	%	2005	%
(in thousands, except percentages)				
Income Statement Data:				
REVENUES:				
Hospitality	\$ 165,464	68.3%	\$ 142,501	66.6%
Opry and Attractions	16,765	6.9%	12,857	6.0%
ResortQuest	59,848	24.7%	58,508	27.3%
Corporate and Other	78	0.1%	147	0.1%
Total revenues	242,155	100.0%	214,013	100.0%
OPERATING EXPENSES:				
Operating costs	152,227	62.9%	136,106(D)	63.6%
Selling, general and administrative	45,866	18.9%	45,140(D)	21.1%
Preopening costs	1,062	0.4%	943	0.4%
Depreciation and amortization:				
Hospitality	16,140	6.7%	15,844	7.4%
Opry and Attractions	1,414	0.6%	1,398	0.7%
ResortQuest	2,734	1.1%	2,693	1.3%
Corporate and Other	1,014	0.4%	1,002	0.5%
Total depreciation and amortization	21,302	8.8%	20,937	9.8%
Total operating expenses	220,457	91.0%	203,126	94.9%
OPERATING INCOME (LOSS):				
Hospitality	34,451	20.8%	21,952	15.4%
Opry and Attractions	(1,371)	-8.2%	(2,156)	-16.8%
ResortQuest	2,107	3.5%	1,800	3.1%
Corporate and Other	(12,427)	(A)	(9,766)	(A)
Preopening costs	(1,062)	(B)	(943)	(B)
Total operating income	21,698	9.0%	10,887	5.1%
Interest expense, net of amounts capitalized	(17,830)	(C)	(18,091)	(C)
Interest income	707	(C)	579	(C)
Unrealized gain (loss) on Viacom stock and CBS stock and derivatives, net	2,157	(C)	(11,526)	(C)
Income from unconsolidated companies	2,756	(C)	1,472	(C)
Other gains and (losses), net	6,090	(C)	2,450	(C)
Provision (benefit) for income taxes	4,208	(C)	(5,183)	(C)
Gain on discontinued operations, net	1,789	(C)	189	(C)
Net income (loss)	\$ 13,159	(C)	\$ (8,857)	(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.

(D) These amounts reflect a change from the Company's condensed consolidated financial statements contained in our Quarterly Report on Form

10-Q filed with the SEC on May 9, 2005 as a result of a reclassification of \$3.0 million of expense related to ResortQuest from selling, general, and administrative expense to operating costs and a reclassification of \$0.5 million of expense related to Gaylord Opryland from operating costs to selling, general and administrative expense.

Table of Contents**Summary Financial Results****Results**

The following table summarizes our financial results for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(in thousands, except percentages and per share data)			
Total revenues	\$ 242,155	\$ 214,013	13.1%
Total operating expenses	220,457	203,126	8.5%
Operating income	21,698	10,887	99.3%
Net income (loss)	13,159	(8,857)	248.6%
Net income (loss) per share fully diluted	0.32	(0.22)	245.5%

Total Revenues

The increase in our total revenues for the three months ended March 31, 2006, as compared to the three months ended March 31, 2005, is primarily attributable to the increase in our Hospitality segment revenues due to the segment's improved first quarter performance, as well as the increase in revenues of our Opry and Attractions segment, each as described more fully below.

Total Operating Expenses

The increase in our total operating expenses for the three months ended March 31, 2006, as compared to the three months ended March 31, 2005, is primarily due to increased operating costs and selling, general and administrative expenses in the Hospitality segment associated with the segment's increased revenues, as well as increased operating expenses for the ResortQuest and Opry and Attractions segments, each as described more fully below.

Operating Income (Loss)

The increase in our operating income for the three months ended March 31, 2006, as compared to the same period in 2005, was primarily due to the improved performance of our Hospitality segment, described more fully below.

Net Income (Loss)

Our net income of \$13.2 million for the three months ended March 31, 2006, as compared to a net loss of \$8.9 million for the same period in 2005, is primarily due to our increased operating income described above, as well as the following:

An unrealized gain on Viacom stock and CBS stock and derivatives, net, of \$2.2 million for the three months ended March 31, 2006, as compared to an unrealized loss on Viacom stock and derivatives, net, of \$11.5 million for the three months ended March 31, 2005, described more fully below.

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A provision for income taxes of \$4.2 million for the three months ended March 31, 2006, as compared to a benefit for income taxes of \$5.2 million for the three months ended March 31, 2005, described more fully below.

An increase in our other gains and losses, net, of \$3.6 million in the first three months of 2006, as compared to the same period in 2005, due primarily to the collection of a promissory note owed to ResortQuest in the first quarter of 2006, described more fully 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 occupancy and ADR for the three months ended March 31, 2006, which resulted in increased Hospitality RevPAR for the period, as compared to the same period in 2005.

Improved food and beverage, banquet and catering revenues at our hotels for the three months ended March 31, 2006, which positively impacted Total RevPAR at our hotels and served to supplement the impact of the improved Hospitality RevPAR on our operating performance during the three months ended March 31, 2006, as compared to the same period in 2005.

The continued infrastructure and re-branding investments in ResortQuest, as well as the impact of ResortQuest's decision to exit certain markets (and the resulting reclassification of results from these markets as discontinued operations).

Recently Adopted Accounting Standards

Prior to January 1, 2006, we accounted for stock options under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. No stock-based employee compensation cost was recognized in the accompanying condensed consolidated statement of operations related to stock options for the three months-ended March 31, 2005, as all options granted by us had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Results for prior periods have not been restated.

As a result of adopting Statement 123(R) on January 1, 2006, our net income for the three months ended March 31, 2006 is \$1.2 million lower than if we had continued to account for share-based compensation under APB Opinion 25. Diluted earnings per share for the three months ended March 31, 2006 would have been \$0.35 if we had not adopted Statement 123(R), compared to reported diluted earnings per share of \$0.32. As of March 31, 2006, there was \$23.1 million of total unrecognized compensation cost related to stock options, restricted stock, and restricted stock units granted by us. That cost is expected to be recognized over a weighted-average period of 1.8 years.

Table of Contents**Operating Results Detailed Segment Financial Information***Hospitality Business Segment*

Total Segment Results. The following presents the financial results of our Hospitality segment for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Hospitality revenue (1)	\$ 165,464	\$ 142,501	16.1%
Hospitality operating expenses:			
Operating costs	92,877	82,933	12.0%
Selling, general and administrative	21,996	21,772	1.0%
Depreciation and amortization	16,140	15,844	1.9%
Total Hospitality operating expenses	131,013	120,549	8.7%
Hospitality operating income (2)	\$ 34,451	\$ 21,952	56.9%
Hospitality performance metrics:			
Occupancy	79.9%	74.1%	7.8%
ADR	\$ 160.28	\$ 147.93	8.3%
RevPAR (3)	\$ 128.08	\$ 109.64	16.8%
Total RevPAR (4)	\$ 301.96	\$ 259.53	16.3%
Net Definite Room Nights Booked (5)	251,000	186,000	34.9%

(1) Hospitality results and performance metrics include the results of our Radisson Hotel at Opryland.

(2) Hospitality operating income does not include the effect of 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. The term other ancillary revenues means non-room revenue other than food and beverage and consists primarily of revenue from banquets and other events hosted by the hotel, gift shop and other miscellaneous sales. Hospitality Total RevPAR is not comparable to similarly titled

measures such
as revenues.

- (5) Net Definite
Room Nights
Booked
included 25,000
and 22,000
room nights for
the three months
ended
March 31, 2006
and 2005,
respectively,
related to the
Gaylord
National, which
we expect to
open in 2008.

The increase in total Hospitality revenue and RevPAR in the first three months of 2006, as compared to the same period in 2005, is due to improved occupancy rates and ADR. This increase in system-wide occupancy rates is primarily due to improved group and convention business, and corresponding increased occupancy rates, at Gaylord Opryland and Gaylord Texan. Improved ADR at each property

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was due to contracting with groups with higher average nightly room rates than in previous periods. System-wide Hospitality Total RevPAR was impacted by strong system-wide food and beverage and other ancillary revenue performance.

Hospitality operating expenses consist of direct operating costs, selling, general and administrative expenses, and depreciation and amortization expense. Hospitality 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 first quarter of 2006, as compared to the first quarter of 2005, primarily due to increased costs associated with increased Hospitality segment revenues, discussed below. Hospitality selling, general and administrative expenses, consisting of administrative and overhead costs, increased slightly in the first quarter of 2006, as compared to the first quarter of 2005, as a result of the combination of increased expenses at Gaylord Opryland and Gaylord Texan with decreased expenses at Gaylord Palms, each as described below. Hospitality depreciation and amortization expense increased slightly in the first three months of 2006, as compared to the same period in 2005, due to additional capital assets placed in service.

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The following presents the property-level financial results of our Hospitality segment for the three months ended March 31, 2006 and 2005.

Gaylord Opryland Results. The results of Gaylord Opryland for the three months ended March 31, 2006 and 2005 are as follows:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Total revenues	\$ 65,757	\$ 49,861	31.9%
Operating expense data:			
Operating costs	39,878	32,081	24.3%
Selling, general and administrative	8,705	7,996	8.9%
Hospitality performance metrics:			
Occupancy	77.6%	70.1%	10.7%
ADR	\$ 142.78	\$ 124.09	15.1%
RevPAR	\$ 110.73	\$ 86.96	27.3%
Total RevPAR	\$ 254.71	\$ 192.30	32.5%

The increase in Gaylord Opryland revenue, RevPAR and Total RevPAR in the first quarter of 2006 as compared to the first quarter of 2005 is due to increased occupancy rates at the hotel as a result of stronger sales of room nights to group customers during the period. An improved ADR due to higher room rates charged to the groups holding events at the hotel also positively impacted the hotel's RevPAR. Improved food and beverage and other ancillary revenue at the hotel served to supplement the impact of increased occupancy levels on the hotel's Total RevPAR.

The increase in operating costs at Gaylord Opryland in the first quarter of 2006, as compared to the first quarter of 2005, was due to increased costs necessary to service the increased occupancy at the hotel, as well as an increase in utility costs. The increase in selling, general and administrative expenses at Gaylord Opryland in the first quarter of 2006, as compared to the first quarter of 2005, was primarily due to increased sales compensation expense and marketing efforts at the hotel.

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Gaylord Palms Results. The results of Gaylord Palms for the three months ended March 31, 2006 and 2005 are as follows:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Total revenues	\$ 50,816	\$ 50,396	0.8%
Operating expense data:			
Operating costs	25,868	24,636	5.0%
Selling, general and administrative	7,800	8,502	-8.3%
Hospitality performance metrics:			
Occupancy	85.1%	90.3%	-5.8%
ADR	\$ 193.09	\$ 177.26	8.9%
RevPAR	\$ 164.23	\$ 160.10	2.6%
Total RevPAR	\$ 401.58	\$ 398.26	0.8%

Gaylord Palms revenue, RevPAR and Total RevPAR in the first quarter of 2006 were slightly higher compared to the first quarter of 2005, as lower occupancy rates were offset by a higher ADR due to increases in the contracted-for rates for group room nights.

The slight increase in operating costs at Gaylord Palms in the first quarter of 2006, as compared to the first quarter of 2005, was due to increases in labor and utility costs. The decrease in selling, general and administrative expenses at Gaylord Palms in the first quarter of 2006, as compared to the first quarter of 2005, was due to lower sales and marketing costs for the period.

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Gaylord Texan Results. The results of Gaylord Texan for the three months ended March 31, 2006 and 2005 are as follows:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Total revenues	\$ 46,886	\$ 40,462	15.9%
Operating expense data:			
Operating costs	26,027	25,236	3.1%
Selling, general and administrative	5,079	4,818	5.4%
Hospitality performance metrics:			
Occupancy	81.5%	69.4%	17.4%
ADR	\$ 172.19	\$ 168.96	1.9%
RevPAR	\$ 140.27	\$ 117.24	19.6%
Total RevPAR	\$ 344.77	\$ 297.54	15.9%

The increase in Gaylord Texan revenue and RevPAR in the first quarter of 2006, as compared to the first quarter of 2005, is primarily due to increased occupancy at the hotel as a result of a higher number of occupied room nights due to stronger advance group bookings.

The increase in operating costs at Gaylord Texan in the first quarter of 2006, as compared to the first quarter of 2005, was due in part to increased costs necessary to service the increased occupancy during the period, although the continued maturation of the property and related cost efficiencies served to somewhat offset the impact of increased occupancy on such costs. The increase in selling, general and administrative expenses at Gaylord Texan in the first quarter of 2006, as compared to the first quarter of 2005, was primarily due to consulting fees and increased selling expenses related to the increase in hotel revenues.

Table of Contents*ResortQuest Business Segment*

Total Segment Results. The following presents the financial results of our ResortQuest segment for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Revenues	\$ 59,848	\$ 58,508	2.3%
Operating expenses:			
Operating costs	44,778	42,450	5.5%
Selling, general and administrative	10,229	11,565	-11.6%
Depreciation and amortization	2,734	2,693	1.5%
Operating income:	\$ 2,107	\$ 1,800	17.1%
ResortQuest performance metrics:			
Occupancy	57.8%	61.2%	-5.6%
Average Daily Rate	\$ 155.13	\$ 142.70	8.7%
ResortQuest RevPAR (1)	\$ 89.74	\$ 87.30	2.8%
Total Units Under Management	15,795	17,664	-10.6%

(1) We calculate RevPAR for ResortQuest 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.
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. ResortQuest revenue and RevPAR in the three months ended March 31, 2006, as compared to the same period in 2005, were slightly higher, as a decrease in occupancy for the period was offset by an improved average daily rate.

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 three months ended March 31, 2006, as compared to the same periods in 2005, due to increased costs associated with our continued investment in brand-building initiatives such as technology, marketing and organizational improvements, an increase in pass-through expenses reimbursed by homeowners, and the inclusion of a full three months of costs associated with units acquired in the Whistler acquisition. Selling, general and administrative expenses of ResortQuest, which are comprised of payroll expenses,

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rent, utilities and various other general and administrative costs, decreased in the three months ended March 31, 2006, as compared to the same period in 2005, primarily due to the inclusion of severance, relocation, and other non-recurring costs in the three months ended March 31, 2005 related to certain changes in management.

ResortQuest's results of operations were also impacted by our decision to dispose of certain ResortQuest markets that were considered to be inconsistent with our long term growth strategy. The results of operations of these markets are excluded from the results of continuing operations presented above for all periods presented.

Opry and Attractions Business Segment

Total Segment Results. The following presents the financial results of our Opry and Attractions segment for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages)			
Total revenues	\$ 16,765	\$ 12,857	30.4%
Operating expense data:			
Operating costs	12,287	9,301	32.1%
Selling, general and administrative	4,435	4,314	2.8%
Depreciation and amortization	1,414	1,398	1.1%
Operating loss:	\$ (1,371)	\$ (2,156)	36.4%

The increase in revenues in the Opry and Attractions segment in the first quarter of 2006, as compared to the same period in 2005, is primarily due to increased attendance at the Grand Ole Opry and our other attractions, as well as increased business at our Corporate Magic event planning business.

The increase in Opry and Attractions operating costs in the first quarter of 2006, as compared to the same period in 2005, was due primarily to the increase in operating costs associated with the increased revenues described above, as well as costs associated with an increase in utility costs and a property tax increase at the Grand Ole Opry.

Table of Contents*Corporate and Other Business Segment*

Total Segment Results. The following presents the financial results of our Corporate and Other segment for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Total Revenues	\$ 78	\$ 147	-46.9%
Operating expenses:			
Operating costs	2,285	1,422	60.7%
Selling, general and administrative	9,206	7,489	22.9%
Depreciation and amortization	1,014	1,002	1.2%
Operating loss:	\$(12,427)	\$(9,766)	-27.2%

Corporate and Other segment revenue for the first three months of 2006, which consists of rental income and corporate sponsorships, decreased from the same period in 2005 due to a decline in the amount of rental income received.

Corporate and Other operating expenses increased in the three months ended March 31, 2006, as compared to the three months ended March 31, 2005, due to an increase in both Corporate and Other operating costs and Corporate and Other selling, general and administrative expenses. Corporate and Other operating costs, which consist primarily of costs associated with information technology, increased in the first three months of 2006, as compared to the first three months of 2005, due to an increase in contract service costs and consulting fees related to information technology initiatives. Corporate and Other selling, general and administrative expenses, which consist of the costs associated with, prior to its termination on February 22, 2005, the Gaylord Entertainment Center naming rights agreement, senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, increased in the three months ended March 31, 2006, as compared to the three months ended March 31, 2005, due to stock option expense that was recorded in the three months ended March 31, 2006 that was not recorded in the three months ended March 31, 2005 as a result of our adoption of Statement 123(R), *Share Based Payment*, effective January 1, 2006. Corporate and Other selling, general and administrative expenses during the three months ended March 31, 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 the costs associated with information technology equipment and capitalized electronic data processing software, for the first quarter of 2006 remained relatively stable, as compared to the same period in 2005.

Table of Contents**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. Preopening costs increased slightly in the first quarter of 2006 (\$1.1 million in the first three months of 2006, as compared to \$0.9 million in the first three months of 2005). These costs were related to the construction of the Gaylord National.

Non-Operating Results Affecting Net Income (Loss)**General**

The following table summarizes the other factors which affected our net income (loss) for the three months ended March 31, 2006 and 2005:

	Three Months Ended March 31,		% Change
	2006	2005	
(In thousands, except percentages and performance metrics)			
Interest expense, net of amounts capitalized	\$(17,830)	\$(18,091)	1.4%
Interest income	707	579	22.1%
Unrealized gain (loss) on Viacom stock and CBS stock and derivatives, net	2,157	(11,526)	118.7%
Income from unconsolidated companies	2,756	1,472	87.2%
Other gains and (losses)	6,090	2,450	148.6%
Provision (benefit) for income taxes	4,208	(5,183)	181.2%
Gain from discontinued operations, net of taxes	1,789	189	846.6%

Interest Expense, Net of Amounts Capitalized

Interest expense, net of amounts capitalized, decreased during the first quarter of 2006, as compared to the same period in 2005, due to the writeoff of \$0.5 million of deferred financing costs in the first quarter of 2005 in connection with the replacement of our \$100.0 million revolving credit facility, although this reduction was partially offset by the impact of higher average debt balances during the first quarter of 2006. The weighted average interest rate on our borrowings, including the interest expense associated with the secured forward exchange contract related to our Viacom stock and CBS stock investment and excluding the write-off of deferred financing costs during the period, was 6.5% and 6.1% for the three months ended March 31, 2006 and 2005, respectively. As further discussed in Note 7 to our condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 included herewith, the secured forward exchange contract related to our Viacom stock and CBS stock investment resulted in non-cash interest expense of \$6.6 million for the three months ended March 31, 2006 and 2005.

Interest Income

The slight increase in interest income during the first quarter of 2006, as compared to the same period in 2005, was due to higher cash balances invested in interest-bearing accounts in 2006.

Table of Contents*Unrealized Gain (Loss) on Viacom Stock and CBS Stock and Derivatives, Net*

For the three months ended March 31, 2006, we recorded a net pretax loss of \$13.2 million related to the decrease in fair value of the Viacom stock and CBS stock. For the three months ended March 31, 2006, we recorded a net pretax gain of \$15.4 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 \$2.2 million relating to the gain (loss) on Viacom stock and CBS stock and derivatives, net, for the three months ended March 31, 2006.

For the three months ended March 31, 2005, we recorded a net pretax loss of \$17.2 million related to the decrease in fair value of the Viacom stock. For the three months ended March 31, 2005, we recorded a net pretax gain of \$5.6 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 \$11.5 million relating to the gain (loss) on Viacom stock and derivatives, net, for the three months ended March 31, 2005.

Income (Loss) from Unconsolidated Companies

We account for our investments in Bass Pro and RHAC Holdings, LLC, the joint venture entity which owns the Aston Waikiki Beach Hotel, under the equity method of accounting. Income from unconsolidated companies for the three months ended March 31, 2006 and 2005 consisted of equity method income from these investments as follows:

	Three Months Ended March 31,		
	2006	2005	% Change
(In thousands, except percentages)			
Bass Pro	\$ 2,602	\$ 1,472	76.8%
RHAC Holdings, LLC	154	0	100.0%
Total:	\$ 2,756	\$ 1,472	87.2%

Bass Pro. On December 14, 2005, the shareholders of Bass Pro, Inc. contributed their equity in Bass Pro, Inc. to a newly formed limited liability company, Bass Pro Group, LLC in exchange for ownership interests in Bass Pro Group, LLC. The majority owner of Bass Pro, Inc. also contributed (simultaneously with the contributions of the Bass Pro, Inc. stock) his equity interest in Tracker Marine, LLC and Big Cedar LLC to Bass Pro Group, LLC. As a result, Bass Pro, Inc., Tracker Marine, LLC and Big Cedar, LLC are all wholly-owned subsidiaries of Bass Pro Group, LLC. Because the new entity owns these additional businesses, our ownership interest in Bass Pro decreased from 26.6% to 13.0%. However, we will continue to account for our investment in Bass Pro under the equity method of accounting.

RHAC Holdings, LLC (Aston Waikiki Beach Hotel). On May 31, 2005, we, through a wholly-owned subsidiary, 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, we entered into a joint venture arrangement with IB-SIV and retained a 19.9% ownership interest in RHAC Holdings, LLC in exchange for our \$4.7

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million capital contribution to RHAC Holdings, LLC. RHAC, LLC financed the purchase of the Waikiki Hotel by entering into a series of loan transactions with Greenwich Capital Financial Products, Inc. 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. IB-SIV is the managing member of RHAC Holdings, LLC, but certain actions of RHAC Holdings, LLC initiated by IB-SIV require our approval as a member. In addition, under the joint venture arrangement, our ResortQuest subsidiary secured a 20-year hotel management agreement from RHAC, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest is responsible for the day-to-day operations of the Waikiki Hotel in accordance with RHAC, LLC's business plan. We account for our investment in RHAC Holdings, LLC under the equity method of accounting.

Other Gains and Losses, Net

Our other gains and losses for the three months ended March 31, 2006 primarily consisted of a gain related to the collection of a note receivable previously considered uncollectible as more fully described below, the receipt of a dividend distribution related to our investment in CBS stock, a loss on the retirement of certain fixed assets, and other miscellaneous income and expenses.

During 1998, ResortQuest recorded a note receivable of \$4.0 million as a result of cash advances made to a primary stockholder (Debtor) of the predecessor company who is no longer an affiliate of ResortQuest. The note was collateralized by a third mortgage on residential real estate owned by the Debtor. Due to the failure to make interest payments, the note receivable was in default. We accelerated the note and demanded payment in full. We also contracted an independent external third party to appraise the property by which the note was secured, confirm the outstanding senior claims on the property and assess the associated credit risk. Based on this assessment, we assigned no value to the note receivable in the purchase price allocation associated with the ResortQuest acquisition. On January 23, 2006, the bankruptcy court approved a plan to restructure the note receivable, and we received \$5.7 million in cash and a secured administrative claim of \$0.5 million in full settlement of the note receivable, accrued interest, and other related amounts due to us. Because we assigned no value to this note receivable as part of the ResortQuest purchase price allocation, this recovery of this note receivable resulted in a gain of \$5.4 million during the first quarter of 2006.

Our other gains and losses for the three months ended March 31, 2005 primarily consisted of the receipt of a dividend distribution from our investment in Viacom stock, a gain on the sale of an internet domain name, a gain on the sale of certain fixed assets 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 March 31):

	2006	2005
U.S. federal statutory rate	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	1	3
Other	(9)	(2)
Effective tax rate	27%	36%

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The decrease in our effective tax rate for the three months ended March 31, 2006, as compared to our effective tax rate for the three months ended March 31, 2005, was primarily due to the impact of permanent differences relative to pre-tax income for each of the respective periods.

Gain from Discontinued Operations, Net of Taxes

We reflected the following businesses as discontinued operations in our financial results for the three months ended March 31, 2006 and 2005, consistent with the provisions of SFAS No. 144 and APB Opinion No. 30. The results of operations, net of taxes (prior to their disposal where applicable), and the estimated fair value of the assets and liabilities of these businesses have been reflected in our condensed consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

ResortQuest Discontinued Markets. During the third quarter of 2005, we committed to a plan of disposal of certain markets of our ResortQuest business that were considered to be inconsistent with our long term growth strategy. In connection with this plan of disposal, we recorded pre-tax restructuring charges of \$0.1 million during the three months ended March 31, 2006 for employee severance benefits related to the discontinued markets.

We completed the sale of four of these markets in the fourth quarter of 2005 and two more of these markets in the first quarter of 2006. In exchange for the assets associated with the two markets sold in the first quarter of 2006, the buyers of these markets assumed \$0.9 million in liabilities associated with the markets and we paid the buyers \$0.7 million in cash. We recognized a pretax loss of \$0.3 million during the first quarter of 2006 related to these two sales, which is recorded in income from discontinued operations in the condensed consolidated statement of operations. We completed the sale of the remaining two markets in the second quarter of 2006.

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The following table reflects the results of operations of businesses accounted for as discontinued operations for the three months ended March 31, 2006 and 2005:

(in thousands)	Three Months Ended March 31,	
	2006	2005
Revenues:		
ResortQuest Discontinued Markets	\$ 1,347	\$ 5,297
Operating (loss) income:		
ResortQuest Discontinued Markets	\$ (240)	\$ 292
Restructuring charges	(69)	
Total operating (loss) income	(309)	292
Interest income	5	6
Other gains and (losses):		
ResortQuest Discontinued Markets	(222)	
International Cable Networks	(19)	
(Loss) income before (benefit) provision for income taxes	(545)	298
(Benefit) provision for income taxes	(2,334)	109
Gain from discontinued operations	\$ 1,789	\$ 189

Included in other gains and (losses) in the three months ended March 31, 2006 is a pre-tax loss of \$0.3 million on the sale of certain ResortQuest discontinued markets. The remaining gains and (losses) in the three months ended March 31, 2006 are primarily comprised of gains and losses on the sale of fixed assets and other assets. The benefit for income taxes for the three months ended March 31, 2006 primarily results from the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest.

Table of Contents***Liquidity and Capital Resources******Cash Flows Summary***

Our cash flows consisted of the following during the three months ended March 31 (in thousands):

	2006	2005
Operating Cash Flows:		
Net cash flows provided by operating activities – continuing operations	\$ 24,047	\$ 21,823
Net cash flows used in operating activities – discontinued operations	(1,534)	532
Net cash flows provided by operating activities	22,513	22,355
Investing Cash Flows:		
Purchases of property and equipment	(53,517)	(33,864)
Acquisition of businesses, net of cash acquired		(20,852)
Purchase of investment in RHAC Holdings, LLC	(473)	
Proceeds from sales of assets	310	2,938
Purchases of short-term investments		(10,000)
Proceeds from sale of short-term investments		20,000
Other	(4,039)	(987)
Net cash flows used in investing activities – continuing operations	(57,719)	(42,765)
Net cash flows used in investing activities – discontinued operations	(816)	(105)
Net cash flows used in investing activities	(58,535)	(42,870)
Financing Cash Flows:		
Borrowings under credit facility	10,000	
Deferred financing costs paid		(8,282)
(Increase) decrease in restricted cash and cash equivalents	(6,763)	5,213
Proceeds from exercise of stock options and purchase plans	7,231	4,716
Excess tax benefit from stock-based compensation	1,890	
Other	(458)	(366)
Net cash flows provided by financing activities – continuing operations	11,900	1,281
Net cash flows provided by financing activities – discontinued operations	1,300	(431)
Net cash flows provided by financing activities	13,200	850
Net change in cash and cash equivalents	\$ (22,822)	\$ (19,665)

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 three months ended March 31, 2006, our net cash flows provided by operating activities – continuing operations were \$24.0 million, reflecting primarily our income from continuing operations before non-cash depreciation expense, amortization expense, income tax provision, interest expense, gain on the Viacom stock and CBS stock and related derivatives, stock-based compensation expense, excess tax benefits from stock-based compensation, income from

unconsolidated companies, dividends received from unconsolidated companies, and loss on sales of certain fixed assets of approximately \$39.4 million, offset by unfavorable changes in working capital of approximately \$15.4 million. The unfavorable changes in working capital primarily resulted from 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 and Gaylord Palms, as well as the payment of accrued property taxes and accrued compensation and an increase in prepaid expenses due to the timing of payments made to renew our insurance contracts. These unfavorable changes in working capital were partially offset by the favorable timing of payment of accrued interest, as well as an increase in deferred revenues

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due to increased receipts of deposits on advance bookings of hotel rooms (primarily at Gaylord Opryland and Gaylord Palms) and vacation properties (primarily related to a seasonal increase in deposits received on advance bookings of vacation properties for the summer months).

During the three months ended March 31, 2005, our net cash flows provided by operating activities continuing operations were \$21.8 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, income tax benefit, interest expense, loss on the Viacom stock and related derivatives, stock-based compensation expense, income from unconsolidated companies and gains on sales of certain fixed assets of approximately \$23.4 million, offset by unfavorable changes in working capital of approximately \$1.6 million. The unfavorable changes in working capital primarily resulted from 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. The increase in trade receivables was partially offset by the favorable timing of payment of various liabilities, including trade payables and accrued interest, and an increase in deferred revenues due to increased receipts of deposits on advance bookings of hotel rooms (primarily at Gaylord Opryland, Gaylord Palms 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).

Cash Flows From Investing Activities. During the three months ended March 31, 2006, our primary uses of funds and investing activities were purchases of property and equipment which totaled \$53.5 million. Our capital expenditures during the three months ended March 31, 2006 included construction at Gaylord National of \$30.3 million, continuing construction at the Gaylord Texan of \$13.4 million, approximately \$3.5 million at Gaylord Opryland, and approximately \$2.8 million related to ResortQuest.

During the three months ended March 31, 2005, our primary uses of funds and investing activities were purchases of property and equipment which totaled \$33.9 million, consisting of construction at the Gaylord National of \$20.0 million, continuing construction at the Gaylord Texan of \$4.2 million and \$5.6 million at Gaylord Opryland (primarily related to the construction of a new spa facility), and the purchases of two businesses (Whistler Lodging Company, Ltd. and East West Resorts), which totaled \$20.9 million.

We currently project capital expenditures for the twelve months of 2006 to total approximately \$251 million, which includes approximately \$149 million related to the development of the Gaylord National, continuing construction costs at the Gaylord Texan of approximately \$29 million, approximately \$23 million related to Gaylord Opryland, and approximately \$22 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 three months ended March 31, 2006, our net cash flows provided by financing activities continuing operations were approximately \$11.9 million, reflecting a \$10.0 million borrowing under the \$600.0 million credit facility and \$7.2 million in proceeds received from the exercise of stock options, partially offset by a \$6.8 million increase in restricted cash and cash equivalents.

During the three months ended March 31, 2005, our net cash flows provided by financing activities continuing operations were approximately \$1.3 million, reflecting the payment of \$8.3 million of deferred financing costs in connection with entering into our \$600.0 million credit facility, offset by a \$5.2 million decrease in restricted cash and cash equivalents and \$4.7 million in proceeds received from the exercise of stock options.

Working Capital

As of March 31, 2006, we had total current assets of \$200.2 million and total current liabilities of \$206.8 million, which resulted in a working capital deficit of \$6.6 million. A significant portion of our current liabilities consist of deferred revenues, which primarily represent deposits received on advance bookings of hotel rooms and vacation properties. These deferred revenue liabilities do not require future cash payments by us, so we believe our current assets, cash

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flows from operating activities, and availability under our \$600.0 million credit facility will be sufficient to repay our current liabilities as they become due.

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. Construction of the Gaylord National 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 Gaylord Opryland, the Gaylord Texan, the Gaylord Palms and the Gaylord National (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

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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 (other than any such investment in any subsidiary of the Company in existence as of March 10, 2005) may not exceed an amount equal to ten percent (10.0%) of the Company's consolidated total assets.

As of March 31, 2006, we were in compliance with all covenants. As of March 31, 2006, \$30.0 million of borrowings were outstanding under the \$600.0 million credit facility, and the lending banks had issued \$15.6 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. 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

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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, as of December 2004, the subsidiaries owning the Nashville hotel assets), and was secured by a leasehold mortgage on the Gaylord Palms.

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

As previously announced, we are developing a hotel, to be known as the Gaylord National Resort and Convention Center and to be located on property we have acquired on the Potomac River in Prince George's County, Maryland (in the Washington, D.C. market). We currently expect to open the hotel in 2008. We have completed the foundations and are in the early stages of constructing the vertical structure of the project. 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, was issued by Prince George's County, Maryland in April 2005 to 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, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until the project is completed. Upon completion of the project, these bonds will be delivered to us. We will

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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.

We have entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. The agreement with the general contractor (the Perini/Tompkins Joint Venture) is with our wholly-owned subsidiary, Gaylord National, LLC, and provides for the construction of a portion of the Gaylord National hotel project in a guaranteed maximum price format, and is filed as Exhibit 10.14 to our Annual Report on Form 10-K for the year ended December 31, 2006. As of March 31, 2006, we had committed to pay \$293.4 million under this agreement and the other agreements for construction services and supplies (\$197.0 million of which is outstanding). Construction costs to date have exceeded our initial estimates from 2004. In addition, on February 14, 2006, we announced a planned 500-room expansion of the Gaylord National hotel project, contingent upon approval by Prince George's County, Maryland of additional economic incentives for the project. We currently estimate the total cost of the project to be in the range of \$785 million to \$835 million, which includes the estimated construction costs for the expanded 2,000 room facility and excludes \$69 million in capitalized interest, \$41 million in pre-opening costs and the governmental economic incentives. The current Gaylord National budget estimate includes approximately \$36 million of contingency, which if not spent would be saved entirely by the Company. As of March 31, 2006, we have spent \$96.3 million (including capitalized interest but excluding pre-opening costs) on the project. We intend to use proceeds of our \$600 million credit facility, cash flow from operations, and after completion, the proceeds of tax increment payments on the \$95 million government bond described above, as well as additional debt or equity financing and additional governmental incentives (the value of which we estimate to be approximately \$50 million) that we hope to secure in connection with the 500-room expansion, to fund the development and construction costs and to pay related fees and expenses.

We also are considering other potential hotel sites throughout the country including Chula Vista, California (located in the San Diego area). 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 March 31, 2006, including long-term debt and operating and capital lease commitments (amounts in thousands):

	Total amounts committed	Less than 1 year	1-3 years	3-5 years	After 5 years
Contractual obligations					
Long-term debt	\$ 605,000	\$	\$	\$ 30,000	\$ 575,000
Capital leases	1,619	819	800		
Promissory note payable to Nashville					
Predators	5,000	1,000	2,000	2,000	
Construction commitments (1)	230,306	101,877	87,908	40,521	
Operating leases (2)	711,417	12,975	21,101	13,945	663,396
Other	700	175	350	175	
Total contractual obligations	\$ 1,554,042	\$ 116,846	\$ 112,159	\$ 86,641	\$ 1,238,396

(1) During 2005 we entered into a series of agreements with a general contractor and other suppliers related to the

construction of the Gaylord National. As of March 31, 2006, we had committed to pay \$293.4 million under those agreements (\$197.0 million of which is outstanding).

- (2) The total operating lease commitments of \$711.4 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.

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The cash obligations in the table above do not include future cash obligations for interest associated with our outstanding long-term debt, capital lease obligations and promissory note payable to the Nashville Predators. See Note 9 to our condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 included herewith for a discussion of the interest we paid during the three months ended March 31, 2006 and 2005.

The cash obligations in the table above also do not include obligations to pay deferred taxes on our secured forward exchange contract relating to the Viacom stock and CBS stock owned by us. At the expiration of the secured forward exchange contract relating to the Viacom stock and CBS 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 \$152.3 million, which we anticipate will be reduced by approximately one third through the application of the Company's Federal and state income tax net operating loss carryforwards and Federal income tax credit carryforwards. We have not identified a specific source of funds to finance this obligation. A complete description of the secured forward exchange contract is contained in Note 7 to our condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 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 2005 Annual Report on Form 10-K. There were no newly identified critical accounting policies in the first quarter of 2006 nor were there any material changes to the critical accounting policies and estimates discussed in our 2005 Annual Report on Form 10-K.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 13 to our condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 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, 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, 2005 or described from time to time in our other reports filed with the Securities and Exchange Commission:

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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, including 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 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 and to develop and construct the Gaylord National.

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 CBS stock and changes in interest rates.

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

Prior to January 3, 2006, we held an investment of 10.9 million shares of Viacom Class B common 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. Effective January 3, 2006, Viacom completed a transaction to separate Viacom into two publicly traded companies named Viacom Inc. and CBS Corporation by converting (i) each outstanding share of Viacom Class A common stock into 0.5 shares of Viacom Inc. Class A common stock and 0.5 shares of CBS Corporation Class A common stock and (ii) each outstanding share of Viacom Class B common stock into 0.5 shares of Viacom Inc. Class B common stock and 0.5 shares of CBS Corporation Class B common stock. As a result of this transaction, we exchanged our 10,937,900 shares of Viacom Class B common stock for 5,468,950 shares of Viacom, Inc. Class B common stock and 5,468,950 shares of CBS Corporation Class B common stock effective January 3, 2006.

The secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom stock and CBS stock, while providing for participation in increases in the combined fair market value. At March 31, 2006, the fair market value of our investment in the 5.5 million shares of Viacom stock was \$212.2 million, or \$38.80 per share, and the fair market value of our investment in the 5.5 million shares of CBS stock was \$131.1 million, or \$23.98 per share. The secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom stock and CBS 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 combined fair market value of the Viacom stock and CBS 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 March 31, 2006.

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Changes in the market price of the Viacom stock and CBS stock could have a significant impact on future earnings. For example, a 5% increase in the value of the Viacom stock and CBS stock at March 31, 2006 would have resulted in an increase of \$0.3 million in the net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives for the three months ended March 31, 2006. Likewise, a 5% decrease in the value of the Viacom stock and CBS stock at March 31, 2006 would have resulted in a decrease of \$0.2 million in the net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives for the three months ended March 31, 2006.

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 8% Senior Notes and our new \$600 million credit facility.

In conjunction with our offering of the 8% Senior Notes, we 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.

Borrowings outstanding under our new \$600 million credit facility bear interest at our election of either LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on our financial performance. If LIBOR were to increase by 100 basis points, our annual interest cost on borrowings outstanding under our \$600.0 million credit facility as of March 31, 2006 would increase by approximately \$0.3 million.

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 March 31, 2006. As a result, the interest rate market risk implicit in these investments at March 31, 2006, 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 March 31, 2006, we believe that the effects of changes in the stock price of our Viacom stock and CBS 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

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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 14 to our condensed consolidated financial statements for the three months ended March 31, 2006 and 2005 included herewith and which is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

There have been no material changes in our Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2005.

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.

Inapplicable.

ITEM 5. OTHER INFORMATION.

As previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2005, our wholly-owned subsidiary, Gaylord National, LLC, has entered into an agreement, and several amendments to the agreement, with a general contractor, the Perini/Tompkins Joint Venture, for the provision of certain construction services at the site of the Gaylord National. The agreement provides for the construction of a portion of the Gaylord National in a guaranteed maximum price format and is dated May 9, 2005. On January 17, 2006, we entered into the sixth amendment to the agreement that made the agreement, as amended, a material definitive agreement and provided for a guaranteed maximum price of \$200.8 million. The agreement was subsequently amended on February 17, 2006 to provide for a guaranteed maximum price of \$236.3 million. The agreement and amendments one through seven are filed as Exhibit 10.14 to our Annual Report on Form 10-K for the year ended December 31, 2005 and incorporated herein by this reference.

In March 2006, our Board of Directors approved the 2006 Omnibus Incentive Plan (the Plan) to replace our 1997 Omnibus Stock Option and Incentive Plan (the 1997 Plan), subject to stockholder approval. On May 4, 2006, at our 2006 Annual Meeting of Stockholders, our stockholders approved the Plan. The Plan authorizes awards in respect of an aggregate of 2,690,000 shares of our common stock, which includes approximately 2,000,000 newly authorized shares and 690,000 shares that were authorized and available for grant under our 1997 Plan. Of the 2,690,000 shares authorized under the plan, no more than 1,350,000 shares are available for grants of restricted shares or restricted share units and awards other than options or stock appreciation rights (SARs). No further awards will be granted under the 1997 Plan. A more complete description of the Plan is contained in our Definitive Proxy Statement for the 2006 Annual Meeting of Stockholders filed with the SEC on April 3, 2006 and is incorporated herein by this reference. In addition, we have filed the Plan as [Exhibit 10.2](#) to this Quarterly Report on Form 10-Q.

Also on May 4, 2006, our Human Resources Committee of the Board of Directors approved, and the Board of Directors ratified, the forms of restricted share award agreement, non-qualified stock option agreement and director non-qualified stock option agreement to be used under the Plan. The forms of these agreements are filed as [Exhibits 10.3](#), [10.4](#) and [10.5](#), respectively, to this Quarterly Report on Form 10-Q. On May 4, 2006, in satisfaction of our annual incentive award obligation to our non-management directors, we granted a non-qualified stock option to purchase 5,000 shares of our common stock under the Plan to each non-management director. Each option granted has an exercise price equal to the closing price on the date prior to the date of the grant (May 3, 2006) and becomes

exercisable on the first anniversary of the date of grant.

ITEM 6. EXHIBITS.

See Index to Exhibits following the Signatures page.

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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: May 9, 2006

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. Kloeppe

David C. Kloeppe
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)

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INDEX TO EXHIBITS

- 10.1 Agreement between Gaylord National, LLC and Perini/Tompkins Joint Venture, dated as of May 9, 2005, relating to the construction of the Gaylord National, including certain amendments thereto (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005 (File No. 1-13079)).
- 10.2 2006 Omnibus Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement for the 2006 Annual Meeting of Stockholders filed with the SEC on April 3, 2006 (File No. 1-13079)).
- 10.3 Form of Restricted Share Award Agreement.
- 10.4 Form of Non-Qualified Stock Option Agreement.
- 10.5 Form of Director Non-Qualified Stock Option Agreement.
- 31.1 Certification of Colin V. Reed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
- 31.2 Certification of David C. KloeppeI pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Colin V. Reed and David C. KloeppeI pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.