# 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 September 30, 2004

or

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

Commission file number 1-13079

# GAYLORD ENTERTAINMENT COMPANY

(Exact name of registrant as specified in its charter)

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

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

(615) 316-6000

(Registrant's telephone number, including area code)

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

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

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

| Class | Outstanding as of October 31, 2004 |
|---|---|
| Common Stock, $.01 par value | 39,774,380 shares |

**GAYLORD ENTERTAINMENT COMPANY**

**FORM 10-Q**

**For the Quarter Ended September 30, 2004**
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**Part I - Financial Information**

**Item 1. - Financial Statements**

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the Three Months Ended September 30, 2004 and 2003**
**(Unaudited)**
**(In thousands, except per share data)**

| | 2004 | 2003 |
|---|---|---|
| Revenues | $195,924 | $ 98,101 |
| Operating expenses: | | |
| Operating costs | 130,458 | 63,527 |
| Selling, general and administrative | 43,679 | 24,621 |
| Preopening costs | 223 | 3,283 |
| Impairment and other charges | — | 856 |
| Depreciation | 16,004 | 13,235 |
| Amortization | 4,307 | 1,332 |
| Operating income (loss) | 1,253 | (8,753) |
| Interest expense, net of amounts capitalized | (14,850) | (10,476) |
| Interest income | 371 | 742 |
| Unrealized gain (loss) on Viacom stock | (23,766) | (58,976) |
| Unrealized gain (loss) on derivatives | 26,317 | 32,976 |
| Income (loss) from unconsolidated companies | 1,587 | 1,491 |
| Other gains and (losses), net | 753 | 1,008 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | (8,335) | (41,988) |
| Provision (benefit) for income taxes | (4,524) | (18,490) |
| Income (loss) from continuing operations | (3,811) | (23,498) |
| Income from discontinued operations, net of taxes | 619 | 35,150 |
| Net income (loss) | $ (3,192) | $ 11,652 |
| Income (loss) per share: | | |
| Income (loss) from continuing operations | $ (0.10) | $ (0.69) |
| Income from discontinued operations, net of taxes | 0.02 | 1.03 |
| Net income (loss) | $ (0.08) | $ 0.34 |
| Income (loss) per share - assuming dilution: | | |
| Income (loss) from continuing operations | $ (0.10) | $ (0.69) |
| Income from discontinued operations, net of taxes | 0.02 | 1.03 |
| Net income (loss) | $ (0.08) | $ 0.34 |

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

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the Nine Months Ended September 30, 2004 and 2003**
**(Unaudited)**
**(In thousands, except per share data)**

| | 2004 | 2003 |
|---|---|---|
| Revenues | $ 556,878 | $317,951 |
| Operating expenses: | | |
| Operating costs | 354,847 | 191,933 |
| Selling, general and administrative | 139,139 | 79,941 |
| Preopening costs | 14,239 | 7,111 |
| Impairment and other charges | 1,212 | 856 |
| Restructuring charges | 78 | — |
| Depreciation | 51,258 | 39,661 |
| Amortization | 6,523 | 3,783 |
| Operating income (loss) | (10,418) | (5,334) |
| Interest expense, net of amounts capitalized | (39,011) | (31,139) |
| Interest income | 1,031 | 1,773 |
| Unrealized gain (loss) on Viacom stock | (119,052) | (27,067) |
| Unrealized gain (loss) on derivatives | 84,314 | 24,016 |
| Income (loss) from unconsolidated companies | 3,383 | 1,806 |
| Other gains and (losses), net | 2,390 | 1,291 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | (77,363) | (34,654) |
| Provision (benefit) for income taxes | (32,006) | (15,269) |
| Income (loss) from continuing operations | (45,357) | (19,385) |
| Income from discontinued operations, net of taxes | 619 | 36,126 |
| Net income (loss) | $ (44,738) | $ 16,741 |
| Income (loss) per share: | | |
| Income (loss) from continuing operations | $ (1.15) | $ (0.57) |
| Income from discontinued operations, net of taxes | 0.02 | 1.07 |
| Net income (loss) | $ (1.13) | $ 0.50 |
| Income (loss) per share - assuming dilution: | | |
| Income (loss) from continuing operations | $ (1.15) | $ (0.57) |
| Income from discontinued operations, net of taxes | 0.02 | 1.07 |
| Net income (loss) | $ (1.13) | $ 0.50 |

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

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**September 30, 2004 and December 31, 2003**
**(Unaudited)**
**(In thousands)**

| | September 30, 2004 | December 31, 2003 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents - unrestricted | $ 36,026 | $ 120,965 |
| Cash and cash equivalents - restricted | 37,048 | 37,723 |
| Trade receivables, less allowance of $2,092 and $1,805, respectively | 36,093 | 26,101 |
| Deferred financing costs | 26,865 | 26,865 |
| Deferred income taxes | 11,584 | 8,753 |
| Other current assets | 29,092 | 20,121 |
| Current assets of discontinued operations | — | 19 |
| Total current assets | 176,708 | 240,547 |
| Property and equipment, net of accumulated depreciation | 1,342,059 | 1,297,528 |
| Intangible assets, net of accumulated amortization | 26,504 | 29,505 |
| Goodwill | 168,227 | 169,642 |
| Indefinite lived intangible assets | 40,591 | 40,591 |
| Investments | 436,989 | 552,658 |
| Estimated fair value of derivative assets | 214,328 | 146,278 |
| Long-term deferred financing costs | 54,013 | 75,154 |
| Other long term assets | 28,323 | 29,107 |
| Total assets | $2,487,742 | $2,581,010 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt and capital lease obligations | $ 8,394 | $ 8,584 |
| Accounts payable and accrued liabilities | 150,457 | 154,952 |
| Current liabilities of discontinued operations | 1,687 | 2,930 |
| Total current liabilities | 160,538 | 166,466 |
| Secured forward exchange contract | 613,054 | 613,054 |
| Long-term debt and capital lease obligations, net of current portion | 537,273 | 540,175 |
| Deferred income taxes | 217,266 | 252,502 |
| Estimated fair value of derivative liabilities | 2,625 | 21,969 |
| Other long term liabilities | 82,613 | 79,226 |
| Long-term liabilities of discontinued operations | — | 825 |
| 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, 39,767 and 39,403 shares issued and outstanding, respectively | 398 | 394 |
| Additional paid-in capital | 651,259 | 639,839 |
| Retained earnings | 241,170 | 285,908 |
| Unearned compensation | (1,834) | (2,704) |
| Accumulated other comprehensive loss | (16,620) | (16,644) |
| Total stockholders' equity | 874,373 | 906,793 |
| Total liabilities and stockholders' equity | $2,487,742 | $2,581,010 |

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

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Nine Months Ended September 30, 2004 and 2003**
**(Unaudited)**
**(In thousands)**

| | 2004 | 2003 |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Net income (loss) | $ (44,738) | $ 16,741 |
| Amounts to reconcile net income (loss) to net cash flows provided by operating activities: | | |
| Loss (income) from discontinued operations, net of taxes | (619) | (36,126) |
| Loss (income) from unconsolidated companies | (3,383) | (1,806) |
| Unrealized loss (gain) on Viacom stock and related derivatives | 34,738 | 3,051 |
| Impairment and other charges | 1,212 | 856 |
| Depreciation and amortization | 57,781 | 43,444 |
| Provision (benefit) for deferred income taxes | (32,727) | (20,416) |
| Amortization of deferred financing costs | 22,121 | 28,154 |
| Changes in (net of acquisitions and divestitures): | | |
| Trade receivables | (9,992) | 1,103 |
| Income tax refund received | — | 1,450 |
| Accounts payable and accrued liabilities | 5,281 | 4,693 |
| Other assets and liabilities | (4,625) | 3,307 |
| Net cash flows provided by (used in) operating activities - continuing operations | 25,049 | 44,451 |
| Net cash flows provided by (used in) operating activities - discontinued operations | (209) | 2,524 |
| Net cash flows provided by (used in) operating activities | 24,840 | 46,975 |
| Cash Flows from Investing Activities: | | |
| Purchases of property and equipment | (107,498) | (167,428) |
| Other investing activities | (2,688) | (2,578) |
| Net cash flows provided by (used in) investing activities - continuing operations | (110,186) | (170,006) |
| Net cash flows provided by (used in) investing activities - discontinued operations | — | 59,485 |
| Net cash flows provided by (used in) investing activities | (110,186) | (110,521) |
| Cash Flows from Financing Activities: | | |
| Repayment of long-term debt | (6,003) | (72,003) |
| Proceeds from issuance of long-term debt | — | 200,000 |
| Deferred financing costs paid | (909) | (7,793) |
| Decrease (increase) in restricted cash and cash equivalents | 675 | (131,220) |
| Proceeds from exercise of stock option and purchase plans | 7,169 | 1,287 |
| Other financing activities, net | (525) | (491) |
| Net cash flows provided by (used in) financing activities - continuing operations | 407 | (10,220) |
| Net cash flows provided by (used in) financing activities - discontinued operations | — | (94) |
| Net cash flows provided by (used in) financing activities | 407 | (10,314) |
| Net change in cash and cash equivalents | (84,939) | (73,860) |
| Cash and cash equivalents - unrestricted, beginning of period | 120,965 | 98,632 |
| Cash and cash equivalents - unrestricted, end of period | $ 36,026 | $ 24,772 |

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

**1. BASIS OF PRESENTATION:**

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and subsidiaries (the "Company") and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the financial information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2003, filed with the Securities and Exchange Commission. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim period have been included. All adjustments are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

As more fully discussed in Note 4, the Company changed its method of accounting for its investment in Bass Pro Shops, L.P. ("Bass Pro") from the cost method of accounting to the equity method of accounting in the third quarter of 2004. The equity method of accounting has been applied retroactively to all periods presented, and the Company has restated the condensed consolidated balance sheet as of December 31, 2003, the condensed consolidated statements of operations for the three months and nine months ended September 30, 2003, and the condensed consolidated statement of cash flows for the nine months ended September 30, 2003. This change in accounting principle resulted in an increase of $0.9 million in retained earnings as of January 1, 2003 and increased net income for the three months and nine months ended September 30, 2003 by $0.9 million and $1.1 million, respectively. This change in accounting principle had no impact on cash flows provided by operating activities – continuing operations for the nine months ended September 30, 2003.

**2. INCOME (LOSS) PER SHARE:**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2004 | 2003 | 2004 | 2003 |
| Weighted average shares outstanding | 39,726 | 33,849 | 39,594 | 33,818 |
| Effect of dilutive stock options | — | — | — | — |
| Weighted average shares outstanding - assuming dilution | 39,726 | 33,849 | 39,594 | 33,818 |

For the three months and nine months ended September 30, 2004, the effect of dilutive stock options was the equivalent of approximately 446,000 and 475,000 shares of common stock outstanding, respectively. For the three months and nine months ended September 30, 2003, the effect of dilutive stock options was the equivalent of approximately 36,000 and 22,000 shares of common stock outstanding, respectively. Because the Company had a loss from continuing operations in the three and nine months ended September 30, 2004 and 2003, these incremental shares were excluded from the computation of diluted earnings per share for those periods as the effect of their inclusion would have been anti-dilutive.

**3. COMPREHENSIVE INCOME (LOSS):**

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(in thousands)** | **2004** | **2003** | **2004** | **2003** |
| Net income (loss) | $(3,192) | $11,652 | $(44,738) | $16,741 |
| Unrealized gain (loss) on interest rate hedges | (19) | 77 | (73) | 227 |
| Foreign currency translation | 11 | — | 97 | — |
| Comprehensive income (loss) | $(3,200) | $11,729 | $(44,714) | $16,968 |

**4. INVESTMENTS**

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

This change in accounting principle resulted in an increase of $858,000 in retained earnings as of January 1, 2003 and increased net income and net income per share for the three months and nine months ended September 30, 2004 and 2003 as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(in thousands)** | **2004** | **2003** | **2004** | **2003** |
| Net income | $1,246 | $ 909 | $2,389 | $1,101 |
| Net income per share - fully diluted | $ 0.03 | $0.03 | $ 0.06 | $ 0.03 |

As of September 30, 2004, the recorded value of the Company's investment in Bass Pro is $62.5 million greater than its equity in Bass Pro's underlying net assets. This difference is being accounted for as equity method goodwill.

**5. DISCONTINUED OPERATIONS:**

The Company has reflected the following businesses as discontinued operations, consistent with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 144 and Accounting Principles Board ("APB") No. 30. The results of operations, net of taxes, (prior to their disposal, where applicable) 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.

***WSM-FM and WWTN(FM)***

During the first quarter of 2003, the Company committed to a plan of disposal of WSM-FM and WWTN(FM) (the "Radio Operations"). Subsequent to committing to a plan of disposal during the first quarter of 2003, the Company, through a wholly-owned subsidiary, entered into an agreement to sell the assets primarily used in the operations of WSM-FM and WWTN(FM) to Cumulus Broadcasting, Inc. ("Cumulus") in exchange for approximately $62.5 million in cash. In connection with this agreement, the Company also entered into a local marketing agreement with Cumulus pursuant to which, from April 21, 2003 until the closing of the sale of the assets, the Company, for a fee, made available to Cumulus substantially all of the broadcast time on WSM-FM and WWTN(FM). In turn, Cumulus provided programming to be broadcast during such broadcast time and collected revenues from the advertising that it sold for broadcast during this programming time. On July 22, 2003, the Company finalized the sale of WSM-FM and WWTN(FM) for approximately $62.5 million. Concurrently, the Company also entered into a joint sales agreement with Cumulus for WSM-AM in exchange for $2.5 million in cash. The Company continues to own and operate WSM-AM, and under the terms of the joint sales agreement with Cumulus, Cumulus is responsible for all sales of commercial advertising on WSM-AM and provides certain sales promotion, billing and collection services relating to WSM-AM, all for a specified commission. The joint sales agreement has a term of five years.

***Oklahoma RedHawks***

During 2002, the Company committed to a plan of disposal of its approximately 78% ownership interest in the Oklahoma RedHawks, a minor league baseball team based in Oklahoma City, Oklahoma. During the fourth quarter of 2003, the Company sold its interests in the RedHawks and received cash proceeds of approximately $6.0 million.

***Acuff-Rose Music Publishing***

During the second quarter of 2002, the Company committed to a plan of disposal of its Acuff-Rose Music Publishing catalog entity. During the third quarter of 2002, the Company finalized the sale of the Acuff-Rose Music Publishing entity to Sony / ATV Music Publishing for approximately $157.0 million in cash. During the third quarter of 2004, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of $1.0 million was reversed and is included in the condensed consolidated statement of operations.

***Word Entertainment***

During 2001, the Company committed to a plan to sell Word Entertainment. As a result of the decision to sell Word Entertainment, the Company reduced the carrying value of Word Entertainment to its estimated fair value by recognizing a pretax charge of $30.4 million in discontinued operations during 2001. Related to the decision to sell Word Entertainment, a pretax restructuring charge of $1.5 million was recorded in discontinued operations in 2001. The restructuring charge consisted of $0.9 million related to lease termination costs and $0.6 million related to severance costs. In addition, the Company recorded a reversal of $0.1 million of restructuring charges originally recorded during 2000. During the first quarter of 2002, the Company sold Word Entertainment's domestic operations to an affiliate of Warner Music Group for $84.1 million in cash. The Company recognized a pretax gain of $0.5 million in discontinued operations during the first quarter of 2002 related to the sale of Word Entertainment. During the third quarter of 2003, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of $1.5 million was reversed and is included in the condensed consolidated statement of operations.

***Businesses Sold to Oklahoma Publishing Company***

During 2001, the Company sold five businesses (Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company) to affiliates of the Oklahoma Publishing Company ("OPUBCO") for $22.0 million in cash and the assumption of debt of $19.3 million. OPUBCO owns a minority interest in the Company.

Until their resignation from the board of directors in April 2004, two of the Company’s directors were also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. Additionally, these two directors collectively beneficially owned a significant ownership interest in the Company prior to their sale of a substantial portion of this interest in April 2004.

***International Cable Networks***

During the second quarter of 2001, the Company adopted a formal plan to dispose of its international cable networks. As part of this plan, the Company hired investment bankers to facilitate the disposition process, and formal communications with potentially interested parties began in July 2001. In an attempt to simplify the disposition process, in July 2001, the Company acquired an additional 25% ownership interest in its music networks in Argentina, increasing its ownership interest from 50% to 75%. In August 2001, the partnerships in Argentina finalized a pending transaction in which a third party acquired a 10% ownership interest in the companies in exchange for satellite, distribution and sales services, bringing the Company’s interest to 67.5%.

In December 2001, the Company made the decision to cease funding of its cable networks in Asia and Brazil as well as its partnerships in Argentina if a sale had not been completed by February 28, 2002. At that time the Company recorded pretax restructuring charges of $1.9 million consisting of $1.0 million of severance and $0.9 million of contract termination costs related to the networks. Also during 2001, the Company negotiated reductions in the contract termination costs with several vendors that resulted in a reversal of $0.3 million of restructuring charges originally recorded during 2000. Based on the status of the Company’s efforts to sell its international cable networks at the end of 2001, the Company recorded pretax impairment and other charges of $23.3 million during 2001. Included in this charge are the impairment of an investment in the two Argentina-based music channels totaling $10.9 million, the impairment of fixed assets, including capital leases associated with certain transponders leased by the Company, of $6.9 million, the impairment of a receivable of $3.0 million from the Argentina-based channels, current assets of $1.5 million, and intangible assets of $1.0 million.

During the first quarter of 2002, the Company finalized a transaction to sell certain assets of its Asia and Brazil networks, including the assignment of certain transponder leases. Also during the first quarter of 2002, the Company ceased operations based in Argentina. The transponder lease assignment required the Company to guarantee lease payments in 2002 from the acquirer of these networks. As such, the Company recorded a lease liability for the amount of the assignee’s portion of the transponder lease.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the three months and nine months ended September 30, 2004 and 2003:

| (in thousands) | Three Months Ended September 30, 2004 | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2004 | Nine Months Ended September 30, 2003 |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Radio Operations | $ — | $ 360 | $ — | $ 3,703 |
| RedHawks | — | 2,137 | — | 5,000 |
| Total revenues | $ — | $ 2,497 | $ — | $ 8,703 |
| **Operating income (loss):** | | | | |
| Radio Operations | $ — | $ 89 | $ — | $ 613 |
| RedHawks | — | 497 | — | 529 |
| Total operating income (loss) | — | 586 | — | 1,142 |
| **Interest expense** | — | (1) | — | (1) |
| **Interest income** | — | 2 | — | 7 |
| **Other gains and (losses):** | | | | |
| Radio Operations | — | 54,555 | — | 54,555 |
| RedHawks | — | (120) | — | (134) |
| Acuff-Rose Music Publishing | 1,015 | 450 | 1,015 | 450 |
| Word Entertainment | — | 1,503 | — | 1,503 |
| Businesses sold to OPUBCO | — | — | — | 368 |
| International cable networks | — | 497 | — | 497 |
| **Total other gains and (losses)** | 1,015 | 56,885 | 1,015 | 57,239 |
| Income before provision (benefit) for income taxes | 1,015 | 57,472 | 1,015 | 58,387 |
| **Provision (benefit) for income taxes** | 396 | 22,322 | 396 | 22,261 |
| Income (loss) from discontinued operations | $ 619 | $35,150 | $ 619 | $36,126 |

Included in other gains and (losses) during the three months and nine months ended September 30, 2003 is a gain of $54.6 million related to the sale of the Radio Operations. The remaining other gains and (losses) in 2004 and 2003 are primarily comprised of the reversal of certain previously established indemnification reserves and miscellaneous income and expenses.

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

| (in thousands) | September 30, 2004 | December 31, 2003 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ — | $ 19 |
| Total current assets | — | 19 |
| Total long-term assets | — | — |
| Total assets | $ — | $ 19 |
| Current liabilities: | | |
| Accounts payable and accrued expenses | $1,687 | $2,930 |
| Total current liabilities | 1,687 | 2,930 |
| Other long-term liabilities: | — | 825 |
| Total long-term liabilities | — | 825 |
| Total liabilities | $1,687 | $3,755 |

**6. ACQUISITION:**

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

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

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

The Company has accounted for the ResortQuest acquisition under the purchase method of accounting. Under the purchase method of accounting, the total purchase price was allocated to ResortQuest's net tangible and identifiable intangible assets based upon their fair value as of the date of completion of the ResortQuest acquisition. The Company determined these fair values with the assistance of a third party valuation expert. The excess of the purchase price over the fair value of the net tangible and identifiable intangible assets was recorded as goodwill. Goodwill will not be amortized and will be tested for impairment on an annual basis and whenever events or circumstances occur indicating that the goodwill may be impaired. The final allocation of the purchase price is subject to adjustments for a period not to exceed one year from the consummation date, the allocation period, in accordance with SFAS No. 141 "Business Combinations" and Emerging Issues Task Force ("EITF") Issue 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination." The allocation period is intended to differentiate between amounts that are determined as a result of the identification and valuation process required by SFAS No. 141 for all assets acquired and liabilities assumed and amounts that are determined because information that was not previously obtainable becomes obtainable. The purchase price allocation as of November 20, 2003 was as follows (in thousands):

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

Tangible assets acquired totaled $47.5 million which included $9.8 million of restricted cash, $26.1 million of property and equipment and $7.0 million of net trade receivables.

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

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

As of September 30, 2004 and December 31, 2003, goodwill related to the ResortQuest acquisition totaled $161.3 million and $162.7 million, respectively. During the nine months ended September 30, 2004, the Company made adjustments to accrued liabilities and deferred taxes associated with the ResortQuest acquisition as a result of obtaining additional information. These adjustments resulted in a net decrease in goodwill of $1.4 million**.** As of September 30, 2004, approximately $73.5 million of the goodwill was expected to be deductible for income tax purposes.

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.

**7. DEBT:**

***Senior Loan and Mezzanine Loan***

In 2001, the Company, through wholly owned subsidiaries, entered into two loan agreements, a $275.0 million senior loan (the "Senior Loan") and a $100.0 million mezzanine loan (the "Mezzanine Loan") (collectively, the "Nashville Hotel Loans") with affiliates of Merrill Lynch & Company acting as principal. The Senior and Mezzanine Loan borrower and its member were subsidiaries formed for the purposes of owning and operating the Gaylord Opryland and entering into the loan transaction and are special-purpose entities whose activities are strictly limited. The Company fully consolidates these entities in its consolidated financial statements. The Senior Loan is secured by a first mortgage lien on the assets of

Gaylord Opryland, and in March 2004 the Company exercised the first of two one-year extension options to extend the maturity of the Senior Loan to March 2005. At the Company's option, the Senior Loan may be extended for an additional one year term to March 2006, subject to the Gaylord Opryland operations meeting certain financial ratios and other criteria. As of September 30, 2004 Gaylord Opryland was in compliance with these financial ratios and other criteria. Amounts outstanding under the Senior Loan bear interest at one-month LIBOR plus 1.20%. The Mezzanine Loan, which was repaid and terminated in November 2003 using proceeds of the Senior Notes discussed below, was secured by the equity interest in the wholly-owned subsidiary that owns Gaylord Opryland, was due in April 2004 and bore interest at one-month LIBOR plus 6.0%. The Nashville Hotel Loans required monthly principal payments of approximately $0.7 million during their three-year terms in addition to monthly interest payments. The terms of the Senior Loan and the Mezzanine Loan required the Company to purchase interest rate hedges in notional amounts equal to the outstanding balances of the Senior Loan and the Mezzanine Loan in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, the Company purchased instruments that cap its exposure to one-month LIBOR at 7.5% as discussed in Note 9. The Company used $235.0 million of the proceeds from the Nashville Hotel Loans to refinance the remaining outstanding portion of $235.0 million of an interim loan obtained from Merrill Lynch Mortgage Capital, Inc. in 2000. At closing, the Company was required to escrow certain amounts, including $20.0 million related to future renovations and related capital expenditures at Gaylord Opryland. The net proceeds from the Nashville Hotel Loans after refinancing of an interim loan and paying required escrows and fees were approximately $97.6 million. At September 30, 2004 and December 31, 2003 the unamortized balance of the deferred financing costs related to the Nashville Hotel Loans was $0.04 million and $0.8 million, respectively. The weighted average interest rates for the Senior Loan for the nine months ended September 30, 2004 and 2003, including amortization of deferred financing costs, were 3.0% and 4.3%, respectively. The weighted average interest rate for the Mezzanine Loan for the nine months ended September 30, 2003, including amortization of deferred financing costs, was 10.7%.

The terms of the Senior Loan impose, and the terms of the Mezzanine Loan imposed, limits on transactions with affiliates and incurrence of indebtedness by the subsidiary borrower. The Senior Loan also contains a cash management restriction that is triggered if a minimum debt service coverage ratio is not met. This provision has never been triggered.

As of September 30, 2004, the Company was in compliance with all covenants and the cash management restrictions were not in effect. There can be no assurance that the Company will remain in compliance with the covenants that would result in an event of default under the Nashville Hotel Loans. Any event of noncompliance that results in an event of default under the Senior Loan would enable the lenders to demand payment of all outstanding amounts, which would have a material adverse effect on the Company's financial position, results of operations and cash flows.

During November 2003, the Company used the proceeds of the Senior Notes, as discussed below, to repay in full $66.0 million outstanding under the Mezzanine Loan portion of the Nashville Hotel Loans. As a result of the prepayment of the Mezzanine Loan, the Company wrote off $0.7 million in deferred financing costs during the fourth quarter of 2003. The remaining terms of the Senior Loan are the same as discussed above.

***Term Loan***

During 2001, the Company entered into a three-year delayed-draw senior term loan (the "Term Loan") of up to $210.0 million with Deutsche Banc Alex. Brown Inc., Salomon Smith Barney, Inc. and CIBC World Markets Corp. (collectively the "Banks"). During May 2003, the Company used $60 million of the proceeds from the 2003 Loans, as discussed below, to pay off the Term Loan. Concurrent with the payoff of the Term Loan, the Company wrote off the remaining unamortized deferred financing costs of $1.5 million related to the Term Loan. Proceeds of the Term Loan were used to finance the construction of Gaylord Palms and the initial construction phases of the Gaylord Texan, as well as for general operating purposes. The Term Loan was primarily secured by the Company's ground lease interest in Gaylord Palms.

At the Company's option, amounts outstanding under the Term Loan bore interest at the prime interest rate plus 2.125% or the one-month Eurodollar rate plus 3.375%. The terms of the Term Loan required the purchase of interest rate hedges in notional amounts equal to $100.0 million in order to protect against adverse changes in the one-month Eurodollar rate.

Pursuant to these agreements, the Company purchased instruments that capped its exposure to the one-month Eurodollar rate at 6.625% as discussed in Note 9. In addition, the Company was required to pay a commitment fee equal to 0.375% per year of the average unused portion of the Term Loan.

The terms of the Term Loan required the Company to purchase an interest rate instrument which capped the interest rate paid by the Company. This instrument expired in the fourth quarter of 2002. Due to the expiration of the interest rate instrument, the Company was out of compliance with the terms of the Term Loan. Subsequent to December 31, 2002, the Company obtained a waiver from the lenders whereby this event of non-compliance was waived as of December 31, 2002 and also removed the requirement to maintain such instruments for the remaining term of the Term Loan. Proceeds from the 2003 Loans, as discussed below, were used to repay the Term Loan in 2003.

***2003 Loans***

During May of 2003, the Company finalized a $225 million credit facility (the "2003 Loans") with Deutsche Bank Trust Company Americas, Bank of America, N.A., CIBC Inc. and a syndicate of other lenders. The 2003 Loans consisted of a $25 million senior revolving facility, a $150 million senior term loan and a $50 million subordinated term loan. The 2003 Loans were due in 2006. The senior loan bore interest of LIBOR plus 3.5%. The subordinated loan bore interest of LIBOR plus 8.0%. The 2003 Loans were secured by the Gaylord Palms assets and the Gaylord Texan assets. At the time of closing the 2003 Loans, the Company engaged LIBOR interest rate swaps which fixed the LIBOR rates of the 2003 Loans at 1.48% in year one and 2.09% in year two. The interest rate swaps related to the 2003 Loans are discussed in more detail in Note 9. The Company was required to pay a commitment fee equal to 0.5% per year of the average daily unused portion of the 2003 Loans. Proceeds of the 2003 Loans were used to pay off the Term Loan of $60 million as discussed above and the remaining net proceeds of approximately $134 million were deposited into an escrow account for the completion of the construction of the Gaylord Texan. The provisions of the 2003 Loans contained covenants and restrictions including compliance with certain financial covenants, restrictions on additional indebtedness, escrowed cash balances, as well as other customary restrictions.

In connection with the offering of the Senior Notes discussed below, on November 12, 2003, the Company amended the 2003 Loans to, among other things, permit the ResortQuest acquisition and the issuance of the Senior Notes, maintain the $25.0 million revolving credit facility portion of the 2003 Loans, repay and eliminate the $150 million senior term loan portion and the $50 million subordinated term loan portion of the 2003 Loans and make certain other amendments to the 2003 Loans. During November 2003, as discussed below, the Company used the proceeds of the Senior Notes to repay all amounts outstanding under the 2003 Loans. As a result of the prepayment of the 2003 Loans, the Company wrote off $6.6 million in deferred financing costs during the fourth quarter of 2003.

***Senior Notes***

On November 12, 2003, the Company completed its offering of $350 million in aggregate principal amount of senior notes due 2013 (the "Senior Notes") in an institutional private placement. The interest rate of the Senior Notes is 8%, although the Company has entered into fixed to variable interest rate swaps with respect to $125 million principal amount of the Senior Notes which results in an effective interest rate of LIBOR plus 2.95% with respect to that portion of the Senior Notes. The 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 Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2008 at a designated redemption amount, plus accrued and unpaid interest. In addition, the Company may redeem up to 35% of the Senior Notes before November 15, 2006 with the net cash proceeds from certain equity offerings. The 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 Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of the Company's subsidiaries that was a borrower or guarantor under the 2003 Loans, and as of November 2003, under the Company's new $100 million revolving credit facility described below. In connection with the offering of the Senior Notes, the Company paid approximately $10.1 million in deferred financing costs. The net proceeds from the offering of the Senior Notes, together with $22.5 million of the Company's cash on hand, were used as follows:

- $275.5 million was used to repay the $150 million senior term loan portion and the $50 million subordinated term loan portion of the 2003 Loans, as discussed above, as well as the remaining $66 million of the Company's $100 million Mezzanine Loan and to pay certain fees and expenses related to the ResortQuest acquisition; and

- $79.2 million was placed in escrow pending consummation of the ResortQuest acquisition. As of November 20, 2003, the $79.2 million together with $8.2 million of the available cash, was used to repay (i) ResortQuest's senior notes and its credit facility, the principal amount of which aggregated $85.1 million at closing, and (ii) a related prepayment penalty.

The 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 Senior Notes are cross-defaulted to the Company's other indebtedness.

***New Revolving Credit Facility***

On November 20, 2003, the Company entered into a new $65.0 million revolving credit facility, which was increased to $100.0 million on December 17, 2003. The new revolving credit facility, which replaced the revolving credit portion under the 2003 Loans, matures in May 2006. The new revolving credit facility has an interest rate, at the Company's 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 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 new revolving credit facility is guaranteed on a senior unsecured basis by the Company's subsidiaries that are guarantors of the Senior Notes (consisting generally of the Company's active domestic subsidiaries that are not parties to the Nashville Hotel Loan arrangements) and is secured by a leasehold mortgage on the Gaylord Palms. The Company is required to pay a commitment fee equal to 0.5% per year of the average daily unused revolving portion of the new revolving credit facility.

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

- a maximum total leverage ratio requiring that at the end of each fiscal quarter, the ratio of consolidated indebtedness minus unrestricted cash on hand to consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, not exceed a range of ratios (decreasing from 7.5 to 1.0 for early 2004 to 5.0 to 1.0 for 2005 and thereafter) for the recent four fiscal quarters;

- a requirement that the adjusted net operating income for the Gaylord Palms be at least $25 million at the end of each fiscal quarter ending December 31, 2003, through December 31, 2004, and $28 million at the end of each fiscal quarter thereafter, in each case based on the most recent four fiscal quarters; and

- a minimum fixed charge coverage ratio requiring that, at the end of each fiscal quarter, the ratio of consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, to the sum of (i) consolidated interest expense and capitalized interest expense for the previous fiscal quarter, multiplied by four, and (ii) required amortization of indebtedness for the most recent four fiscal quarters, be not less than 1.5 to 1.0.

As of September 30, 2004, the Company was in compliance with all covenants. As of September 30, 2004, no borrowings were outstanding under the new revolving credit facility, but the lending banks had issued $9.8 million of letters of credit under the credit facility for the Company. The revolving credit facility is cross-defaulted to the Company's other indebtedness.

**8. SECURED FORWARD EXCHANGE CONTRACT:**

During May 2000, the Company entered into a seven-year secured forward exchange contract ("SFEC") with an affiliate of Credit Suisse First Boston with respect to 10,937,900 shares of Viacom, Inc. Class B common stock ("Viacom Stock"). The seven-year SFEC has a notional amount of $613.1 million and required contract payments based upon a stated 5% rate. The SFEC protects the Company against decreases in the fair market value of the Viacom Stock while providing for participation in increases in the fair market value, as discussed below. The Company realized cash proceeds from the SFEC of $506.5 million, net of discounted prepaid contract payments and prepaid interest related to the first 3.25 years of the contract and transaction costs totaling $106.6 million. In October 2000, the Company prepaid the remaining 3.75 years of contract interest payments required by the SFEC of $83.2 million. As a result of the prepayment, the Company is not required to make any further contract 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 September 30, 2004 and December 31, 2003 and long-term assets of $44.1 million and $64.3 million as of September 30, 2004 and December 31, 2003, 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. The Company utilized $394.1 million of the net proceeds from the SFEC to repay all outstanding indebtedness under its 1997 revolving credit facility, and the 1997 revolving credit facility was terminated.

The Company's obligation under the SFEC is collateralized by a security interest in the Company's Viacom Stock. At the end of the seven-year contract term, the Company may, at its option, elect to pay in cash rather than by delivery of all or a portion of the Viacom Stock. The SFEC protects the Company against decreases in the fair market value of the Viacom Stock by way of a put option at a strike price below $56.05 per share, while providing for participation in increases in the fair market value of the Viacom Stock by way of a call option at a strike price of $70.03 per share as of September 30, 2004. The call option strike price decreased from $72.47 to $70.03 effective July 21, 2004 due to the Company receiving a dividend distribution from Viacom. Future dividend distributions received from Viacom may result in an adjusted call strike price. For any appreciation above $70.03 per share, the Company will participate in the appreciation at a rate of 25.93%.

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

**9. DERIVATIVE FINANCIAL INSTRUMENTS:**

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

Upon adoption of SFAS No. 133, the Company valued the SFEC based on pricing provided by a financial institution and reviewed by the Company. The financial institution's market prices are prepared for each quarter close period on a mid-market basis by reference to proprietary models and do not reflect any bid/offer spread. For the three and nine months ended September 30, 2004, the Company recorded net pretax gains in the Company's condensed consolidated statement of operations of $26.3 million and $84.3 million, respectively, related to the increase in the fair value of the derivatives associated with the SFEC. For the three and nine months ended September 30, 2003, the Company recorded net pretax gains in the Company's condensed consolidated statement of operations of $33.0 million and $24.0 million, respectively, related to the increase in the fair value of the derivatives associated with the SFEC.

During 2001, the Company entered into three contracts to cap its interest rate risk exposure on its long-term debt. Two of the contracts capped the Company's exposure to one-month LIBOR rates on up to $375.0 million of outstanding indebtedness at 7.5%. Another interest rate cap, which capped the Company's exposure on one-month Eurodollar rates on up to $100.0 million of outstanding indebtedness at 6.625%, expired in October 2002. These interest rate caps qualified for treatment as cash flow hedges in accordance with the provisions of SFAS No. 133, as amended. As such, the effective

portion of the gain or loss on the derivative instrument was initially recorded in accumulated other comprehensive income as a separate component of stockholders' equity and subsequently reclassified into earnings in the period during which the hedged transaction is recognized in earnings. The ineffective portion of the gain or loss, if any, is recognized as income or expense immediately.

The Company also purchased LIBOR rate swaps as required by the 2003 Loans as discussed in Note 7. The Company hedged a notional amount of $200.0 million, although the 2003 Loans only required that 50% of the outstanding amount be hedged. The LIBOR rate swap effectively locked the variable interest rate at a fixed interest rate at 1.48% in year one and 2.09% in year two. The LIBOR rate swaps qualified for treatment as cash flow hedges in accordance with the provisions of SFAS No. 133, as amended. Anticipating the issuance of the Senior Notes and the subsequent repayment of the 2003 Loans, the Company terminated $100.0 million of the LIBOR rate swaps effective October 31, 2003. Upon issuance of the Senior Notes and the repayment of the 2003 Loans, the Company terminated the remaining $100.0 million of the LIBOR rate swaps effective November 12, 2003. The Company received proceeds from the termination of these LIBOR rate swaps in the amount of $0.2 million during 2003.

Upon issuance of the 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 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 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 Senior Notes through earnings. The Company has determined that there will not be an ineffective portion of this hedge and, therefore, no net impact on earnings. As of September 30, 2004, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was $1.5 million. The Company has recorded a derivative asset and an offsetting increase in the balance of the Senior Notes accordingly.

**10. IMPAIRMENT AND OTHER CHARGES**

The Company began production of an IMAX movie during 2000 to portray the history of country music. During 2001, the Company named a new chairman and a new chief executive officer and had numerous changes in senior management. The new management team instituted a corporate reorganization and the re-evaluation of the Company's businesses and other investments (the "2001 Strategic Assessment"). As a result of the 2001 Strategic Assessment, the carrying value of the IMAX film asset was re-evaluated on the basis of its estimated future cash flows resulting in an impairment charge of $6.9 million. In the third quarter of 2003, based on the revenues generated by the theatrical release of the IMAX movie, the asset was again re-evaluated on the basis of estimated future cash flows. As a result, an additional impairment charge of $0.9 million was recorded in the third quarter of 2003. In the second quarter of 2004, due to a continued decline in the revenues generated by the film, the Company again re-evaluated the carrying value of the IMAX film asset based on current estimates of future cash flows. As a result, an additional impairment charge of $1.2 million was recorded in the second quarter of 2004 to write off the remaining carrying value of the film.

## 11. RESTRUCTURING CHARGES:

The following table summarizes the activities of the Company's restructuring charges for the nine months ended September 30, 2004:

| (in thousands) | Balance at December 31, 2003 | Restructuring charges and adjustments | Payments | Balance at September 30, 2004 |
|---|---|---|---|---|
| 2001 restructuring charges | $ 94 | $160 | $165 | $ 89 |
| 2000 restructuring charges | 195 | (82) | 48 | 65 |
| | $289 | $ 78 | $213 | $154 |

***2001 Restructuring Charge***

During 2001, the Company recognized net pretax restructuring charges from continuing operations of $5.8 million related to streamlining operations and reducing layers of management. These restructuring charges were recorded in accordance with EITF Issue No. 94-3. During the second quarter of 2002, the Company entered into two subleases to lease certain office space the Company previously had recorded in the 2001 restructuring charges. As a result, the Company reversed $0.9 million of the 2001 restructuring charges during 2002 related to continuing operations based upon the occurrence of certain triggering events. Also during the second quarter of 2002, the Company evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement agreements had expired and adjusted the previously recorded amounts by $0.2 million. During the second quarter of 2004, the Company evaluated the 2001 restructuring accrual and determined that the remaining sublease payments it was scheduled to receive were less than originally estimated. As a result, the Company increased the 2001 restructuring charge by $0.2 million during 2004 related to continuing operations. As of September 30, 2004, the Company has recorded cash payments of $4.9 million against the 2001 restructuring accrual. The remaining balance of the 2001 restructuring accrual at September 30, 2004 of $89,000 is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheet. The Company expects the remaining balances of the 2001 restructuring accrual to be paid by the end of 2005.

***2000 Restructuring Charge***

During 2000, the Company completed an assessment of its strategic alternatives related to its operations and capital requirements and developed a strategic plan designed to refocus the Company's operations, reduce its operating losses, and reduce its negative cash flows (the "2000 Strategic Assessment"). As part of the Company's 2000 Strategic Assessment, the Company recognized pretax restructuring charges of $13.1 million related to continuing operations during 2000, in accordance with EITF Issue No. 94-3. Additional restructuring charges of $3.2 million during 2000 were included in discontinued operations. During 2001, the Company negotiated reductions in certain contract termination costs, which allowed the reversal of $3.7 million of the restructuring charges originally recorded during 2000. During the second quarter of 2002, the Company entered into a sublease that reduced the liability the Company was originally required to pay, and the Company reversed $0.1 million of the 2000 restructuring charge related to the reduction in required payments. During the second quarter of 2004, the Company evaluated the 2000 restructuring accrual and determined that the remaining severance payments it was scheduled to make were less than originally estimated. As a result, the Company reversed $0.1 million of the 2000 restructuring charge during 2004 related to continuing operations. As of September 30, 2004, the Company has recorded cash payments of $9.3 million against the 2000 restructuring accrual related to continuing operations. The remaining balance of the 2000 restructuring accrual at September 30, 2004 of $65,000, from continuing operations, is included in accounts payable and accrued liabilities in the accompanying condensed consolidated balance sheet, which the Company expects to be paid by the end of 2005.

**12. SUPPLEMENTAL CASH FLOW DISCLOSURES:**

Cash paid for interest related to continuing operations for the three months and nine months ended September 30, 2004 and 2003 was comprised of:

| (in thousands) | Three Months Ended September 30, 2004 | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2004 | Nine Months Ended September 30, 2003 |
|---|---|---|---|---|
| Debt interest paid | $1,579 | $ 5,446 | $16,207 | $ 13,024 |
| Deferred financing costs paid | — | 29 | 909 | 7,598 |
| Capitalized interest | (79) | (4,057) | (5,323) | (10,111) |
| Cash interest paid, net of capitalized interest | $1,500 | $ 1,418 | $11,793 | $ 10,511 |

Income taxes (paid) received were ($0.7) million and $1.5 million for the nine months ended September 30, 2004 and 2003, respectively.

**13. GOODWILL AND INTANGIBLES:**

The changes in the carrying amounts of goodwill by business segment for the nine months ended September 30, 2004 are as follows (amounts in thousands):

| | Balance as of December 31, 2003 | Impairment Losses | Purchase Accounting Adjustments | Balance as of September 30, 2004 |
|---|---|---|---|---|
| Hospitality | $ — | $ — | $ — | $ — |
| Opry and Attractions | 6,915 | — | — | 6,915 |
| ResortQuest | 162,727 | — | (1,415) | 161,312 |
| Corporate and Other | — | — | — | — |
| Total | $169,642 | $ — | $(1,415) | $168,227 |

During the nine months ended September 30, 2004, the Company made adjustments to accrued liabilities and deferred taxes associated with the ResortQuest acquisition as a result of obtaining additional information. These adjustments resulted in a net decrease in goodwill of $1.4 million.

The carrying amount of indefinite-lived intangible assets not subject to amortization was $40.6 million at September 30, 2004 and December 31, 2003, respectively. The gross carrying amount of amortized intangible assets in continuing operations was $30.1 million at September 30, 2004 and December 31, 2003, respectively. The related accumulated amortization of amortized intangible assets in continuing operations was $3.6 million and $0.6 million at September 30, 2004 and December 31, 2003, respectively. The amortization expense related to intangible assets from continuing operations during the three months and nine months ended September 30, 2004 was $1.0 million and $3.0 million, respectively. The amortization expense related to intangible assets from continuing operations during the three months and nine months ended September 30, 2003 was $0.01 million and $0.03 million, respectively. The estimated amounts of amortization expense for the next five years are as follows (in thousands):

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| | |
|---|---|
| Year 1 | $ 3,828 |
| Year 2 | 3,762 |
| Year 3 | 3,747 |
| Year 4 | 3,747 |
| Year 5 | 3,747 |
| Total | $18,831 |

**14. STOCK PLANS:**

SFAS No. 123, "Accounting for Stock-Based Compensation", encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for employee stock-based compensation using the intrinsic value method as prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations, under which no compensation cost related to employee stock options has been recognized. In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment of SFAS No. 123". SFAS No. 148 amends SFAS No. 123 to provide two additional methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. This statement also amends the disclosure requirements of SFAS No. 123 to require certain disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company adopted the amended disclosure provisions of SFAS No. 148 on December 31, 2002, and the information contained in this report reflects the disclosure requirements of the new pronouncement. The Company accounts for employee stock-based compensation in accordance with APB Opinion No. 25.

If compensation cost for these plans had been determined consistent with the provisions of SFAS No. 123, the Company's net income (loss) and income (loss) per share for the three months and nine months ended September 30, 2004 and 2003 would have been increased or decreased to the following pro forma amounts:

| (in thousands, except per share data) | Three Months Ended September 30, 2004 | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2004 | Nine Months Ended September 30, 2003 |
|---|---|---|---|---|
| Net income (loss): | | | | |
| As reported | $(3,192) | $11,652 | $(44,738) | $16,741 |
| Stock-based employee compensation, net of tax effect | 832 | 722 | 2,920 | 2,184 |
| Pro forma | $(4,024) | $10,930 | $(47,658) | $14,557 |
| Net income (loss) per share: | | | | |
| As reported | $ (0.08) | $ 0.34 | $ (1.13) | $ 0.50 |
| Pro forma | $ (0.10) | $ 0.32 | $ (1.20) | $ 0.43 |
| Net income (loss) per share assuming dilution: | | | | |
| As reported | $ (0.08) | $ 0.34 | $ (1.13) | $ 0.50 |
| Pro forma | $ (0.10) | $ 0.32 | $ (1.20) | $ 0.43 |

At September 30, 2004 and December 31, 2003, there were 3,496,853 and 3,327,325 shares, respectively, of the Company's common stock reserved for future issuance pursuant to the exercise of outstanding stock options under its stock option and incentive plans. Under the terms of its plans, stock options are granted with an exercise price equal to the fair market value at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable on the first anniversary of the date of grant, while options granted to employees are exercisable ratably over a period of four years beginning on the first anniversary of the date of grant. The Company accounts for this plan under APB Opinion No. 25 and related interpretations, under which no compensation expense for employee and non-employee director stock options has been recognized.

The plan also provides for the award of restricted stock and restricted stock units. At September 30, 2004 and December 31, 2003, awards of 110,280 and 111,350 shares, respectively, of restricted common stock were outstanding. The market value at the date of grant of these restricted shares was recorded as unearned compensation as a component of stockholders' equity. Unearned compensation is amortized and expensed over the vesting period of the restricted stock.

The Company has an employee stock purchase plan whereby substantially all employees are eligible to participate in the purchase of designated shares of the Company's common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. The Company issued 2,487 and 2,644 shares of common stock at an average price per share of $26.35 and $17.00 pursuant to this plan during the three months ended September 30, 2004 and 2003, respectively.

Included in compensation expense for the three months ended September 30, 2004 and 2003 is $0.7 million and $0.6 million, respectively, related to the grant of 604,000 units and 552,500 units, respectively, under the Company's Performance Accelerated Restricted Stock Unit Program which was implemented in the second quarter of 2003. Included in compensation expense for the nine months ended September 30, 2004 and 2003 is $2.0 million and $0.9 million, respectively, related to the grant of these units.

**15. RETIREMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:**

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

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

During the second quarter of 2004, the Company determined that the prescription drug benefits provided under its postretirement health care plan were actuarially equivalent to Medicare Part D and thus would qualify for the subsidy under the Prescription Drug Act and the expected subsidy would offset its share of the cost of the underlying drug coverage. The Company elected to early-adopt the provisions of FASB Staff Position No. 106-2 during the second quarter of 2004 and re-measured its accumulated postretirement benefit obligation and net periodic postretirement benefit expense accordingly. The accumulated postretirement benefit obligation was reduced by $2.9 million during the second quarter of 2004 as a result of the subsidy related to benefits attributed to past service. This reduction in the accumulated

postretirement benefit obligation was recorded as a deferred actuarial gain and will be amortized over future periods in the same manner as other deferred actuarial gains. The effect of the subsidy on the measurement of net periodic postretirement benefit expense for the three month period ended September 30, 2004 was as follows (in thousands):

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

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Service cost | $ 150 | $ 139 | $ 451 | $ 417 |
| Interest cost | 1,188 | 1,184 | 3,564 | 3,551 |
| Expected return on plan assets | (855) | (748) | (2,564) | (2,244) |
| Amortization of net actuarial loss | 668 | 609 | 2,003 | 1,827 |
| Amortization of prior service cost | 1 | 1 | 3 | 3 |
| Total net periodic pension expense | $1,152 | $1,185 | $ 3,457 | $ 3,554 |

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

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Service cost | $ 69 | $ 85 | $ 231 | $ 256 |
| Interest cost | 207 | 345 | 730 | 1,035 |
| Amortization of net actuarial gain | (141) | — | (282) | — |
| Amortization of net prior service cost | (250) | (247) | (750) | (742) |
| Amortization of curtailment gain | (61) | (61) | (183) | (183) |
| Total net postretirement benefit expense | $(176) | $ 122 | $(254) | $ 366 |

The Company expects to contribute $4.6 million to its defined benefit pension plan in 2004, $3.8 million of which was contributed to the defined benefit pension plan during the nine months ended September 30, 2004.

**16. INCOME TAXES**

The Company's effective tax rate as applied to pretax income from continuing operations for the three months ended September 30, 2004 and 2003 was 54% and 44%, respectively. The Company's higher effective tax rate was due

primarily to a reduction of deferred tax liabilities due to the reallocation of state income.

The Company's effective tax rate as applied to pretax income from continuing operations for the nine months ended September 30, 2004 and 2003 was 41% and 44%, respectively. The Company's lower effective tax rate was due primarily to a higher effective state tax rate during the nine months ended September 30, 2003 as a result of additions to the state tax valuation allowance and certain non-deductible items. The impact of this higher effective state tax rate during the nine months ended September 30, 2003 was partially offset by the reduction of deferred tax liabilities during the nine months ended September 30, 2004 described above.

**17. NEWLY ISSUED ACCOUNTING STANDARDS:**

In January 2003, the FASB issued FASB Interpretation 46, "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51" ("FIN No. 46"). In December 2003, the FASB modified FIN No. 46 to make certain technical corrections and address certain implementation issues that had arisen. FIN No. 46 provides a new framework for identifying variable interest entities ("VIEs") and determining when a company should include the assets, liabilities, noncontrolling interests and results of activities of a VIE in its consolidated financial statements. FIN No. 46 requires a VIE to be consolidated if a party with an ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party absorbs a majority of the VIE's losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and noncontrolling interests at fair value and subsequently account for the VIE as if it were consolidated based on majority voting interest. FIN No. 46 also requires disclosures about VIEs that the variable interest holder is not required to consolidate but in which it has significant variable interest.

FIN No. 46 was effective immediately for VIEs created after January 31, 2003. The provisions of FIN No. 46, as revised, were adopted as of December 31, 2003 for the Company's interests in VIEs that are special purpose entities ("SPEs"). The adoption of FIN No. 46 for interests in SPEs on December 31, 2003 did not have a material effect on the Company's consolidated balance sheet. The Company adopted the provisions of FIN No. 46 for the Company's variable interests in all VIEs as of March 31, 2004. The effect of adopting the provisions of FIN No. 46 for all the Company's variable interests did not have a material impact on the Company's consolidated balance sheet.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS No. 150 requires issuers to classify as liabilities (or assets in some circumstances) three classes of freestanding financial instruments that embody obligations for the issuer. Generally, SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and is otherwise effective at the beginning of the first interim period beginning after September 15, 2003. The Company adopted the provisions of SFAS No. 150 on July 1, 2003. The Company did not enter into any financial instruments within the scope of SFAS No. 150 after May 31, 2003. Adoption of this statement did not have any effect on the Company's consolidated financial statements.

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

accumulated benefit obligation and net periodic postretirement benefit expense accordingly. See Note 15 for a discussion regarding the impact of this Statement on the Company's consolidated financial statements.

**18. COMMITMENTS AND CONTINGENCIES:**

The Company is a party to the lawsuit styled *Nashville Hockey Club Limited Partnership v. Gaylord Entertainment Company,* Case No. 03-1474, in the Chancery Court for Davidson County, Tennessee. In its complaint for breach of contract, Nashville Hockey Club Limited Partnership alleged that the Company failed to honor its payment obligation under a Naming Rights Agreement for the multi-purpose arena in Nashville known as the Gaylord Entertainment Center. Specifically, Plaintiff alleged that the Company failed to make a semi-annual payment to Plaintiff in the amount of $1,186,566 when due on January 1, 2003 and in the amount of $1,245,894 when due on July 1, 2003. The Company contended that it effectively fulfilled its obligations due under the Naming Rights Agreement by way of set off against obligations owed by Plaintiff to CCK Holdings, LLC ("CCK") under a "put option" CCK exercised pursuant to the Partnership Agreement between CCK and Plaintiff. CCK has assigned the proceeds of its put option to the Company. The Company filed an answer and counterclaim denying any liability to Plaintiff, specifically alleging that all payments due to Plaintiff under the Naming Rights Agreement had been paid in full and asserting a counterclaim for amounts owing on the put option under the Partnership Agreement. Plaintiff filed a motion for summary judgment which was argued on February 6, 2004, and on March 10, 2004 the Chancellor granted the Plaintiff's motion, requiring the Company to make payments (including $4.1 million then payable to date) under the Naming Rights Agreement in cash and finding that conditions to the satisfaction of the Company's put option have not been met. In addition, the Chancellor authorized an award of approximately $165,819 in legal fees to the Plaintiff. The Company has appealed these decisions and will continue to vigorously assert its rights in this litigation. Because the Company continued to recognize the expense under the Naming Rights Agreement, payment of the accrued amounts described above under the Naming Rights Agreement will not affect the Company's results of operations.

In connection with the Company's execution of the Agreement of Limited Partnership of the Nashville Hockey Club, L.P. on June 25, 1997, the Company, its subsidiary CCK, Craig Leipold, Helen Johnson-Leipold (Mr. Leipold's wife) and Samuel C. Johnson (Mr. Leipold's father-in-law) entered into a guaranty agreement executed in favor of the National Hockey League (NHL). This agreement provides for a continuing guarantee of the following obligations for as long as any of these obligations remain outstanding: (i) all obligations under the expansion agreement between the Nashville Hockey Club, L.P. and the NHL; and (ii) all operating expenses of the Nashville Hockey Club, L.P. The maximum potential amount which the Company and CCK, collectively, could be liable under the guaranty agreement is $15.0 million, although the Company and CCK would have recourse against the other guarantors if required to make payments under the guarantee. As of September 30, 2004, the Company had not recorded any liability in the consolidated balance sheet associated with this guarantee.

As previously announced, the Company has plans to develop a Gaylord hotel and has a contract to purchase property on the Potomac River in Prince George's County, Maryland (in the Washington, D.C. market), subject to market conditions, the availability of financing, and receipt of necessary building permits and other authorizations. Subject to the contingencies described above, 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 this development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to the Company upon completion of the project. The Company will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from the development. We also are considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

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

As previously disclosed in January 2003, the Company restated its historical financial statements for 2000, 2001 and the first nine months of 2002 to reflect certain non-cash changes, which resulted primarily from a change to the Company's income tax accrual and the manner in which the Company accounted for its investment in the Nashville Predators.

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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**19. FINANCIAL REPORTING BY BUSINESS SEGMENTS:**

The Company's continuing operations are organized and managed based upon its products and services. The Company revised its reportable segments during the first quarter of 2003 due to the Company's decision to divest of the Radio Operations and again during the fourth quarter of 2003 due to the November 2003 acquisition of ResortQuest. The following information from continuing operations is derived directly from the segments' internal financial reports used for corporate management purposes.

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(in thousands)** | **2004** | **2003** | **2004** | **2003** |
| Revenues: | | | | |
| Hospitality | $113,725 | $ 82,797 | $ 337,008 | $272,502 |
| Opry and Attractions | 18,352 | 15,259 | 47,749 | 45,310 |
| ResortQuest | 63,730 | — | 171,878 | — |
| Corporate and Other | 117 | 45 | 243 | 139 |
| Total | $195,924 | $ 98,101 | $ 556,878 | $317,951 |
| Depreciation and amortization: | | | | |
| Hospitality | $ 15,387 | $ 11,833 | $ 42,756 | $ 34,991 |
| Opry and Attractions | 1,292 | 1,215 | 3,918 | 3,851 |
| ResortQuest | 2,481 | — | 7,396 | — |
| Corporate and Other | 1,151 | 1,519 | 3,711 | 4,602 |
| Total | $ 20,311 | $ 14,567 | $ 57,781 | $ 43,444 |
| Operating income (loss): | | | | |
| Hospitality | $ 2,215 | $ 5,215 | $ 27,740 | $ 34,622 |
| Opry and Attractions | 967 | 825 | (794) | (610) |
| ResortQuest | 7,743 | — | 10,598 | — |
| Corporate and Other | (9,449) | (10,654) | (32,433) | (31,379) |
| Preopening costs | (223) | (3,283) | (14,239) | (7,111) |
| Impairment and other charges | — | (856) | (1,212) | (856) |
| Restructuring charges | — | — | (78) | — |
| Total operating income (loss) | 1,253 | (8,753) | (10,418) | (5,334) |
| Interest expense, net of amounts capitalized | (14,850) | (10,476) | (39,011) | (31,139) |
| Interest income | 371 | 742 | 1,031 | 1,773 |
| Unrealized gain (loss) on Viacom stock | (23,766) | (58,976) | (119,052) | (27,067) |
| Unrealized gain (loss) on derivatives | 26,317 | 32,976 | 84,314 | 24,016 |
| Income (loss) from unconsolidated companies | 1,587 | 1,491 | 3,383 | 1,806 |
| Other gains and (losses), net | 753 | 1,008 | 2,390 | 1,291 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | $ (8,335) | $(41,988) | $ (77,363) | $ (34,654) |

**20. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:**

Not all of the Company's subsidiaries have guaranteed the $350 million Senior Notes. All of the Company's subsidiaries that are borrowers or have guaranteed borrowings under the Company's new revolving credit facility, or previously, the senior secured credit facility portion of the 2003 Loans, are guarantors (the "Guarantors") of the Senior Notes. Certain of the Company's subsidiaries, including those that incurred the Company's Nashville Hotel Loan or own or manage the Nashville loan borrower (the "Non-Guarantors"), do not guarantee the Senior Notes. 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.

The following unaudited consolidating schedules present condensed financial information of the Company, the Guarantor subsidiaries and the Non-Guarantors as of and for the three and nine months ended September 30, 2004 and 2003.

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**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Statement of Operations**

**For the Three Months Ended September 30, 2004**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues | $ 19,686 | $137,467 | $50,008 | $(11,237) | $195,924 |
| Operating expenses: | | | | | |
| Operating costs | 6,688 | 93,949 | 33,239 | (3,418) | 130,458 |
| Selling, general and administrative | 8,733 | 27,508 | 7,312 | 126 | 43,679 |
| Management fees | — | 4,822 | 3,123 | (7,945) | — |
| Preopening costs | — | 223 | — | — | 223 |
| Depreciation | 1,345 | 9,640 | 5,019 | — | 16,004 |
| Amortization | 499 | 3,575 | 233 | — | 4,307 |
| Operating income (loss) | 2,421 | (2,250) | 1,082 | — | 1,253 |
| Interest expense, net of amounts capitalized | (13,987) | (15,744) | (2,843) | 17,724 | (14,850) |
| Interest income | 15,671 | 385 | 2,039 | (17,724) | 371 |
| Unrealized gain (loss) on Viacom stock | (23,766) | — | — | — | (23,766) |
| Unrealized gain (loss) on derivatives | 26,317 | — | — | — | 26,317 |
| Income (loss) from unconsolidated companies | — | — | 1,587 | — | 1,587 |
| Other gains and (losses), net | 731 | 22 | — | — | 753 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | 7,387 | (17,587) | 1,865 | — | (8,335) |
| Provision (benefit) for income taxes | 1,528 | (6,511) | 459 | — | (4,524) |
| Equity in subsidiaries' (earnings) losses, net | 9,051 | — | — | (9,051) | — |
| Income (loss) from continuing operations | (3,192) | (11,076) | 1,406 | 9,051 | (3,811) |
| Income (loss) from discontinued operations, net of taxes | — | — | 619 | — | 619 |
| Net income (loss) | $ (3,192) | $ (11,076) | $ 2,025 | $ 9,051 | $ (3,192) |

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

Condensed Consolidating Statement of Operations

For the Three Months Ended September 30, 2003

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues | $ 16,295 | $ 42,538 | $49,484 | $(10,216) | $ 98,101 |
| Operating expenses: | | | | | |
| Operating costs | 5,995 | 27,470 | 32,426 | (2,364) | 63,527 |
| Selling, general and administrative | 7,817 | 10,184 | 6,645 | (25) | 24,621 |
| Management fees | — | 3,599 | 4,487 | (8,086) | — |
| Preopening costs | — | 3,283 | — | — | 3,283 |
| Impairment and other charges | 856 | — | — | — | 856 |
| Depreciation | 1,333 | 5,761 | 6,141 | — | 13,235 |
| Amortization | 789 | 156 | 387 | — | 1,332 |
| Operating income (loss) | (495) | (7,915) | (602) | 259 | (8,753) |
| Interest expense, net of amounts capitalized | (9,656) | (5,448) | (5,367) | 9,995 | (10,476) |
| Interest income | 8,328 | 265 | 2,144 | (9,995) | 742 |
| Unrealized gain (loss) on Viacom stock | (58,976) | — | — | — | (58,976) |
| Unrealized gain (loss) on derivatives | 32,976 | — | — | — | 32,976 |
| Income (loss) from unconsolidated companies | — | — | 1,491 | — | 1,491 |
| Other gains and (losses), net | 1,011 | (10) | 7 | — | 1,008 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | (26,812) | (13,108) | (2,327) | 259 | (41,988) |
| Provision (benefit) for income taxes | (10,968) | (5,019) | (2,503) | — | (18,490) |
| Equity in subsidiaries’ (earnings) losses, net | (27,496) | — | — | 27,496 | — |
| Income (loss) from continuing operations | 11,652 | (8,089) | 176 | (27,237) | (23,498) |
| Income (loss) from discontinued operations, net of taxes | — | 928 | 34,481 | (259) | 35,150 |
| Net income (loss) | $ 11,652 | $ (7,161) | $34,657 | $(27,496) | $ 11,652 |

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Statement of Operations**

**For the Nine Months Ended September 30, 2004**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues | $ 54,886 | $386,730 | $149,911 | $(34,649) | $ 556,878 |
| Operating expenses: | | | | | |
| Operating costs | 17,555 | 249,365 | 97,875 | (9,948) | 354,847 |
| Selling, general and administrative | 28,689 | 87,782 | 22,668 | — | 139,139 |
| Management fees | — | 14,549 | 10,152 | (24,701) | — |
| Preopening costs | — | 14,239 | — | — | 14,239 |
| Impairment and other charges | — | 1,212 | — | — | 1,212 |
| Restructuring charges | 78 | — | — | — | 78 |
| Depreciation | 4,154 | 30,824 | 16,280 | — | 51,258 |
| Amortization | 1,662 | 4,135 | 726 | — | 6,523 |
| Operating income (loss) | 2,748 | (15,376) | 2,210 | — | (10,418) |
| Interest expense, net of amounts capitalized | (41,046) | (39,118) | (8,620) | 49,773 | (39,011) |
| Interest income | 43,754 | 1,009 | 6,041 | (49,773) | 1,031 |
| Unrealized gain (loss) on Viacom stock | (119,052) | — | — | — | (119,052) |
| Unrealized gain (loss) on derivatives | 84,314 | — | — | — | 84,314 |
| Income (loss) from unconsolidated companies | — | — | 3,383 | — | 3,383 |
| Other gains and (losses), net | 2,420 | (31) | 1 | — | 2,390 |
| Income (loss) before provision (benefit) for income taxes and discontinued operations | (26,862) | (53,516) | 3,015 | — | (77,363) |
| Provision (benefit) for income taxes | (12,839) | (18,797) | (370) | — | (32,006) |
| Equity in subsidiaries' (earnings) losses, net | 30,715 | — | — | (30,715) | — |
| Income (loss) from continuing operations | (44,738) | (34,719) | 3,385 | 30,715 | (45,357) |
| Income (loss) from discontinued operations, net of taxes | — | — | 619 | — | 619 |
| Net income (loss) | $ (44,738) | $ (34,719) | $ 4,004 | $ 30,715 | $ (44,738) |

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Statement of Operations**

**For the Nine Months Ended September 30, 2003**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Revenues | $ 48,371 | $148,826 | $151,562 | $(30,808) | $317,951 |
| Operating expenses: | | | | | |
| Operating costs | 16,250 | 86,321 | 97,265 | (7,903) | 191,933 |
| Selling, general and administrative | 25,879 | 33,199 | 20,932 | (69) | 79,941 |
| Management fees | — | 11,123 | 11,713 | (22,836) | — |
| Preopening costs | — | 7,111 | — | — | 7,111 |
| Impairment and other charges | 856 | — | — | — | 856 |
| Depreciation | 4,161 | 17,394 | 18,106 | — | 39,661 |
| Amortization | 2,324 | 467 | 992 | — | 3,783 |
| Operating income (loss) | (1,099) | (6,789) | 2,554 | — | (5,334) |
| Interest expense, net of amounts capitalized | (28,092) | (20,086) | (16,477) | 33,516 | (31,139) |
| Interest income | 27,989 | 957 | 6,343 | (33,516) | 1,773 |
| Unrealized gain (loss) on Viacom stock | (27,067) | — | — | — | (27,067) |
| Unrealized gain (loss) on derivatives | 24,016 | — | — | — | 24,016 |
| Income (loss) from unconsolidated companies | — | — | 1,806 | — | 1,806 |
| Other gains and (losses), net | 1,321 | (10) | (20) | — | 1,291 |
| Income (loss) before provision (benefit) income taxes and discontinued operations | (2,932) | (25,928) | (5,794) | — | (34,654) |
| Provision (benefit) for income taxes | (949) | (9,820) | (4,500) | — | (15,269) |
| Equity in subsidiaries' (earnings) losses, net | (18,724) | — | — | 18,724 | — |
| Income (loss) from continuing operations | 16,741 | (16,108) | (1,294) | (18,724) | (19,385) |
| Income (loss) from discontinued operations, net of taxes | — | 977 | 35,149 | — | 36,126 |
| Net income (loss) | $ 16,741 | $ (15,131) | $ 33,855 | $(18,724) | $ 16,741 |

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**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Balance Sheet**

**September 30, 2004**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (in thousands) | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents — unrestricted | $ 34,826 | $ (38) | $ 1,238 | $ — | $ 36,026 |
| Cash and cash equivalents — restricted | 5,293 | 17,047 | 14,708 | — | 37,048 |
| Trade receivables, net | 479 | 22,523 | 13,091 | — | 36,093 |
| Deferred financing costs | 26,865 | — | — | — | 26,865 |
| Deferred income taxes | 8,918 | 1,714 | 952 | — | 11,584 |
| Other current assets | 6,340 | 18,147 | 4,605 | — | 29,092 |
| Intercompany receivables, net | 989,241 | — | 32,998 | (1,022,239) | — |
| Current assets of discontinued operations | — | — | — | — | — |
| Total current assets | 1,071,962 | 59,393 | 67,592 | (1,022,239) | 176,708 |
| Property and equipment, net of accumulated depreciation | 86,124 | 912,986 | 342,949 | — | 1,342,059 |
| Intangible assets, net of accumulated amortization | 46 | 26,455 | 3 | — | 26,504 |
| Goodwill | — | 168,227 | — | — | 168,227 |
| Indefinite lived intangible assets | 1,480 | 39,111 | — | — | 40,591 |
| Investments | 673,623 | 16,747 | 67,727 | (321,108) | 436,989 |
| Estimated fair value of derivative assets | 214,328 | — | — | — | 214,328 |
| Long-term deferred financing costs | 53,345 | 627 | 41 | — | 54,013 |
| Other long-term assets | 6,431 | 12,203 | 9,689 | — | 28,323 |
| Total assets | $2,107,339 | $1,235,749 | $ 488,001 | $(1,343,347) | $2,487,742 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Current portion of long-term debt and capital lease obligations | $ 368 | $ 22 | $ 8,004 | $ — | $ 8,394 |
| Accounts payable and accrued liabilities | 47,817 | 80,274 | 22,786 | (420) | 150,457 |
| Intercompany payables, net | — | 1,140,684 | (118,700) | (1,021,984) | — |
| Current liabilities of discontinued operations | — | (23) | 1,710 | — | 1,687 |
| Total current liabilities | 48,185 | 1,220,957 | (86,200) | (1,022,404) | 160,538 |
| Secured forward exchange contract | 613,054 | — | — | — | 613,054 |
| Long-term debt and capital lease obligations, net of current portion | 351,935 | 164 | 185,174 | — | 537,273 |
| Deferred income taxes | 156,956 | 12,907 | 47,403 | — | 217,266 |
| Estimated fair value of derivative liabilities | 2,625 | — | — | — | 2,625 |
| Other long-term liabilities | 60,235 | 22,295 | (82) | 165 | 82,613 |
| Long-term liabilities of discontinued operations | — | — | — | — | — |
| Stockholders' equity: | | | | | |
| Preferred stock | — | — | — | — | — |
| Common stock | 398 | 3,337 | 2 | (3,339) | 398 |
| Additional paid-in capital | 651,259 | 234,997 | 151,926 | (386,923) | 651,259 |
| Retained earnings | 241,170 | (258,932) | 189,778 | 69,154 | 241,170 |
| Other stockholders' equity | (18,478) | 24 | — | — | (18,454) |
| Total stockholders' equity | 874,349 | (20,574) | 341,706 | (321,108) | 874,373 |
| Total liabilities and stockholders' equity | $2,107,339 | $1,235,749 | $ 488,001 | $(1,343,347) | $2,487,742 |

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Balance Sheet**

**December 31, 2003**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (in thousands) | | |
| **ASSETS** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents — unrestricted | $ 116,413 | $ 2,958 | $ 1,594 | $ — | $ 120,965 |
| Cash and cash equivalents — restricted | 4,651 | 17,738 | 15,334 | — | 37,723 |
| Trade receivables, net | 464 | 21,753 | 21,122 | (17,238) | 26,101 |
| Deferred financing costs | 26,865 | — | — | — | 26,865 |
| Deferred income taxes | 4,903 | 2,333 | 1,517 | — | 8,753 |
| Other current assets | 6,271 | 10,656 | 3,323 | (129) | 20,121 |
| Intercompany receivables, net | 838,904 | — | 46,645 | (885,549) | — |
| Current assets of discontinued operations | — | — | 19 | — | 19 |
| Total current assets | 998,471 | 55,438 | 89,554 | (902,916) | 240,547 |
| Property and equipment, net | 87,157 | 860,144 | 350,227 | — | 1,297,528 |
| Intangible assets, net of accumulated amortization | 160 | 29,341 | 4 | — | 29,505 |
| Goodwill | — | 169,642 | — | — | 169,642 |
| Indefinite lived intangible assets | 1,480 | 39,111 | — | — | 40,591 |
| Investments | 837,418 | 16,747 | 64,345 | (365,852) | 552,658 |
| Estimated fair value of derivative assets | 146,278 | — | — | — | 146,278 |
| Long-term deferred financing costs | 73,569 | 810 | 775 | — | 75,154 |
| Other long-term assets | 7,830 | 10,990 | 10,287 | — | 29,107 |
| Total assets | $2,152,363 | $1,182,223 | $515,192 | $(1,268,768) | $2,581,010 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | |
| Current liabilities: | | | | | |
| Current portion of long-term debt and capital lease obligations | $ 558 | $ 22 | $ 8,004 | $ — | $ 8,584 |
| Accounts payable and accrued liabilities | 35,080 | 138,032 | (629) | (17,531) | 154,952 |
| Intercompany payables, net | — | 971,587 | (86,038) | (885,549) | — |
| Current liabilities of discontinued operations | — | 23 | 2,907 | — | 2,930 |
| Total current liabilities | 35,638 | 1,109,664 | (75,756) | (903,080) | 166,466 |
| Secured forward exchange contract | 613,054 | — | — | — | 613,054 |
| Long-term debt and capital lease obligations, net of current portion | 348,797 | 201 | 191,177 | — | 540,175 |
| Deferred income taxes | 165,247 | 38,140 | 49,115 | — | 252,502 |
| Estimated fair value of derivative liabilities | 21,969 | — | — | — | 21,969 |
| Other long-term liabilities | 60,724 | 18,337 | 1 | 164 | 79,226 |
| Long-term liabilities of discontinued operations | — | 825 | — | — | 825 |
| Stockholders' equity: | | | | | |
| Preferred stock | — | — | — | — | — |
| Common stock | 394 | 3,337 | 2 | (3,339) | 394 |
| Additional paid-in capital | 639,839 | 234,997 | 165,955 | (400,952) | 639,839 |
| Retained earnings | 285,908 | (224,213) | 185,774 | 38,439 | 285,908 |
| Other stockholders' equity | (19,207) | 935 | (1,076) | — | (19,348) |
| Total stockholders' equity | 906,934 | 15,056 | 350,655 | (365,852) | 906,793 |
| Total liabilities and stockholders' equity | $2,152,363 | $1,182,223 | $515,192 | $(1,268,768) | $2,581,010 |

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Statement of Cash Flows**

**For the Nine Months Ended September 30, 2004**

| | Issuer | Guarantors | Non-Guarantors | Eliminations | Consolidated |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Net cash provided by (used in) operating activities — continuing operations | $ (82,495) | $ 93,915 | $13,629 | $ — | $ 25,049 |
| Net cash provided by (used in) operating activities — discontinued operations | — | (46) | (163) | — | (209) |
| Net cash provided by (used in) operating activities | (82,495) | 93,869 | 13,466 | — | 24,840 |
| Purchases of property and equipment | (4,254) | (94,911) | (8,333) | — | (107,498) |
| Other investing activities | (160) | (2,499) | (29) | — | (2,688) |
| Net cash provided by (used in) investing activities — continuing operations | (4,414) | (97,410) | (8,362) | — | (110,186) |
| Net cash provided by (used in) investing activities — discontinued operations | — | — | — | — | — |
| Net cash provided by (used in) investing activities | (4,414) | (97,410) | (8,362) | — | (110,186) |
| Repayment of long-term debt | — | — | (6,003) | — | (6,003) |
| Deferred financing costs paid | (718) | (108) | (83) | — | (909) |
| Decrease (increase) in restricted cash and cash equivalents | (642) | 691 | 626 | — | 675 |
| Proceeds from exercise of stock option and purchase plans | 7,169 | — | — | — | 7,169 |
| Other financing activities, net | (487) | (38) | — | — | (525) |
| Net cash provided by (used in) financing activities — continuing operations | 5,322 | 545 | (5,460) | — | 407 |
| Net cash provided by (used in) financing activities — discontinued operations | — | — | — | — | — |
| Net cash provided by (used in) financing activities | 5,322 | 545 | (5,460) | — | 407 |
| Net change in cash and cash equivalents | (81,587) | (2,996) | (356) | — | (84,939) |
| Cash and cash equivalents at beginning of period | 116,413 | 2,958 | 1,594 | — | 120,965 |
| Cash and cash equivalents at end of period | $ 34,826 | $ (38) | $ 1,238 | $ — | $ 36,026 |

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**

**Condensed Consolidating Statement of Cash Flows**

**For the Nine Months Ended September 30, 2003**

| | Issuer | Guarantors | Non-Guarantors (In thousands) | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities — continuing operations | $ 128,538 | $ (64,306) | $(19,781) | $ — | $ 44,451 |
| Net cash provided by (used in) operating activities — discontinued operations | — | 23,387 | (20,863) | — | 2,524 |
| Net cash provided by (used in) operating activities | 128,538 | (40,919) | (40,644) | — | 46,975 |
| Purchases of property and equipment | (3,266) | (155,354) | (8,808) | — | (167,428) |
| Other investing activities | (2,075) | 167 | (670) | — | (2,578) |
| Net cash provided by (used in) investing activities — continuing operations | (5,341) | (155,187) | (9,478) | — | (170,006) |
| Net cash provided by (used in) investing activities — discontinued operations | — | — | 59,485 | — | 59,485 |
| Net cash provided by (used in) investing activities | (5,341) | (155,187) | 50,007 | — | (110,521) |
| Repayment of long-term debt | (60,000) | — | (12,003) | — | (72,003) |
| Proceeds from issuance of long-term debt | — | 200,000 | — | — | 200,000 |
| Deferred financing costs paid | — | (7,793) | — | — | (7,793) |
| Decrease (increase) in restricted cash and cash equivalents | (133,763) | — | 2,543 | — | (131,220) |
| Proceeds from exercise of stock option and purchase plans | 1,287 | — | — | — | 1,287 |
| Other financing activities, net | (484) | 854 | (861) | — | (491) |
| Net cash provided by (used in) financing activities — continuing operations | (192,960) | 193,061 | (10,321) | — | (10,220) |
| Net cash provided by (used in) financing activities — discontinued operations | — | — | (94) | — | (94) |
| Net cash provided by (used in) financing activities | (192,960) | 193,061 | (10,415) | — | (10,314) |
| Net change in cash and cash equivalents | (69,763) | (3,045) | (1,052) | — | (73,860) |
| Cash and cash equivalents at beginning of period | 92,896 | 3,644 | 2,092 | — | 98,632 |
| Cash and cash equivalents at end of period | $ 23,133 | $ 599 | $ 1,040 | $ — | $ 24,772 |

## 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 on Lake Grapevine ("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.

During the third quarter of 2003, we completed a sale of the assets primarily used in the operation of WSM-FM and WWTN(FM) (collectively, the "Radio Operations") to Cumulus Media, Inc. ("Cumulus"). The Radio Operations were previously included in a separate business segment, Media, along with WSM-AM. Although the Radio Operations are included in discontinued operations for the three and nine months ended September 30, 2003, WSM-AM is now grouped in the Opry and Attractions segment for all periods presented. During the fourth quarter of 2003, we completed the disposition of our ownership interests in the Oklahoma RedHawks, and the financial results of this business are included in discontinued operations for the three and nine months ended September 30, 2003.

The acquisition of ResortQuest International, Inc. was completed on November 20, 2003. The results of operations of ResortQuest have been included in our financial results beginning November 20, 2003.

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

| Segment | Three Months Ended September 30, 2004 | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2004 | Nine Months Ended September 30, 2003 |
|---|---|---|---|---|
| Hospitality | 58.1% | 84.4% | 60.5% | 85.7% |
| ResortQuest | 32.5% | n/a | 30.9% | n/a |
| Opry and Attractions | 9.4% | 15.6% | 8.6% | 14.3% |
| 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 adverse weather conditions, terrorist attacks and other global events which affect

levels of tourism in the United States and, in particular, the areas of the country in which our properties are located. Competition and the desirability of the locations in which our hotels and other vacation properties are located are also important risks to our business.

***Key Performance Indicators***

*Hospitality Segment.* The operating results of our Hospitality segment are highly dependent on the volume of customers at our hotels and the quality of the customer mix at our hotels. These factors impact the price we can charge for our hotel rooms and other amenities, such as food and beverage and meeting space. Key performance indicators related to revenue are:

- hotel occupancy (volume indicator)
- average daily rate (“ADR”) (price indicator)
- Revenue per Available Room (“RevPAR”) (a summary measure of hotel results calculated by dividing room sales by room nights available to guests for the period)
- Total Revenue per Available Room (“Total RevPAR”) (a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period)
- Net Definite Room Nights Booked (a volume indicator which represents the total number of definite bookings for future room nights at Gaylord hotels confirmed during the applicable period, net of cancellations)

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

The results of operations of our Hospitality segment are affected by the number and type of group meetings and conventions scheduled to attend our hotels in a given period. We attempt to offset any identified shortfalls in occupancy by creating special events at our hotels or offering incentives to groups in order to attract increased business during this period. A variety of factors can affect the results of any interim period, including the nature and quality of the group meetings and conventions attending our hotels during such period, which 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, food and beverage sales, and software and software maintenance sales. The operating results of our ResortQuest segment are primarily dependent on the volume of guests staying at vacation properties managed by us and the number and quality of vacation properties managed by us. Key performance factors related to revenue are:

- occupancy rate of units available for rental (volume indicator)
- average daily rate (price indicator)
- ResortQuest Revenue per Available Room (“ResortQuest RevPAR”) (a summary measure of ResortQuest results calculated by dividing gross lodging revenue for properties under exclusive rental management contracts by net available unit nights available to guests for the period)

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

We recognize revenues from property management fees ratably over the rental period based on our share of the total rental price of the vacation rental property. Almost all of our vacation rental property revenues are deducted from the rental fees paid by guests prior to paying the remaining rental price to the property owner. Other ResortQuest revenues are recognized at the time of sale.

The results of operations of our ResortQuest segment are principally affected by the number of guests staying at the vacation rental properties managed by us in a given period. A variety of factors can affect the results of any interim period, such as adverse weather conditions, economic conditions in a particular region or the nation as a whole, the perceived attractiveness of the vacation destinations in which we are located, and the quantity and quality of our vacation rental property units under management.

***Overall Outlook***

*Hotel Development Activities*

We have invested heavily in our operations in the nine months ended September 30, 2004 and the years ended December 31, 2003 and 2002, primarily in connection with the opening of the Gaylord Palms in 2002, the continued construction of the Gaylord Texan in 2003 and early 2004 and opening in April 2004, and the ResortQuest acquisition, which was consummated on November 20, 2003. Due to the opening of the Gaylord Texan on April 2, 2004, our investments in 2004 will consist primarily of ongoing capital improvements and build-out of the Gaylord Texan rather than construction commitments for non-operating properties. We believe that the Gaylord Texan will have a significant impact on our operating results in 2004, given that it will be in operation for over eight months of the fiscal year.

As previously announced, we have plans to develop a Gaylord hotel and have a contract to purchase property on the Potomac River in Prince George’s County, Maryland (in the Washington, D.C. market), subject to market conditions, the availability of financing, and receipt of necessary building permits and other authorizations. Subject to the contingencies described above, 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 our development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to us upon completion of the project. We will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development.

We also are considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

*ResortQuest*

Inclusion of a full year of operations of our ResortQuest subsidiary will significantly impact our financial results. Only the results of operations of ResortQuest since November 20, 2003 have been included in our historical financial results.

In addition, the approximately 2,000 ResortQuest units taken out of service due to damage suffered as a result of the five hurricanes that struck the Southeast during August and September 2004 will continue to negatively affect ResortQuest’s revenues in the fourth quarter of 2004. Future results may be impacted by any delays in returning these units to service.

*Other Factors Affecting Our Overall Outlook*

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

This change in accounting principle increased net income and net income per share for the three months and nine months ended September 30, 2004 and 2003 as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| **(in thousands)** | **2004** | **2003** | **2004** | **2003** |
| Net income | $1,246 | $ 909 | $2,389 | $1,101 |
| Net income per share — fully diluted | $ 0.03 | $0.03 | $ 0.06 | $ 0.03 |

***Selected Financial Information***

The following table contains our unaudited selected summary financial data for the three and nine month periods ended September 30, 2004 and 2003. The table also shows the percentage relationships to total revenues and, in the case of segment operating income (loss), its relationship to segment revenues.

**(in thousands)**

| | Three Months Ended September 30, | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2004 | % | 2003 | % | 2004 | % | 2003 | % |
| Revenues: | | | | | | | | |
| Hospitality | $113,725 | 58.1 | $ 82,797 | 84.4 | $337,008 | 60.5 | $272,502 | 85.7 |
| Opry and Attractions | 18,352 | 9.4 | 15,259 | 15.6 | 47,749 | 8.6 | 45,310 | 14.3 |
| ResortQuest | 63,730 | 32.5 | — | — | 171,878 | 30.9 | — | — |
| Corporate and other | 117 | — | 45 | — | 243 | — | 139 | — |
| Total revenues | 195,924 | 100.0 | 98,101 | 100.0 | 556,878 | 100.0 | 317,951 | 100.0 |
| Operating expenses: | | | | | | | | |
| Operating costs | 130,458 | 66.6 | 63,527 | 64.8 | 354,847 | 63.7 | 191,933 | 60.4 |
| Selling, general & administrative | 43,679 | 22.3 | 24,621 | 25.1 | 139,139 | 25.0 | 79,941 | 25.1 |
| Preopening costs | 223 | 0.1 | 3,283 | 3.3 | 14,239 | 2.6 | 7,111 | 2.2 |
| Impairment and other charges | — | 0.0 | 856 | — | 1,212 | 0.2 | 856 | — |
| Restructuring charges | — | — | — | — | 78 | — | — | — |
| Depreciation and amortization: | | | | | | | | |
| Hospitality | 15,387 | 7.9 | 11,833 | 12.1 | 42,756 | 7.7 | 34,991 | 11.0 |
| Opry and Attractions | 1,292 | 0.7 | 1,215 | 1.2 | 3,918 | 0.7 | 3,851 | 1.2 |
| ResortQuest | 2,481 | 1.3 | — | — | 7,396 | 1.3 | — | — |
| Corporate and other | 1,151 | 0.6 | 1,519 | 1.5 | 3,711 | 0.7 | 4,602 | 1.4 |
| Total depreciation and amortization | 20,311 | 10.4 | 14,567 | 14.8 | 57,781 | 10.4 | 43,444 | 13.7 |
| Total operating expenses | 194,671 | 99.4 | 106,854 | 108.9 | 567,296 | 101.9 | 323,285 | 101.7 |
| Operating income (loss): | | | | | | | | |
| Hospitality | 2,215 | 1.9 | 5,215 | 6.3 | 27,740 | 8.2 | 34,622 | 12.7 |
| Opry and Attractions | 967 | 5.3 | 825 | 5.4 | (794) | (1.7) | (610) | (1.3) |
| ResortQuest | 7,743 | 12.1 | — | — | 10,598 | 6.2 | — | — |
| Corporate and other | (9,449) | (A) | (10,654) | (A) | (32,433) | (A) | (31,379) | (A) |
| Preopening costs | (223) | (B) | (3,283) | (B) | (14,239) | (B) | (7,111) | (B) |
| Impairment and other charges | — | (B) | (856) | (B) | (1,212) | (B) | (856) | (B) |
| Restructuring charges | — | (B) | — | (B) | (78) | (B) | — | — |
| Total operating income (loss) | 1,253 | 0.6 | (8,753) | (8.9) | (10,418) | (1.9) | (5,334) | (1.7) |
| Interest expense, net of amounts capitalized | (14,850) | (C) | (10,476) | (C) | (39,011) | (C) | (31,139) | (C) |
| Interest income | 371 | (C) | 742 | (C) | 1,031 | (C) | 1,773 | (C) |
| Unrealized gain (loss) on Viacom stock and derivatives, net | 2,551 | (C) | (26,000) | (C) | (34,738) | (C) | (3,051) | (C) |
| Income (loss) from unconsolidated companies | 1,587 | (C) | 1,491 | (C) | 3,383 | (C) | 1,806 | (C) |
| Other gains and (losses), net | 753 | (C) | 1,008 | (C) | 2,390 | (C) | 1,291 | (C) |
| (Provision) benefit for income taxes | 4,524 | (C) | 18,490 | (C) | 32,006 | (C) | 15,269 | (C) |
| Income (loss) from discontinued operations, net of taxes | 619 | (C) | 35,150 | (C) | 619 | (C) | 36,126 | (C) |
| Net income (loss) | $ (3,192) | (C) | $ 11,652 | (C) | $ (44,738) | (C) | $ 16,741 | (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.

***Summary Financial Results***

*Results*

The following table summarizes our financial results for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | | | (In thousands, except per share data) | | | |
| Total revenues | $195,924 | $ 98,101 | 99.7% | $556,878 | $317,951 | 75.1% |
| Total operating expenses | $194,671 | $106,854 | 82.2% | $567,296 | $323,285 | 75.5% |
| Operating income (loss) | $ 1,253 | $ (8,753) | 114.3% | $ (10,418) | $ (5,334) | -95.3% |
| Net income (loss) | $ (3,192) | $ 11,652 | -127.4% | $ (44,738) | $ 16,741 | -367.2% |
| Net income (loss) per share — fully diluted | $ (0.08) | $ 0.34 | -123.5% | $ (1.13) | $ 0.50 | -326.0% |

*Total Revenues*

The increase in our total revenues for the three and nine months ended September 30, 2004, as compared to the three and nine months ended September 30, 2003, is attributable to the increase in our Hospitality segment revenues associated with the opening of the Gaylord Texan (an increase of $30.9 million for the three months, and an increase of $64.5 million for the nine months, ended September 30, 2004, as compared to the same periods in 2003), described more fully below, and to the inclusion of revenues from our ResortQuest segment ($63.7 million for the three months, and $171.9 million for the nine months, ended September 30, 2004).

*Total Operating Expenses*

The increase in our total operating expenses for the three and nine months ended September 30, 2004, as compared to the three and nine months ended September 30, 2003, is primarily due to increased Hospitality segment operating expenses associated with the opening of the Gaylord Texan (excluding preopening costs, an increase in total Hospitality operating expenses of $34.0 million for the three months and $71.4 million for the nine months ended September 30, 2004), and the inclusion of operating expenses relating to our ResortQuest segment (total ResortQuest operating expenses of $56.0 million for the three months and $161.3 million for the nine months ended September 30, 2004).

*Operating Income (Loss)*

The operating income experienced in the three months ended September 30, 2004, as compared to the operating loss experienced in the same period in 2003, was primarily due to the operating income of our ResortQuest business segment ($7.7 million in the three months ended September 30, 2004) and reduced preopening costs associated with the Gaylord Texan ($0.2 million in the three months ended September 30, 2004, as compared to $3.3 million in the three months ended September 30, 2003). These amounts were partially offset by a reduced Hospitality business segment operating income (excluding preopening costs, operating income of $2.2 million in the three months ended September 30, 2004, as compared to $5.2 million in the three months ended September 30, 2003).

The increased operating loss experienced in the nine months ended September 30, 2004, as compared to the same period in 2003, was primarily due to increased preopening costs associated with the Gaylord Texan ($14.2 million in the nine months ended September 30, 2004, as compared to $7.1 million in the nine months ended September 30, 2003) and a reduced Hospitality business segment operating income (excluding preopening costs, operating income of $27.7 million in the nine months ended September 30, 2004, as compared to $34.6 million in the nine months ended September 30, 2003). Our ResortQuest business segment's operating income of $10.6 million for the nine months ended September 30, 2004 served to partially offset the items described above.

*Net Income (Loss)*

Our net loss for the three months ended September 30, 2004, as compared to our net income for the same period in 2003, is primarily due to the inclusion of $35.1 million of income from discontinued operations, net of taxes in our results of operations for the three months ended September 30, 2003 related to the Radio Operations, as well as a reduction in our (provision) benefit for income taxes in 2004 as compared to 2003 (a benefit for income taxes of $4.5 million for the three months ended September 30, 2004, as compared to a benefit for income taxes of $18.5 million for the three months ended September 20, 2003). An increase in interest expense ($14.9 million for the three months ended September 30, 2004, as compared to $10.5 million for the same period in 2003) also contributed to our net loss. However, our improved operating results described above, and an unrealized gain on Viacom stock and derivatives, net, described below, for the three months ended September 30, 2004 (as compared to an unrealized loss on Viacom stock and derivatives, net, for the same period in 2003) served to partially offset the amount of our net loss in this period.

Our net loss for the nine months ended September 30, 2004, as compared to our net income for the same period in 2003, is due in part to the inclusion of $36.1 million of income from discontinued operations, net of taxes in our results of operations for the comparable period in 2003. In addition, the increase in size of our unrealized loss on Viacom stock and derivatives, net, described below, for the nine months ended September 30, 2004 (as compared to the same period in 2003), an increase in interest expense ($39.0 million for the nine months ended September 30, 2004, as compared to $31.1 million for the same period in 2003), and an increase in the size of our operating loss, described above, increased the amount of our net loss in this period. However, an increase in the amount of our benefit for income taxes ($32.0 million for the nine months ended September 30, 2004, as compared to $15.3 million for the same period in 2003), partially offset the size of our net loss in this period.

Results on a per share basis for the three and nine months ended September 30, 2004, as compared to the same periods in 2003, were impacted by a higher weighted average number of shares outstanding, due to the issuance of 5,318,363 shares in the fourth quarter of 2003 in the ResortQuest acquisition.

*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:

- Our opening of the Gaylord Texan in April 2004 and the resulting addition of revenues and expenses for the three and nine months ended September 30, 2004. In addition, we incurred preopening costs of $0.2 million for the three months ended September 30, 2004 and $14.2 million for the nine months ended September 30, 2004 associated with the opening of the Gaylord Texan.

- The ResortQuest acquisition, which was completed on November 20, 2003, and the resulting addition of revenues and expenses for the three and nine months ended September 30, 2004 associated with the ResortQuest segment.

- For the three months ended September 30, 2004, relatively flat overall Hospitality occupancy rates combined with a slightly decreased ADR, which resulted in a slight decrease in Hospitality RevPAR for this period.

- For the nine months ended September 30, 2004, slightly decreased overall Hospitality occupancy rates combined with a slightly decreased ADR, which resulted in a decrease in Hospitality RevPAR for this period.

- Improved food and beverage, banquet and catering services at our hotels for the three and nine months ended September 30, 2004, which positively impacted Total RevPAR at our hotels and served to lessen the impact on Total RevPAR of the decreased ADR and RevPAR of the Hospitality segment during the three and nine months ended September 30, 2004.

- As a result of the five hurricanes that struck the Southeast during August and September 2004, many travelers canceled or postponed vacation trips. Additionally, approximately 2,000 ResortQuest units were taken out of service due to hurricane damage. As a result, ResortQuest revenues and operating income were negatively impacted during the three months ended September 30, 2004.

***Operating Results – Detailed Segment Financial Information***

*Hospitality Segment*

*Total Segment Results.* The following presents the financial results of our Hospitality segment for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages and performance metrics) | | | | | |
| Hospitality revenue(1) | $113,725 | $ 82,797 | 37.4% | $337,008 | $272,502 | 23.7% |
| Hospitality operating expenses: | | | | | | |
| Operating costs | 77,008 | 51,450 | 49.7% | 205,506 | 157,243 | 30.7% |
| Selling, general and administrative | 19,115 | 14,299 | 33.7% | 61,006 | 45,646 | 33.7% |
| Depreciation and amortization | 15,387 | 11,833 | 30.0% | 42,756 | 34,991 | 22.2% |
| Total Hospitality operating expenses | 111,510 | 77,582 | 43.7% | 309,268 | 237,880 | 30.0% |
| Hospitality operating income (loss) (2) | $ 2,215 | $ 5,215 | -57.5% | $ 27,740 | $ 34,622 | -19.9% |
| Hospitality performance metrics: | | | | | | |
| Occupancy | 70.8% | 70.5% | 0.4% | 71.1% | 73.1% | -2.7% |
| ADR | $ 130.03 | $ 133.26 | -2.4% | $ 140.88 | $ 142.87 | -1.4% |
| RevPAR(3) | $ 92.07 | $ 93.90 | -1.9% | $ 100.12 | $ 104.42 | -4.1% |
| Total RevPAR(4) | $ 202.61 | $ 196.07 | 3.3% | $ 219.89 | $ 217.50 | 1.1% |
| Net Definite Room Nights Booked | 288,000 | 308,000 | -6.5% | 907,000 | 742,000 | 22.2% |

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

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

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

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

The increase in total Hospitality segment revenue in the three and nine months ended September 30, 2004, as compared to the same periods in 2003, is primarily due to the inclusion of revenues from the Gaylord Texan after its April 2, 2004 opening.

Hospitality segment operating expenses consist of direct operating costs, selling, general and administrative expenses, and depreciation and amortization expense. The increase in Hospitality operating expenses in the three and nine months ended September 30, 2004, as compared to the same periods in 2003, is attributable to an increase in both Hospitality segment operating costs and Hospitality segment selling, general and administrative expenses, described below.

Hospitality segment operating costs, which consist of direct costs associated with the daily operations of our hotels (primarily room, food and beverage and convention costs), increased in the three and nine months ended September 30, 2004, as compared to the same periods in 2003, due primarily to operating costs related to the recently opened Gaylord Texan. Total Hospitality segment selling, general and administrative expenses, consisting of administrative and overhead costs, increased in the three and nine months ended September 30, 2004, as compared to the same periods in 2003, primarily due to increased selling, general and administrative expenses related to the Gaylord Texan. Total Hospitality depreciation and amortization expense also increased in the three and nine months ended September 30, 2004, as compared to the same periods in 2003, due to the opening of the Gaylord Texan.

*Property-Level Results.* The following presents the property-level financial results of our Hospitality segment for the three and nine months ended September 30, 2004 and 2003 and only include the results of the Gaylord Texan from April 2, 2004, its date of opening.

*Gaylord Opryland Results.* The results of Gaylord Opryland for the three and nine months ended September 30, 2004 and 2003 are as follows:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages and performance metrics) | | | | | |
| Total revenues | $50,008 | $49,420 | 1.2% | $149,911 | $151,498 | -1.0% |
| Operating expense data: | | | | | | |
| Operating costs | $31,799 | $31,005 | 2.6% | $ 93,564 | $ 92,912 | 0.7% |
| Selling, general and administrative | $ 7,313 | $ 6,596 | 10.9% | $ 22,669 | $ 20,932 | 8.3% |
| Hospitality performance metrics: | | | | | | |
| Occupancy | 72.6% | 70.7% | 2.7% | 69.8% | 72.2% | -3.3% |
| ADR | $130.89 | $132.25 | -1.0% | $ 136.38 | $ 135.16 | 0.9% |
| RevPAR | $ 95.07 | $ 93.46 | 1.7% | $ 95.17 | $ 97.64 | -2.5% |
| Total RevPAR | $188.67 | $186.45 | 1.2% | $ 189.93 | $ 192.67 | -1.4% |

The increase in Gaylord Opryland revenue, RevPAR and Total RevPAR in the three months ended September 30, 2004, as compared to the same period in 2003, is due to higher occupancy rates at the hotel, although a slight decrease in ADR partially offset these higher occupancy rates. The increase in occupancy rates was primarily due to stronger group business during the period. Despite the increases in Gaylord Opryland revenue, RevPAR and Total RevPAR in the three months ended September 30, 2004, Gaylord Opryland revenue, RevPAR and Total RevPAR for the nine months ended September 30, 2004 decreased slightly due to lower occupancy rates for the six months ended September 30, 2004 (as compared to the same period in 2003).

The slight increase in operating costs at Gaylord Opryland in the three month period ended September 30, 2004, as compared to the same period in 2003, was due to the increased levels of occupancy at the hotel. This increase, combined with decreased operating costs associated with lower occupancy levels in the first six months of 2004, resulted in

relatively unchanged operating costs for the nine months ended September 30, 2004, as compared to the same period in 2003. Selling, general and administrative expenses at Gaylord Opryland in the three and nine months ended September 30, 2004 increased from the same periods in 2003 due to increased selling expenses related to group promotions and national sales efforts and increased levels of customer satisfaction bonuses paid to front-line employees, as well as, for the nine months ended September 30, 2004, non-recurring payroll expenses associated with management changes at the hotel and other one-time compensation expenses.

*Gaylord Palms Results.* The results of Gaylord Palms for the three and nine months ended September 30, 2004 and 2003 are as follows:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages and performance metrics) | | | | | |
| Total revenues | $29,064 | $31,507 | -7.8% | $117,551 | $115,806 | 1.5% |
| Operating expense data: | | | | | | |
| Operating costs | $19,129 | $19,440 | -1.6% | $ 64,006 | $ 61,575 | 3.9% |
| Selling, general and administrative | $ 7,726 | $ 7,323 | 5.5% | $ 25,211 | $ 23,624 | 6.7% |
| Hospitality performance metrics: | | | | | | |
| Occupancy | 62.6% | 70.0% | -10.6% | 75.6% | 76.2% | -0.8% |
| ADR | $138.28 | $147.17 | -6.0% | $ 165.63 | $ 169.57 | -2.3% |
| RevPAR | $ 86.60 | $103.00 | -15.9% | $ 125.20 | $ 129.28 | -3.2% |
| Total RevPAR | $224.69 | $243.58 | -7.8% | $ 305.13 | $ 301.71 | 1.1% |

The decrease in Gaylord Palms revenue and RevPAR in the three months ended September 30, 2004, as compared to the same period in 2003, is partially due to lower occupancy rates at the hotel resulting from fewer advance group bookings for the period. In addition, reduced transient rates made available to hurricane evacuees during the period served to reduce the hotel's ADR during this period. These factors also served to reduce the hotel's RevPAR for the period, although the hotel's food and beverage and other ancillary revenue served to lessen the decrease in the hotel's Total RevPAR for the three months ended September 30, 2004, as compared to the same period in 2003.

A relatively flat occupancy rate at Gaylord Palms for the nine months ended September 30, 2004 combined with a slightly lower ADR for the period resulted in a decrease in RevPAR for the first nine months of 2004, as compared to the first nine months of 2003. Strong food and beverage and other ancillary service revenue caused an increase in Total RevPAR at the hotel for the nine months ended September 30, 2004, as compared to the same period in 2003.

Operating costs for the three months ended September 30, 2004, as compared to the same period in 2003, declined slightly as a result of the lower occupancy levels experienced by the hotel. Operating costs for the nine months ended September 30, 2004, as compared to the same period in 2003, increased slightly due to higher costs associated with increased occupancy during the first six months of 2004 (as compared to the same period in 2003). The hotel's selling, general and administrative expense for the three and nine months ended September 30, 2004, as compared to the same periods in 2003, increased due to increased marketing initiatives and the addition of marketing and administrative positions.

*Gaylord Texan Results*. The results of the Gaylord Texan for the three and nine months ended September 30, 2004 and 2003 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (In thousands, except percentages and performance metrics) | | | |
| Total revenues | $32,808 | n/a | $64,107 | n/a |
| Operating expense data: | | | | |
| Operating costs | $25,241 | n/a | $45,120 | n/a |
| Selling, general and administrative | $ 3,713 | n/a | $11,980 | n/a |
| Hospitality performance metrics: | | | | |
| Occupancy | 75.7% | n/a | 69.9% | n/a |
| ADR | $130.25 | n/a | $132.74 | n/a |
| RevPAR | $ 98.60 | n/a | $ 92.82 | n/a |
| Total RevPAR | $236.00 | n/a | $233.11 | n/a |

The results of operations of the Gaylord Texan only include its results from its date of opening, April 2, 2004. Accordingly, while the revenues and operating expenses of the Gaylord Texan for the three months ended September 30, 2004 reflect a full three months of operations, the revenues and operating expenses of the Gaylord Texan for the nine months ended September 30, 2004 were impacted by the fact that the hotel was not in operation from January through March, 2004.

Despite the expected lower occupancy levels experienced in its first few months of operations, the hotel was required to be staffed at its ordinary staffing levels, which adversely impacted the hotel’s operating expenses for the nine months ended September 30, 2004. Guest and event planner reviews of the hotel have been favorable, and management believes that the hotel is beginning to achieve operating efficiencies.

*Radisson Hotel at Opryland Results.* The results of the Radisson Hotel at Opryland for the three and nine months ended September 30, 2004 and 2003 are as follows:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages and performance metrics) | | | | | |
| Total revenues | $1,845 | $1,870 | -1.3% | $5,439 | $5,198 | 4.6% |
| Operating expense data: | | | | | | |
| Operating costs | $ 839 | $1,005 | -16.5% | $2,816 | $2,756 | 2.2% |
| Selling, general and administrative | $ 363 | $ 380 | -4.5% | $1,146 | $1,090 | 5.1% |
| Hospitality performance metrics: | | | | | | |
| Occupancy | 67.0% | 70.7% | -5.2% | 66.1% | 66.5% | -0.6% |
| ADR | $84.08 | $79.01 | 6.4% | $83.29 | $80.35 | 3.7% |
| RevPAR | $56.37 | $55.83 | 1.0% | $55.05 | $53.40 | 3.1% |
| Total RevPAR | $66.20 | $67.08 | -1.3% | $65.34 | $62.84 | 4.0% |

The decrease in our Radisson hotel revenue in the three months ended September 30, 2004, as compared to the same period in 2003, is due to decreased occupancy at the hotel. However, an increased ADR for the period, as compared to 2003, served to increase the hotel’s RevPAR for the period, as compared to 2003. The increase in our Radisson hotel revenue, RevPAR and Total RevPAR in the nine months ended September 30, 2004, as compared to the same period in 2003, is due to relatively consistent occupancy and an increased ADR at the hotel for the period.

The decrease in operating costs and selling, general and administrative expense at the Radisson hotel in the three month period ended September 30, 2004, as compared to the same period in 2003, was due to lower occupancy levels at the hotel. The decrease in operating costs and selling, general and administrative expense at the Radisson hotel in the three month period ended September 30, 2004, served to partially offset the increase in the hotel’s operating costs and selling,

general and administrative expense for the nine months ended September 30, 2004 (as compared to the same period in 2003).

*ResortQuest Segment*

*Total Segment Results.* The following presents the financial results of our ResortQuest segment for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2004 | 2003(1) | 2004 | 2003(1) |
| | (In thousands, except percentages and performance metrics) | | | |
| Total revenues | $63,730 | n/a | $171,878 | n/a |
| Operating expenses: | | | | |
| Operating costs | 39,682 | n/a | 111,835 | n/a |
| Selling, general and administrative | 13,824 | n/a | 42,049 | n/a |
| Depreciation and amortization | 2,481 | n/a | 7,396 | n/a |
| Operating income (loss) | $ 7,743 | n/a | $ 10,598 | n/a |
| ResortQuest performance metrics: | | | | |
| Occupancy | 57.0% | n/a | 56.0% | n/a |
| ADR | $176.02 | n/a | $ 151.39 | n/a |
| RevPAR (2) | $100.30 | n/a | $ 84.71 | n/a |
| Total Units Under Management | 18,346 | n/a | 18,346 | n/a |

(1) On November 20, 2003, we completed our acquisition of ResortQuest. The results of operations of ResortQuest are included in our financial results for the three and nine months ended September 30, 2004, but are not included in our financial results for the three and nine months ended September 30, 2003.

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

*Revenues.* Our ResortQuest segment earns revenues primarily as a result of property management fees and service fees recognized over the time during which our guests stay at our properties. Property management fees paid to us are generally a designated percentage of the rental price of the vacation property, plus certain incremental fees, all of which are based upon the type of services provided by us to the property owner and the type of rental units managed. We also recognize other revenues primarily related to real estate broker commissions, food and beverage sales and software and software maintenance sales.

*Operating Expenses.* ResortQuest operating expenses were $56.0 million in the three months ended, and $161.3 million in the nine months ended, September 30, 2004. These expenses primarily consist of operating costs, selling, general and administrative expenses and depreciation and amortization expense. Operating costs of ResortQuest are comprised of payroll expenses, credit card transaction fees, travel agency fees, advertising, payroll for managed entities and various other direct operating costs. Selling, general and administrative expenses of ResortQuest are comprised of

payroll expenses, rent, utilities and various other general and administrative costs.

*Opry and Attractions Segment*

*Total Segment Results.* The following presents the financial results of our Opry and Attractions segment for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | | | (In thousands, except percentages) | | | |
| Total revenues | $18,352 | $15,259 | 20.3% | $47,749 | $45,310 | 5.4% |
| Operating expense data: | | | | | | |
| Operating costs | 11,722 | 10,055 | 16.6% | 31,373 | 28,693 | 9.3% |
| Selling, general and administrative | 4,371 | 3,164 | 38.1% | 13,252 | 13,376 | -0.9% |
| Depreciation and amortization | 1,292 | 1,215 | 6.3% | 3,918 | 3,851 | 1.7% |
| Operating income (loss) (1) | $ 967 | $ 825 | 17.2% | $ (794) | $ (610) | -30.2% |

(1) Opry and Attractions operating income (loss) for the nine months ended September 30, 2004 excludes the effects of an impairment charge of $1.2 million recorded during this period. See the discussion of impairment and other charges set forth below.

The increase in revenues in the Opry and Attractions segment for the three months ended September 30, 2004, as compared to the same period in 2003, is due in part to incremental revenues associated with the inaugural Grand Ole Opry American Road Show series of concert dates, as well as increased business at Corporate Magic, our corporate event planning business. The increase in revenues in the Opry and Attractions segment for the nine months ended September 30, 2004, as compared to the same period in 2003, is primarily due to increased attendance at our Nashville attractions.

The increase in Opry and Attractions operating costs, which included the Media group in 2003, for the three and nine months ended September 30, 2004, and the increase in Opry and Attractions selling, general and administrative expense for the three months ended September 30, 2004, as compared to the same periods in 2003, was due primarily to increased costs necessary to service the additional revenues in such periods.

*Corporate and Other Segment*

*Total Segment Results.* The following presents the financial results of our Corporate and Other segment for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages) | | | | | |
| Total revenues | $ 117 | $ 45 | 160.0% | $ 243 | $ 139 | 74.8% |
| Operating expense data: | | | | | | |
| Operating costs | 2,046 | 2,022 | 1.2% | 6,133 | 5,997 | 2.3% |
| Selling, general and administrative | 6,369 | 7,158 | -11.0% | 22,832 | 20,919 | 9.1% |
| Depreciation and amortization | 1,151 | 1,519 | -24.2% | 3,711 | 4,602 | -19.4% |
| Operating income (loss) (1) | $(9,449) | $(10,654) | 11.3% | $(32,433) | $(31,379) | -3.4% |

(1) Corporate and Other operating loss for the nine months ended September 30, 2004 excludes the effects of an adjustment to restructuring charges of $0.1 million recorded during this period. See the discussion of restructuring charges set forth below.

Corporate and Other group revenue consists of rental income and corporate sponsorships.

Corporate and Other operating costs, which consist primarily of costs associated with information technology, remained relatively unchanged in the three and nine months ended September 30, 2004, as compared to the same periods in 2003. Corporate and Other selling, general and administrative expenses, which consist primarily of the Gaylord Entertainment Center naming rights agreement, senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, decreased in the three months ended September 30, 2004, as compared to the same period in 2003, primarily due to a reduction in franchise tax expense as a result of tax law changes in Tennessee. Corporate and Other selling, general and administrative expenses increased in the nine months ended September 30, 2004, as compared to the same period in 2003, due primarily to increased consulting fees related to our efforts to comply with the Sarbanes-Oxley Act of 2002. Corporate and Other depreciation and amortization expense, which is primarily related to information technology equipment and capitalized electronic data processing software costs, for the three and nine months ended September 30, 2004 decreased from the same periods in 2003.

***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 decreased $3.1 million to $0.2 million in the three months ended September 30, 2004, as compared to the same period in 2003 due to the opening of the Gaylord Texan in April 2004. For the nine months ended September 30, 2004, preopening costs primarily associated with the opening of the Gaylord Texan were $14.2 million, as compared to $7.1 million in the same period in 2003.

***Operating Results – Impairment and other charges***

We began production of an IMAX film during 2000 to portray the history of country music. During the second quarter of 2004, due to a continued decline in the revenues generated by the film, we evaluated the carrying value of the IMAX film

asset based on current estimates of future cash flows. As a result, an impairment charge of $1.2 million was recorded during the second quarter of 2004 to write off the remaining carrying value of the film.

***Operating Results – Restructuring charges***

During 2001, we recognized net pretax restructuring charges from continuing operations of $5.8 million related to streamlining operations and reducing layers of management. During the second quarter of 2002, we entered into two subleases to lease certain office space we previously had recorded in the 2001 restructuring charges. As a result, we reversed $0.9 million of the 2001 restructuring charges during 2002. Also during the second quarter of 2002, we evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement agreements had expired and adjusted the previously recorded amounts by $0.2 million. During the second quarter of 2004, we again evaluated the 2001 restructuring accrual and determined that the remaining sublease payments we were scheduled to receive were less than originally estimated. As a result, we increased the 2001 restructuring charge by $0.2 million during the three months ended June 30, 2004.

During 2000, we recognized pretax restructuring charges of $13.1 million related to continuing operations. During 2001, we negotiated reductions in certain contract termination costs, which allowed the reversal of $3.7 million of the restructuring charges originally recorded during 2000. During the second quarter of 2002, we entered into a sublease that reduced the liability that we were originally required to pay, and we reversed $0.1 million of the 2000 restructuring charge related to the reduction in required payments. During the second quarter of 2004, we evaluated the 2000 restructuring accrual and determined that the remaining severance payments that we were scheduled to make were less than originally estimated. As a result, we reversed $0.1 million of the 2000 restructuring charge during the three months ended June 30, 2004, which partially offset the increase in the 2001 restructuring charge described above.

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

*General*

The following table summarizes the other factors which affected our net income (loss) for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | % Change | 2004 | 2003 | % Change |
| | (In thousands, except percentages) | | | | | |
| Interest expense, net of amounts capitalized | $(14,850) | $(10,476) | -41.8% | $(39,011) | $(31,139) | -25.3% |
| Interest income | $ 371 | $ 742 | -50.0% | $ 1,031 | $ 1,773 | -41.8% |
| Unrealized gain (loss) on Viacom stock and derivatives, net | $ 2,551 | $(26,000) | 109.8% | $(34,738) | $ (3,051) | -1,038.6% |
| Income (loss) from unconsolidated companies | $ 1,587 | $ 1,491 | 6.4% | $ 3,383 | $ 1,806 | 87.3% |
| Other gains and (losses), net | $ 753 | $ 1,008 | -25.3% | $ 2,390 | $ 1,291 | 85.1% |
| Provision (benefit) for income taxes | $ (4,524) | $(18,490) | 75.5% | $(32,006) | $(15,269) | -109.6% |
| Income (loss) from discontinued operations, net of taxes | $ 619 | $ 35,150 | -98.2% | $ 619 | $ 36,126 | -98.3% |

*Interest Expense, Net of Amounts Capitalized*

Interest expense, net of amounts capitalized, increased during the three and nine months ended September 30, 2004, as compared to the same periods in 2003, due to higher average debt balances during 2004. Our weighted average interest rate on our borrowings, including the interest expense associated with the secured forward exchange contract related to our Viacom stock investment and excluding the write-off of deferred financing costs during the period, was 5.1% and 5.3% for the three months ended September 30, 2004 and 2003, respectively, and was 5.1% and 5.2% for the nine months ended September 30, 2004 and 2003, respectively.

*Interest Income*

The decrease in interest income during the three and nine months ended September 30, 2004, as compared to the same periods in 2003, is due to lower cash balances invested in interest-bearing accounts in 2004.

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

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

For the three months ended September 30, 2004, we recorded a net pretax loss of $23.8 million related to the decrease in fair value of the Viacom stock. For the three months ended September 30, 2004, we recorded a net pretax gain of $26.3 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract. This resulted in a net pretax gain of $2.6 million relating to the unrealized gain (loss) on Viacom stock and derivatives, net, for the three months ended September 30, 2004.

For the nine months ended September 30, 2004, we recorded a net pretax loss of $119.1 million related to the decrease in fair value of the Viacom stock. For the nine months ended September 30, 2004, we recorded a net pretax gain of $84.3 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract. This resulted in a net pretax loss of $34.7 million relating to the unrealized gain (loss) on Viacom stock and derivatives, net, for the nine months ended September 30, 2004.

*Income (loss) from Unconsolidated Companies*

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

This change in accounting principle resulted in an increase in net income for the three months ended September 30, 2004 and 2003 of $1.2 million and $0.9 million, respectively, and resulted in an increase in net income for the nine months ended September 30, 2004 and 2003 of $2.4 million and $1.1 million, respectively.

*Other Gains and (Losses), net*

Our other gains and (losses), net for the three months ended September 30, 2004 primarily consisted of the receipt of dividend distributions from our investment in Viacom stock and other miscellaneous income and expenses. Our other gains and losses for the nine months ended September 30, 2004 also included the receipt of three dividend distributions from our investment in Viacom stock. Our other gains and losses for the three and nine months ended September 30, 2003

primarily consisted of 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 September 30):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| U.S. federal statutory rate | 35% | 35% | 35% | 35% |
| State taxes (net of federal tax benefit and change in valuation allowance) | 7 | 9 | 2 | 9 |
| Adjustment to deferred tax liabilities due to state tax rate adjustment | 12 | 0 | 4 | 0 |
| Effective tax rate | 54% | 44% | 41% | 44% |

The increase in our effective tax rate for the three months ended September 30, 2004, as compared to our effective tax rate for the same period in 2003, was due primarily to a reduction of deferred tax liabilities due to the reallocation of state income.

The decrease in our effective tax rate for the nine months ended September 30, 2004, as compared to our effective tax rate for the same period in 2003, was due primarily to a higher effective state tax rate during the nine months ended September 30, 2003 as a result of additions to the state tax valuation allowance and certain non-deductible items. The impact of this higher effective state tax rate during the nine months ended September 30, 2003 was partially offset by the reduction of deferred tax liabilities during the nine months ended September 30, 2004 described above.

*Income (Loss) from Discontinued Operations*

We reflected the following businesses as discontinued operations in our financial results for the three and nine months ended September 30, 2003, consistent with the provisions of SFAS No. 144. 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 consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented. Due to the fact that these businesses were disposed of in 2003 or prior years, those businesses are not included in our financial results for the three and nine months ended September 30, 2004.

*WSM-FM and WWTN(FM)*. During the first quarter of 2003, we committed to a plan of disposal of WSM-FM and WWTN(FM) (the “Radio Operations”). Subsequent to committing to a plan of disposal during the first quarter of 2003, we, through a wholly-owned subsidiary, entered into an agreement to sell the assets primarily used in the operations of WSM-FM and WWTN(FM) to Cumulus in exchange for approximately $62.5 million in cash. In connection with this agreement, we also entered into a local marketing agreement with Cumulus pursuant to which, from April 21, 2003 until the closing of the sale of the assets, we, for a fee, made available to Cumulus substantially all of the broadcast time on WSM-FM and WWTN(FM). In turn, Cumulus provided programming to be broadcast during such broadcast time and collected revenues from the advertising that it sold for broadcast during this programming time. On July 22, 2003, we finalized the sale of WSM-FM and WWTN(FM) for approximately $62.5 million. Concurrently, we also entered into a joint sales agreement with Cumulus for WSM-AM in exchange for $2.5 million in cash. We continue to own and operate WSM-AM, and under the terms of the joint sales agreement with Cumulus, Cumulus is responsible for all sales of

commercial advertising on WSM-AM and provides certain sales promotion, billing and collection services relating to WSM-AM, all for a specified commission. The joint sales agreement has a term of five years.

*Oklahoma RedHawks.* During 2002, we committed to a plan of disposal of our ownership interests in the RedHawks, a minor league baseball team based in Oklahoma City, Oklahoma. During the fourth quarter of 2003, we sold our interests in the RedHawks and received cash proceeds of approximately $6.0 million.

*Acuff-Rose Music Publishing.* During the second quarter of 2002, we committed to a plan of disposal of our Acuff-Rose Music Publishing catalog entity. During the third quarter of 2002, we finalized the sale of the Acuff-Rose Music Publishing entity to Sony / ATV Music Publishing for approximately $157.0 million in cash. During the third quarter of 2004, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of $1.0 million was reversed and is included in the condensed consolidated statement of operations.

*Word Entertainment.* During 2001, we committed to a plan to sell Word Entertainment. As a result of the decision to sell Word Entertainment, we reduced the carrying value of Word Entertainment to its estimated fair value by recognizing a pretax charge of $30.4 million in discontinued operations during 2001. Related to the decision to sell Word Entertainment, a pretax restructuring charge of $1.5 million was recorded in discontinued operations in 2001. The restructuring charge consisted of $0.9 million related to lease termination costs and $0.6 million related to severance costs. In addition, we recorded a reversal of $0.1 million of restructuring charges originally recorded during 2000. During the first quarter of 2002, we sold Word Entertainment's domestic operations to an affiliate of Warner Music Group for $84.1 million in cash. We recognized a pretax gain of $0.5 million in discontinued operations during the first quarter of 2002 related to the sale of Word Entertainment. During the third quarter of 2003, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of $1.5 million was reversed and is included in the condensed consolidated statement of operations.

*Businesses Sold to Oklahoma Publishing Company.* During 2001, we sold five businesses (Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company) to affiliates of the Oklahoma Publishing Company ("OPUBCO ") for $22.0 million in cash and the assumption of debt of $19.3 million. OPUBCO owns a minority interest in the Company. Until their resignation from the board of directors in April 2004, two of our directors were also directors of OPUBCO and voting trustees of a voting trust that controls OPUBCO. Additionally, these two directors collectively beneficially owned a significant ownership interest in the Company prior to their sale of a substantial portion of this interest in April 2004.

*International Cable Networks.* During the second quarter of 2001, we adopted a formal plan to dispose of our international cable networks. As part of this plan, we hired investment bankers to facilitate the disposition process, and formal communications with potentially interested parties began in July 2001. In an attempt to simplify the disposition process, in July 2001, we acquired an additional 25% ownership interest in our music networks in Argentina, increasing our ownership interest from 50% to 75%. In August 2001, the partnerships in Argentina finalized a pending transaction in which a third party acquired a 10% ownership interest in the companies in exchange for satellite, distribution and sales services, bringing our interest to 67.5%.

In December 2001, we made the decision to cease funding of our cable networks in Asia and Brazil as well as our partnerships in Argentina if a sale had not been completed by February 28, 2002. At that time we recorded pretax restructuring charges of $1.9 million consisting of $1.0 million of severance and $0.9 million of contract termination costs related to the networks. Also during 2001, we negotiated reductions in the contract termination costs with several vendors that resulted in a reversal of $0.3 million of restructuring charges originally recorded during 2000. Based on the status of our efforts to sell our international cable networks at the end of 2001, we recorded pretax impairment and other charges of $23.3 million during 2001. Included in this charge are the impairment of an investment in the two Argentina-based music channels totaling $10.9 million, the impairment of fixed assets, including capital leases associated with certain transponders leased by us, of $6.9 million, the impairment of a receivable of $3.0 million from the Argentina-based channels, current assets of $1.5 million, and intangible assets of $1.0 million.

During the first quarter of 2002, we finalized a transaction to sell certain assets of our Asia and Brazil networks, including the assignment of certain transponder leases. Also during the first quarter of 2002, we ceased operations based in Argentina. The transponder lease assignment required us to guarantee lease payments in 2002 from the acquirer of these networks. As such, we recorded a lease liability for the amount of the assignee's portion of the transponder lease.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the three and nine months ended September 30, 2004 and 2003:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2004 | 2003 | 2004 | 2003 |
| **Revenues:** | | | | |
| Radio Operations | $ — | $ 360 | $ — | $ 3,703 |
| RedHawks | — | 2,137 | — | 5,000 |
| Total revenues | $ — | $ 2,497 | $ — | $ 8,703 |
| **Operating income (loss):** | | | | |
| Radio Operations | $ — | $ 89 | $ — | $ 613 |
| RedHawks | — | 497 | — | 529 |
| Total operating income (loss) | — | 586 | — | 1,142 |
| **Interest expense** | — | (1) | — | (1) |
| **Interest income** | — | 2 | — | 7 |
| **Other gains and (losses):** | | | | |
| Radio Operations | — | 54,555 | — | 54,555 |
| RedHawks | — | (120) | — | (134) |
| Acuff-Rose Music Publishing | 1,015 | 450 | 1,015 | 450 |
| Word Entertainment | — | 1,503 | — | 1,503 |
| Businesses sold to OPUBCO | — | — | — | 368 |
| International cable networks | — | 497 | — | 497 |
| **Total other gains and (losses)** | 1,015 | 56,885 | 1,015 | 57,239 |
| Income before provision (benefit) for income taxes | 1,015 | 57,472 | 1,015 | 58,387 |
| **Provision (benefit) for income taxes** | 396 | 22,322 | 396 | 22,261 |
| Income (loss) from discontinued operations | $ 619 | $35,150 | $ 619 | $36,126 |

***Liquidity and Capital Resources***

*Cash Flows – Summary*

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

| | 2004 | 2003 |
|---|---|---|
| **Operating Cash Flows:** | | |
| Net cash flows provided by (used in) operating activities - continuing operations | $ 25,049 | $ 44,451 |
| Net cash flows provided by (used in) operating activities - discontinued operations | (209) | 2,524 |
| Net cash flows provided by (used in) operating activities | 24,840 | 46,975 |
| **Investing Cash Flows:** | | |
| Purchases of property and equipment | (107,498) | (167,428) |
| Other | (2,688) | (2,578) |
| Net cash flows provided by (used in) investing activities - continuing operations | (110,186) | (170,006) |
| Net cash flows provided by (used in) investing activities - discontinued operations | — | 59,485 |
| Net cash flows provided by (used in) investing activities | (110,186) | (110,521) |
| **Financing Cash Flows:** | | |
| Repayment of long-term debt | (6,003) | (72,003) |
| Proceeds from issuance of long-term debt | — | 200,000 |
| Decrease (increase) in restricted cash and cash equivalents | 675 | (131,220) |
| Other | 5,735 | (6,997) |
| Net cash flows provided by (used in) financing activities - continuing operations | 407 | (10,220) |
| Net cash flows provided by (used in) financing activities - discontinued operations | — | (94) |
| Net cash flows provided by (used in) financing activities | 407 | (10,314) |
| **Net change in cash and cash equivalents** | $ (84,939) | $ (73,860) |

*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 nine months ended September 30, 2004, our net cash flows provided by operating activities - continuing operations were $25.0 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, impairment charges, and income from unconsolidated companies of approximately $34.4 million, offset by unfavorable changes in working capital of approximately $9.4 million. The unfavorable changes in working capital primarily resulted from an increase in trade receivables due to the opening of the Gaylord Texan and the timing of guest lodging versus payments received at Gaylord Opryland, as well as a significant decrease in receipts of deposits on advance bookings of vacation properties (primarily related to a seasonal decrease in advance bookings at ResortQuest ahead of the slower fall vacation months). These unfavorable changes in working capital were partially offset by the favorable timing of payment of various liabilities, including trade payables, accrued interest, and other accrued expenses, as well as an increase in receipts of deposits on advance bookings of hotel rooms (primarily related to advance bookings at the recently constructed Gaylord Texan which opened in April 2004 and the timing of deposits received by the Gaylord Opryland and Gaylord Palms).

During the nine months ended September 30, 2003, our net cash flows provided by operating activities — continuing operations were $44.5 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, impairment charges, and income from unconsolidated companies of approximately $33.9 million and favorable changes in working capital of approximately $10.6 million. The favorable changes in working capital primarily resulted from a decrease in trade receivables due to the timing of payments received and seasonal increases in revenues at Gaylord Palms and an increase in accrued expenses due to the timing of payment of various liabilities.

*Cash Flows from Investing Activities.* During the nine months ended September 30, 2004, our primary uses of funds and investing activities were purchases of property and equipment which totaled $107.5 million. These capital expenditures include continuing construction at the new Gaylord Texan of $86.3 million, approximately $8.3 million related to Gaylord Opryland, and approximately $1.3 million related to the Grand Ole Opry. During the nine months ended September 30, 2003, our primary uses of funds and investing activities were also the purchases of property and equipment, which totaled $167.4 million, primarily related to ongoing construction at the Gaylord Texan. These capital expenditures were partially offset by the receipt of $62.5 million in cash as a result of the sale of the Radio Operations during the third quarter of 2003.

We currently project capital expenditures for the twelve months of 2004 to total approximately $133.5 million, which primarily consists of continuing construction costs at the Gaylord Texan of approximately $96.4 million ($86.3 million of which was completed during the nine months ended September 30, 2004), approximately $5.5 million related to the possible development of a new Gaylord hotel in Prince George's County, Maryland and approximately $13.2 million related to Gaylord Opryland.

*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 nine months ended September 30, 2004, our net cash flows provided by financing activities were approximately $0.4 million, reflecting primarily the proceeds received from the exercise of stock options of $7.2 million and a decrease in restricted cash and cash equivalents of $0.7 million, offset by the scheduled repayments of $6.0 million of the senior loan portion of the Nashville hotel loan. During the nine months ended September 30, 2003, our net cash flows used in financing activities were approximately $10.3 million, reflecting $72.0 million in repayments of long-term debt, an increase in restricted cash and cash equivalents of $131.2 million, and the payment of $7.8 million in deferred financing costs, offset by the issuance of $200.0 million of long-term debt under the 2003 Loans.

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

*Principal Debt Agreements*

*New Revolving Credit Facility.* On November 20, 2003, we entered into a new $65.0 million revolving credit facility, which was increased to $100.0 million on December 17, 20003. The new revolving credit facility, which replaces the revolving credit portion of our 2003 Florida/Texas senior secured credit facility discussed below, matures in May 2006. The new revolving credit facility has 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 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 new revolving credit facility is guaranteed on a senior unsecured basis by our subsidiaries that are guarantors of our new Senior Notes, described below (consisting generally of our active domestic subsidiaries that are not parties to our Nashville hotel loan arrangements), and is secured by a leasehold mortgage on the Gaylord Palms. We are required to pay a commitment fee equal to 0.5% per year of the average daily unused revolving portion of the new revolving credit facility.

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

- a maximum total leverage ratio requiring that at the end of each fiscal quarter, our ratio of consolidated indebtedness minus unrestricted cash on hand to consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, not exceed a range of ratios (decreasing from 7.5 to 1.0 for early 2004 to 5.0 to 1.0 for 2005 and thereafter) for the recent four fiscal quarters;

- a requirement that the adjusted net operating income for the Gaylord Palms be at least $25 million at the end of each fiscal quarter ending December 31, 2003, through December 31, 2004, and $28 million at the end of each fiscal quarter thereafter, in each case based on the most recent four fiscal quarters; and

- a minimum fixed charge coverage ratio requiring that, at the end of each fiscal quarter, our ratio of consolidated EBITDA for the most recent four fiscal quarters, subject to certain adjustments, to the sum of (i) consolidated interest expense and capitalized interest expense for the previous fiscal quarter, multiplied by four, and (ii) required amortization of indebtedness for the most recent four fiscal quarters, be not less than 1.5 to 1.0.

As of September 30, 2004, we were in compliance with the foregoing covenants. As of September 30, 2004, no borrowings were outstanding under the new revolving credit facility, but the lending banks had issued $9.8 million of letters of credit under the revolving credit facility for us. The revolving credit facility is cross-defaulted to our other indebtedness.

*Nashville Hotel Loan.* On March 27, 2001, we, through wholly owned subsidiaries, entered into a $275.0 million senior secured loan with Merrill Lynch Mortgage Lending, Inc. At the same time, we entered into a $100.0 million mezzanine loan which was repaid in November 2003 with the proceeds of the outstanding Senior Notes, described below. 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 are special-purpose entities whose activities are strictly limited. We fully consolidate these entities in our consolidated financial statements. The senior loan is secured by a first mortgage lien on the assets of Gaylord Opryland and in March 2004 we exercised the first of two one-year extension options to extend the maturity of that loan to March 2005. At our option, the senior loan may be extended for an additional one year term to March 2006, subject to our Gaylord Opryland operations meeting certain financial ratios and other criteria. Amounts outstanding under the senior loan bear interest at one-month LIBOR plus 1.20%. The senior loan requires monthly principal payments of $0.7 million in addition to monthly interest payments. 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. Pursuant to the senior loan agreement, we had purchased instruments that cap our exposure to one-month LIBOR at 7.5%.

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. The net proceeds from the senior loan and the mezzanine loan, after refinancing the existing interim loan and paying required escrows and fees, were approximately $97.6 million.

The terms of the senior loan impose, and the terms of the old mezzanine loan imposed, limits on transactions with affiliates and incurrence of indebtedness by the subsidiary borrower. Our senior loan also contains a cash management restriction that is triggered if a minimum debt service coverage ratio is not met. This provision has never been triggered.

We were in compliance with all applicable covenants under the senior loan at September 30, 2004. An event of default under our other indebtedness does not cause an event of default under the Nashville Hotel Loan.

*Senior Notes*. On November 12, 2003, we completed our offering of $350 million in aggregate principal amount of senior notes due 2013 (the "Senior Notes") in an institutional private placement. The interest rate of the Senior Notes is 8%, although we have entered into interest rate swaps with respect to $125 million principal amount of the Senior Notes which results in an effective interest rate of LIBOR plus 2.95% with respect to that portion of the Senior Notes. The 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 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 Senior Notes before November 15, 2006 with the net cash proceeds from certain equity offerings. The 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 Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our subsidiaries that is a borrower or guarantor under our new revolving credit facility. In connection with the offering of the Senior Notes, we paid approximately $10.1 million in deferred financing costs. The net proceeds from the offering of the 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 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 Senior Notes are cross-defaulted to our other indebtedness.

*Prior Indebtedness.* Prior to the closing of the Senior Notes offering and establishment of our new revolving credit facility, we had in place our 2003 Florida/Texas senior secured credit facility, consisting of a $150 million 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 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 have plans to develop a Gaylord hotel and have a contract to purchase property on the Potomac River in Prince George's County, Maryland (in the Washington, D.C. market), subject to market conditions, the availability of financing, and receipt of necessary building permits and other authorizations. Subject to the contingencies described above, 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 our development. The first bond issuance, in the amount of $65 million, will support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of $95 million, will be issued directly to us upon completion of the project. We will initially hold the bonds and receive the debt service thereon which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development.

We also are considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain.

*Commitments and Contractual Obligations*

The following table summarizes our significant contractual obligations as of September 30, 2004, including long-term debt and operating and capital lease commitments (amounts in thousands):

| Contractual obligations | Total amounts committed | Less than 1 year | 1-3 years | 3-5 years | After 5 years |
|---|---|---|---|---|---|
| Long-term debt | $ 543,378 | $ 8,104 | $185,274 | $ — | $ 350,000 |
| Capital leases | 804 | 366 | 413 | 25 | — |
| Construction commitments | 39,356 | 29,686 | 7,200 | 2,470 | — |
| Arena naming rights | 55,150 | 2,682 | 5,773 | 6,364 | 40,331 |
| Operating leases | 733,371 | 11,806 | 17,500 | 13,228 | 690,837 |
| Other | 4,506 | — | 644 | 644 | 3,218 |
| Total contractual obligations | $1,376,565 | $52,644 | $216,804 | $22,731 | $1,084,386 |

The total operating lease commitments of $733.4 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.

During 2002 and 2001, we entered into certain agreements related to the construction of the Gaylord Texan. At September 30, 2004, we had paid approximately $435.5 million related to these agreements, which is included in property and equipment in the consolidated balance sheets.

During 1999, we entered into a 20-year naming rights agreement related to the Nashville Arena with the Nashville Predators. The Nashville Arena has been renamed the Gaylord Entertainment Center as a result of the agreement. The contractual commitment required us to pay $2.1 million during the first year of the contract, with a 5% escalation each year for the remaining term of the agreement, and to purchase a minimum number of tickets to Predators games each year. See "Part II, Item 1. Legal Proceedings." for a discussion of the current status of our litigation regarding this agreement.

At the expiration of the secured forward exchange contract relating to the Viacom stock owned by us, which is scheduled for May 2007, we will be required to pay the deferred taxes relating thereto. This deferred tax liability is estimated to be $156.0 million. A complete description of the secured forward exchange contract is contained in Note 8 to our condensed consolidated financial statements for the three and nine months ended September 30, 2004 and 2003 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 2003 Annual Report on Form 10-K/A. There were no newly identified critical accounting policies in the three and nine months ended September 30, 2004, nor were there any material changes to the critical accounting policies and estimates discussed in our 2003 Annual Report on Form 10-K/A.

***Recently Issued Accounting Standards***

For a discussion of recently issued accounting standards, see Note 17 to our condensed consolidated financial statements for the three and nine months ended September 30, 2004 and 2003 included herewith.

***Private Securities Litigation Reform Act***

This quarterly report on Form 10-Q contains "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. These statements contain words such as "may," "will," "project," "might," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "continue" or "pursue," or the negative or other variations thereof or comparable terminology. In particular, they include statements relating to, among other things, future actions, new projects, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results. We have based these forward-looking statements on our current expectations and projections about future events.

We caution the reader that forward-looking statements involve risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors, as well as other factors described in our 2003 Annual Report on Form 10-K/A or described from time to time in our other reports filed with the Securities and Exchange Commission:

- risks and uncertainties associated with general economic and market conditions affecting the hospitality business generally;
- the timing of the opening of our new hotel facilities, as well as the costs associated with developing our new hotel facilities;
- our ability to obtain financing for our new development activities;
- business levels at our hotels;
- adverse weather conditions in the markets in which we operate; and
- risks and uncertainties associated with ResortQuest's business and our ability to successfully integrate ResortQuest.

In addition, our ability to achieve forecasted results for our ResortQuest business depends upon levels of occupancy at ResortQuest units under management. In the Hospitality segment, our ability to improve occupancy levels and operating efficiencies at the Gaylord Texan will be an important factor affecting our results of operations in the last quarter of 2004 and in 2005.

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

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

At September 30, 2004, we held an investment of 11.0 million shares of Viacom stock, which was received as the result of the sale of television station KTVT to CBS in 1999 and the subsequent acquisition of CBS by Viacom in 2000. We

entered into a secured forward exchange contract related to 10.9 million shares of the Viacom stock in 2000. The secured forward exchange contract protects the Company against decreases in the fair market value of the Viacom stock, while providing for participation in increases in the fair market value. At September 30, 2004, the fair market value of our investment in the 11.0 million shares of Viacom stock was $369.3 million or $33.56 per share. The secured forward exchange contract protects us against decreases in the fair market value of the Viacom stock by way of a put option at a strike price below $56.05 per share, while providing for participation in increases in the fair market value by way of a call option at a strike price of $70.03 per share. The call option strike price decreased from $72.47 to $70.03 effective July 21, 2004 due to the Company receiving a dividend distribution from Viacom. Future dividend distributions received from Viacom may result in an adjusted call strike price. Changes in the market price of the Viacom stock could have a significant impact on future earnings. For example, a 5% increase in the value of the Viacom stock at September 30, 2004 would have resulted in a decrease of $3.4 million in the net pre-tax loss on the investment in Viacom stock and related derivatives for the nine months ended September 30, 2004. Likewise, a 5% decrease in the value of the Viacom stock at September 30, 2004 would have resulted in an increase of $3.0 million in the net pre-tax loss on the investment in Viacom stock and related derivatives for the nine months ended September 30, 2004.

***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 the Senior Notes, our Nashville Hotel Loan and our new revolving credit facility.

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

We also entered into a new interest rate swap with respect to $125 million aggregate principal amount of our Senior Notes. This interest rate swap, which has a term of ten years, effectively adjusts the interest rate of that portion of the Senior Notes to LIBOR plus 2.95%. The interest rate swap and the 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 Senior Notes would increase by approximately $1.3 million.

The terms of the Nashville Hotel Loan required the purchase of interest rate hedges in notional amounts equal to the outstanding balances of the Nashville Hotel Loan in order to protect against adverse changes in one-month LIBOR. Pursuant to these agreements, we have purchased instruments that cap our exposure to one-month LIBOR at 7.50%. If LIBOR and Eurodollar rates were to increase by 100 basis points each, our annual interest cost under the Nashville Hotel Loan based on debt amounts outstanding at September 30, 2004 would increase by approximately $1.9 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 September 30, 2004. As a result, the interest rate market risk implicit in these investments at September 30, 2004, 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 September 30, 2004, we believe that the effects of changes in the stock price of our Viacom stock or interest rates could be material to our consolidated financial position, results of operations or cash flows. However, we believe that the effects of fluctuations in foreign currency exchange rates on our consolidated financial position, results of operations or cash flows would not be material.

**ITEM 4. CONTROLS AND PROCEDURES**

The Company maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. The Company carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

**PART II - OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

The Company is a party to certain litigation, as described in Note 18 to our condensed consolidated financial statements for the three and nine months ended September 30, 2004 and 2003 included herewith and which is incorporated herein by reference.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Inapplicable.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

Inapplicable.

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

Inapplicable.

**ITEM 5. OTHER INFORMATION**

Inapplicable.

**ITEM 6. EXHIBITS**

See Index to Exhibits following the Signatures page.

**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: November 8, 2004

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

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

By: /s/ Rod Connor
Rod Connor
Vice President and Chief Administrative Officer
(Principal Accounting Officer)

**INDEX TO EXHIBITS**

10.1 Amendment No. 1 dated as of August 17, 2004 to 2001 Employment Agreement of Colin V. Reed.

10.2 Employment Agreement of Michael D. Rose dated as of May 1, 2004.

10.3 Form of Stock Option Agreement with respect to options granted to employees of Gaylord Entertainment Company pursuant to the 1997 Omnibus Stock Option and Incentive Plan.

10.4 Form of Director Stock Option Agreement with respect to options granted to members of the Gaylord Entertainment Company Board of Directors pursuant to the 1997 Omnibus Stock Option and Incentive Plan.

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

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

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

EXHIBIT 10.1

AMENDMENT NO. 1 TO
COLIN V. REED
EXECUTIVE EMPLOYMENT AGREEMENT

This Amendment No. 1 to Executive Employment Agreement, dated as of August 17, 2004 (the "Amendment") is by and between Gaylord Entertainment Company, a Delaware corporation having its corporate headquarters at One Gaylord Drive, Nashville, Tennessee 37214 (the "Company") and Colin V. Reed, a resident of Nashville, Davidson County, Tennessee ("Executive").

W I T N E S S E T H:

WHEREAS, the Company and Executive entered into that certain Executive Employment Agreement dated as of April 23, 2001 (the "Employment Agreement"), pursuant to which, among other things, the Company hired the Executive to be its Chief Executive Officer;

WHEREAS, the Company and Executive have now agreed to various amendments to the Employment Agreement including, but not limited to, an extension of the term of the Employment Agreement;

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

1. Amendment of Section 1 of Employment Agreement. The second sentence of Section 1 of the Employment Agreement is deleted in its entirety and replaced with the following new sentence:

> "The term of Executive's employment hereunder shall commence on April 23, 2001 (the "Effective Date") and shall continue for a period up to and including May 1, 2008 (the "Employment Period")."

2. Amendment of Section 2(a)(ii) of Employment Agreement. A second sentence shall be added to Section 2(a)(ii) of the Employment Agreement as follows:

> "In addition, commencing with the May 2005 annual meeting of stockholders of the Company and subject to approvals required by the Delaware Business Corporation Act and the Company's Certificate of Incorporation and Bylaws, Executive shall perform the duties of Chairman of the Board as described by the Company's Restated Bylaws, as amended from time to time."

3. Amendment of Section 3(c)(ii) of the Employment Agreement. The following sentence is added to the end of Section 3(c)(ii) of the Employment Agreement:

"Notwithstanding the foregoing or anything herein to the contrary, the Company may in lieu of the bonus payments described herein adopt an incentive program for the purpose of providing performance incentive awards to Executive that qualify as "performance based compensation" within the meaning of section 162(m) of the Internal Revenue Code."

4. Amendment of Section 4(a) of the Employment Agreement. The last sentence of Section 4(a) of the Employment Agreement is deleted in its entirety and replaced with the following:

"If Executive remains employed by Company until April 23, 2005, he shall be entitled to exercise the Stock Options at any time prior to the expiration date of the Stock Option Term notwithstanding anything to the contrary in the Company's Omnibus Plan."

5. Amendment of Section 5(a) of Employment Agreement. Section 5(a) of the Employment Agreement is deleted in its entirety and it is replaced with the following new Section 5(a):

"Custom Non-Qualified Mid-Career Supplemental Employee Retirement Plan. Executive shall be entitled to a nonqualified supplemental executive retirement benefit (the "SERP"). Company agrees to pay Executive a retirement benefit which will have a value of $2,500,000.00 upon the expiration of four (4) years from the Effective Date (the "Initial SERP Benefit"). The Initial SERP Benefit will accrue and vest at the rate of 25% for each complete year over a four (4) year period beginning with the Effective Date to a value after four (4) years of $2,500,000.00. The Initial SERP Benefit will be adjusted for hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive in his sole discretion. Company shall not be responsible for the quality of the investment performance of any such fund(s). In addition, Company agrees to pay Executive a retirement benefit which will have a value of $1,000,000.00 on April 23, 2010 (the "Additional SERP Benefit"), provided that Executive continues to be employed by the Company through such date. The Additional SERP benefit will accrue and vest at the rate of 20% on each May 1st over a five (5) year period beginning with the fourth anniversary of the Effective Date, provided that Executive remains employed by the Company during such period, to a value after five (5) years of $1,000,000.00 as adjusted for hypothetical investment earnings (or losses). The Additional SERP Benefit will be adjusted for hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive in his

sole discretion. Company shall not be responsible for the quality of the investment performance of any such fund(s). Except as otherwise set forth in this Agreement, and subject to deferral pursuant to Section 6, the Initial SERP Benefit and the Additional SERP Benefit, as adjusted for hypothetical investment earnings (or losses) beginning April 23, 2005 based on the investment performance of one or more mutual funds selected by Executive in his sole discretion (collectively, the "SERP Benefit") shall, to the extent then vested, be payable upon the expiration of the term of this Agreement. Executive may elect to receive the SERP Benefit in the form of one (1) lump sum payment or equal annual installments over a period not exceeding fifteen (15) years. Such election by Executive shall be made at any time, and from time to time, on or before the last day of the calendar year immediately preceding the calendar year in which the SERP Benefit first becomes payable.

The Company reserves the right to provide benefits described in this Section 5(a) under a separate, written deferred compensation plan or arrangement. The terms and conditions of all benefits described in this Section 5(a) may be modified by the Company to the extent necessary to comply with the requirements for deferred compensation arrangements imposed by the Internal Revenue Code, as amended from time to time.

For example purposes, a schedule of vesting for the SERP Benefit based upon the provisions of this Section 5(a) is attached hereto as Exhibit A and made a part hereof."

6. Amendment to Section 5(h) of Employment Agreement. Section 5(h) of the Employment Agreement is deleted in its entirety and is replaced with the following new Section 5(h):

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

7. Amendment to Include Retirement Health Coverage. A new Section 5(j) is added to the Employment Agreement as follows:

"Retiree Health Coverage. The Company shall provide Executive and his wife Brenda Reed (and no subsequent spouse or any other dependent) on the day immediately preceding his employment termination date (other than a termination date resulting from a termination by Company for Cause or by Executive without Good Reason) with medical benefits (including health care, dental, prescription and vision) until the earliest of the following occurs: (i) the deaths of Executive and his wife Brenda Reed; (ii) Executive terminates his coverage under the plan; (iii) failure of Executive or his wife to make

premium payments as required under the plan; or (iv) Company ceases to offer medical benefits to any of its active employees. If Executive terminates his coverage under the plan (except in the case of death), his wife's coverage is also terminated. Once Executive or his wife's coverage is terminated, it cannot be reinstated for any reason. Executive shall pay the full cost to Company of providing him and his wife with coverage under the plan as determined by Company in its sole discretion. Coverage made available to Executive and his wife shall be identical to that made available to active employees of the Company that are in positions of similar status and responsibility as the Executive. Such benefit continuation coverage may be provided through an insurance contract, benefit plan or similar arrangement, at the Company's discretion"

8. Amendment of Section 6(b) of Employment Agreement. Section 6(b) of the Employment Agreement is deleted in its entirety and is replaced with the following:

"(b) Vesting of Deferred Compensation; Investment Earnings. All such deferred payment obligations shall be fully vested and shall be adjusted for hypothetical investment earnings (or losses) until paid to Executive. The rate of investment earnings (or losses) of such deferred amounts shall be equal to the rate of investment earnings (or losses) of one or more mutual funds selected by Executive, in his sole discretion. The Company shall not be responsible for the quality of the investment performance of any such fund(s)."

9. Amendment to Section 8(d) of Employment Agreement. The term "a reasonable time" shall be deleted from the first sentence of Section 8(d) and replaced with "90 days."

10. Amendment to Section 9 of the Employment Agreement.

(a) Section 9(a) of the Employment Agreement is deleted in its entirety and it is replaced with the following new Section 9(a):

"Effect Generally. If Executive's employment is terminated on or prior to May 1, 2008, the Company shall not have any liability or obligation to Executive other than as specifically set forth in Section 8, Section 9 and Section 10 hereof. Upon termination of Executive's employment for any reason, he shall, upon the request of Company, resign from the Board of Directors."

(b) Section 9(b)(iv) of the Employment Agreement is deleted in its entirety and is replaced with the following new sentence:

"(iv) a pro-rata portion of the SERP Benefit with the vested portion of the SERP Benefit equal to the sum of (a) the Initial SERP Benefit multiplied by a fraction, the numerator of which is the total

number of months (including any fractional month) during which Executive was employed hereunder (up to 48), and the denominator of which is 48; such vested portion of the Initial SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive, in his sole discretion, and (b) the Additional SERP Benefit multiplied by a fraction, the numerator of which is the total number of months (including any fractional month) during which Executive was employed hereunder less 48 (up to 60), and the denominator of which is 60; such vested portion of the Additional SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive, in his sole discretion;"

(c) Section 9(c)(iv) of the Employment Agreement is deleted in its entirety and is replaced with the following new sentence:

"(iv) a pro-rata portion of the SERP Benefit with the vested portion of the SERP Benefit equal to the sum of (a) the Initial SERP Benefit multiplied by a fraction, the numerator of which is the total number of months (including any fractional month) during which Executive was employed hereunder (up to 48), and the denominator of which is 48; such vested portion of the Initial SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive, in his sole discretion, and (b) the Additional SERP Benefit multiplied by a fraction, the numerator of which is the total number of months (including any fractional month) during which Executive was employed hereunder less 48 (up to 60), and the denominator of which is 60; such vested portion of the Additional SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive, in his sole discretion;"

(d) Section 9(d)(v) shall be added as follows:

"and (v) to the extent that Executive's termination occurs after April 23, 2005, any vested portion of the Initial SERP Benefit, as calculated in accordance with the provisions of Section 5(a) of this Agreement."

(e) The third sentence of Section 9(d) of the Employment Agreement is deleted in its entirety and is replaced as follows:

"Executive shall also forfeit (a) any vested or unvested SERP Benefit, if termination occurs on or prior to April 23, 2005, (b) any vested or unvested Additional SERP Benefit, if termination occurs after April 23, 2005, and (c) any right to an Annual Bonus for the calendar year in which Executive's termination occurs."

(f) Sections 9(e)(iv)-(v) of the Employment Agreement are deleted in their entirety and are replaced as follows:

"(iv) any vested portion of the SERP Benefit, as calculated in accordance with the provisions of Section 5(a) of this Amendment, and as adjusted for hypothetical earnings (or losses), and the immediate accrual and vesting of any unvested portion of the SERP Benefit that would have been vested and accrued if Executive were employed through May 1, 2008; (v) the portion of the Restricted Stock Grant that is free from restrictions as of the date of termination and the acceleration and immediate release of all restrictions from all of the shares representing the Restricted Stock Grants that are subject to restrictions as of the date of termination and the acceleration and immediate release of all restrictions from a pro-rata portion of the units of restricted stock grants under the Company's Performance Accelerated Restricted Stock Unit Program ("PARSUP") that are subject to restrictions as of the date of termination (for purposes of this clause, the number of PARSUP units that shall vest early shall be an amount equal to the number of unvested PARSUP units on the date of termination multiplied by a fraction, the numerator of which is total number of months (including any fractional month) during which Executive was employed hereunder commencing with February 2003 (up to 60), and the denominator of which is 60);"

(g) Section 9(f) shall be added to the Employment Agreement as follows:

"(f) Effect of Expiration of Employment Agreement. Upon the termination of Executive's employment as a result of the expiration of the Employment Agreement by its terms on May 1, 2008, and not for any reason stated in Section 9(a), (b), (c), (d) or (e), Executive shall be entitled to: (i) accrued but unpaid Base Salary through May 1, 2008; (ii) any bonus amount that has been awarded to Executive by the Company for the partial year of service ending on May 1, 2008; (iii) any unpaid portion of an Annual Bonus for prior calendar years, accrued but unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(b), (c), (f), (g) or (h), and any other benefits owed to Executive pursuant to any written employee benefit plan or policy of the Company; (iv) a pro-rata portion of the SERP Benefit, with the vested portion of the SERP Benefit equal to the sum of (a) the Initial SERP Benefit, such Initial SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one

or more mutual funds selected by Executive, in his sole discretion, and (b) the Additional SERP Benefit multiplied by a fraction, the numerator of which is the total number of months (including any fractional month) during which Executive was employed hereunder less 48 (up to 60), and the denominator of which is 60, such vested portion of the Additional SERP Benefit to include hypothetical investment earnings (or losses) beginning April 23, 2005 until paid to Executive, based on the investment performance of one or more mutual funds selected by Executive, in his sole discretion; (v) the immediate release of all restrictions from all Performance Accelerated Restricted Stock Unit Program ("PARSUP") grants that are subject to restriction as of May 1, 2008; and (vi) the vested portion of Executive's Stock Options as of May 1, 2008."

11. Amendment to Section 10 of the Employment Agreement.

(a) Section 10(a)(i) is amended by deleting the following words beginning in the third line "Edward L. Gaylord or any member of his immediate family or any trusts or other entities controlled by Edward L. Gaylord or any member of his immediate family," and by deleting the reference to "50%" in the seventh line and replacing it with "35%."

(b) Section 10(a)(ii) of the Employment Agreement is deleted in its entirety and replaced with the following.

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

(c) The first sentence of Section 10(b) of the Employment Agreement is deleted in its entirety and is replaced with the following:

"In the event that within one (1) year following a Change of Control, the Company terminates Executive Without Cause or Executive terminates employment for Good Reason, Executive shall be entitled, in lieu of the compensation and benefits provided pursuant to Section 9(e), to: (i) the payment of three (3) times Executive's Base Salary for the year in which such termination shall occur; (ii) the payment of three (3) times Executive's Annual Bonus for the preceding year; (iii) any unpaid portion

of the Base Salary, Signing Bonus or any Annual Bonus for prior calendar years, accrued and unpaid vacation pay, unreimbursed expenses incurred pursuant to Section 5(b), (c), (f), (g) or (h), and any other compensation owed to Executive pursuant to any written employee benefit plan or policy of the Company; (iv) any vested portion of the SERP Benefit, as calculated in accordance with the provisions of Section 5(a) of this Amendment, and the immediate vesting of any unvested portion of the SERP Benefit; (v) the portion of the Restricted Stock Grant that is free from restrictions as of the date of termination and the acceleration and immediate release of all restrictions from all Restricted Stock Grants or Performance Accelerated Restricted Stock Unit Program ("PARSUP") grants that are subject to restrictions as of the date of termination; and (iv) the vested portion of Executive's Stock Options and the acceleration and immediate vesting of any unvested portion of Executive's Stock Options. Executive shall have two (2) years from the date of such termination Without Cause or by Executive for Good Reason to exercise all vested Stock Options."

12. Miscellaneous Provisions.

(a) The Employment Agreement is hereby, and shall henceforth be deemed to be, amended, modified, and supplemented in accordance with the provisions hereof, and the respective rights, duties, and obligations under the Employment Agreement shall hereinafter be determined and enforced under the Employment Agreement, as amended, subject in all respects to such amendments, modifications, and supplements, and all terms and conditions of this Amendment.

(b) Except as expressly set forth in this Amendment, all agreements, covenants, undertakings, provisions, stipulations, and promises contained in the Employment Agreement are hereby ratified, readopted, approved, and confirmed and remain in full force and effect.

(c) Except as provided by this Amendment, or unless the context or use indicates another or different meaning or intent, the words and terms used in this Amendment shall have the same meaning as in the Employment Agreement.

(d) This Amendment may be executed in two or more counterparts, each of which when so executed, shall be deemed an original, but all of which together shall constitute one and the same instrument.

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

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Michael D. Rose

Its: Chairman

EXECUTIVE:

/s/ Colin V. Reed

Colin V. Reed

EXHIBIT A

SERP BENEFIT VESTING SCHEDULE
(Assuming sample hypothetical investment returns on vested and unvested benefit, as indicated)

| Accruals | Vesting Date | Vested SERP Accrual | Hypothetical Investment Return | Hypothetical Investment Income (Loss) | Total Vested SERP Benefit | Total Unvested SERP Benefit | Total SERP Benefit |
|---|---|---|---|---|---|---|---|
| Effective Date | 4/23/2001 | | | | $ 0.00 | $ 2,500,000.00 | $2,500,000.00 |
| Initial SERP Benefit (25%) | 4/23/2002 | $ 625,000.00 | 0.0000 | $ - | $ 625,000.00 | $ 2,500,000.00 | $2,500,000.00 |
| Initial SERP Benefit (25%) | 4/23/2003 | $ 625,000.00 | 0.0000 | $ - | $1,250,000.00 | $ 1,875,000.00 | $2,500,000.00 |
| Initial SERP Benefit (25%) | 4/23/2004 | $ 625,000.00 | 0.0000 | $ - | $1,875,000.00 | $ 1,250,000.00 | $2,500,000.00 |
| Initial SERP Benefit (25%) | 4/23/2005 | $ 625,000.00 | 0.0000 | $ - | $2,500,000.00 | $ 1,625,000.00 | $3,500,000.00 |
| Additional SERP Benefit (20%) | 5/1/2006 | $ 200,000.00 | 0.0450 | $ 157,500.00 | $2,857,500.00 | $ 800,000.00 | $3,657,500.00 |
| Additional SERP Benefit (20%) | 5/1/2007 | $ 200,000.00 | 0.0250 | $ 91,437.50 | $3,148.937.50 | $ 600,000.00 | $3,748,937.50 |
| Additional SERP Benefit (20%) | 5/1/2008 | $ 200,000.00 | 0.0550 | $ 206,191.56 | $3,555,129.06 | $ 400,000.00 | $3,955,129.06 |
| Additional SERP Benefit (20%) | 5/1/2009 | $ 200,000.00 | -0.0250 | $ (98,878.23) | $3,656,250.84 | $ 200,000.00 | $3,856,250.84 |
| Additional SERP Benefit (20%) | 5/1/2010 | $ 200,000.00 | 0.0450 | $ 173,531.29 | $4,029,782.12 | $ - | $4,029,782.12 |
| | | $3,500,000.00 | | $ 529,782.12 | | | |

EXHIBIT 10.2

AGREEMENT

THIS AGREEMENT, dated as of May 1, 2004 (the "Effective Date") is by and between GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation having its corporate headquarters at One Gaylord Drive, Nashville, Tennessee 37214 (together with all subsidiaries and other affiliates referred to as "the Company") and MICHAEL D. ROSE ("Rose").

WHEREAS, the Company desires to enter into an agreement regarding Rose's service as Chairman of the Company's Board of Directors, and Rose desires to serve as Chairman of the Company's Board of Directors and enter into such an agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. TERM; REPRESENTATION.

(a) Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of five (5) years (the "Term").

(b) Representation. Rose hereby represents to the Company that the execution and delivery of this Agreement and the performance by Rose of his duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any agreement or policy to which Rose is a party or otherwise bound.

2. POSITION; RESPONSIBILITIES. During the Term, and subject to approvals required by the Delaware Business Corporation Act and the Company's Certificate of Incorporation and Restated Bylaws, Rose shall serve as a member of the Board of Directors of the Company and, until the May 2005 Annual Meeting of the Shareholders of the Company, shall perform the duties of the Chairman of the Board as described by the Company's Restated Bylaws, as amended from time to time, and such other duties as may be prescribed by the Board of Directors. After the May 2005 Annual Meeting (during the last four years of the Term) and subject to approvals required by the Delaware Business Corporation Act and the Company's Certificate of Incorporation and Restated Bylaws, Rose shall perform the duties of the Chairman of the Executive Committee as described in the Company's Corporate Governance Guidelines, as amended from time to time, and such other duties as may be prescribed by the Board of Directors.

3. REMUNERATION. During the first year of the Term (May 1, 2004 through April 30, 2005), the Company shall pay Rose $350,000 per year (the "Base Remuneration") for his services as Chairman of the Board. During the second year of the Term (May 1, 2005 through April 30, 2006), the Company shall pay Rose Base Remuneration of $250,000 per year for his services as Chairman of the Executive Committee. During the last three years of the Term, the Company shall pay Rose a salary equal to the other Directors who hold Board committee chair positions (other than the Audit Committee Chair). Such payments shall be in lieu of any other fees or other compensation payable to other directors of the Company.

4. ADDITIONAL BENEFITS. Rose shall be entitled to the following:

(a) Vehicle Allowance. During the Term, Rose shall be entitled to receive from the Company a vehicle allowance of $1,050 per month, subject to future increases as may be granted to senior executives.

(b) Use of Company Aircraft. During the Term and subject to availability, the Company shall make available a corporate aircraft to Rose for travel. In addition, the Company shall reimburse Rose for Rose's use of his personal aircraft in connection with the performance of his duties for the Company. To the extent Rose is required to travel on a commercial airline in connection with the performance of his duties for the Company, Rose shall be entitled to travel on a first-class basis.

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

(d) Benefit Plans. Rose shall be entitled to participate in all Company benefit plans, programs and arrangements of the Company for which other senior members of management are eligible.

5. BUSINESS EXPENSES. During the Term, the Company shall reimburse Rose, in accordance with the Company's policies and procedures, for all reasonable expenses incurred by Rose in connection with the performance of his duties for the Company.

6. ADMINISTRATIVE ASSISTANT AND OFFICE SPACE. During the Term, the Company shall continue to provide Rose with his existing level of support staff. In addition, during the Term, the Company shall reimburse Rose up to a maximum of $15,000 per year for his expenses in obtaining office space, upon submission of documentation evidencing such expenses.

7. FINANCIAL COUNSELING. The Company shall reimburse Rose up to a maximum of $15,000 per year for his expenses in obtaining financial counseling, upon submission of documentation evidencing such expenses.

8. TERMINATION. Rose's service may be terminated prior to the end of the Term as follows:

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

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

(c) By the Board of Directors With Cause. Rose's termination by the Board of Directors shall be considered "With Cause" upon the occurrence of any one or more of the following events (each, a "Cause"):

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

(ii) any conviction of Rose of a crime involving moral turpitude.

(d) By the Board of Directors Without Cause. In the event that Rose's service is terminated by the Board for any reason other than a Cause, such termination shall be "Without Cause."

(e) By Rose for Good Reason. At the option of Rose, Rose may terminate his service by written notice to the Company given within a reasonable time after the occurrence of a material breach by the Company of any of its obligations under this Agreement and the failure by the Company to cure such breach within thirty (30) days of such notice ("Good Reason").

(f) Expiration of the Term. The expiration of the Term shall not for any purpose be deemed a termination under Section 8(c), (d) or (e) hereinabove.

9. EFFECT OF TERMINATION; TREATMENT OF STOCK OPTIONS AND RESTRICTED STOCK GRANTS UPON EXPIRATION OF TERM.

(a) Effect of Termination by Death. Upon the termination of Rose's service because of Death, Rose's estate shall be entitled to receive an amount equal to the accrued but unpaid Base Remuneration through the date of termination as well as any unreimbursed reasonable business expenses incurred by Rose through the date of termination. In addition, all restrictions shall be removed from the restricted stock grant shares and the vesting and exercise of Rose's stock options shall be governed by the Company's 1997 Stock and Incentive Omnibus Plan, as amended (the "Omnibus Plan").

(b) Effect of Termination for Permanent Disability. Upon the termination of Rose's service because of Permanent Disability, Rose shall be entitled to receive his Base Remuneration until he becomes eligible for long term disability benefits as well as any unreimbursed reasonable business expenses incurred by Rose through the date of termination. Rose shall be entitled to the restricted stock grant shares that are free from restrictions as of the date of termination, and the vesting and exercise of Rose's stock options shall be governed by the Omnibus Plan. Rose shall be entitled to continue to receive group medical insurance benefits from the date of termination until the time he is eligible to receive long term disability benefits.

(c) Effect of Termination by the Company With Cause or by Rose Without Good Reason. Upon the termination of Rose's service With Cause or by Rose for any reason other than Good Reason, Rose shall be entitled to receive an amount equal to the accrued but unpaid Base Remuneration through the date of termination as well as any unreimbursed reasonable business expenses incurred by Rose through the date of termination. Rose shall be entitled only to the restricted stock grant shares that are free from restrictions as of the

date of termination. All stock options, to the extent not theretofore exercised, shall terminate on the 90th day following the date of termination of Rose's service by the Company With Cause or by Rose without Good Reason.

(d) Effect of Termination by the Company Without Cause or by Rose for Good Reason. Upon the termination of Rose's service Without Cause or by Rose for Good Reason, Rose shall be entitled to receive an amount equal to: (i) the remainder, if any, of Rose's Base Remuneration through April 30, 2006; (ii) the remainder of other payments under Section 3 of this Agreement equal to payments to the other directors who hold Board chairs (other than Audit) for the period May 1, 2006 through April 30, 2009; (iii) continued reimbursement of expenses and benefits under Sections 4, 6 and 7 of this Agreement (excluding the use of the Gaylord airplane under Section 4(b)), including without limitation the right to continued medical insurance and company physicals through April 30, 2009; (iv) the portion of Rose's restricted stock grants that are free from restrictions as of the date of termination and the acceleration and immediate release of all restrictions from any remaining shares of the restricted stock that are subject to restrictions as of the date of termination, and (v) the vested portion of Rose's stock options, and the acceleration and immediate vesting of any other unvested stock options. Rose shall have two (2) years from the date of such termination Without Cause or by Rose for Good Reason to exercise all vested stock options. All amounts due under sub-sections 9(d)(i)-(iii) above shall be paid as due on a monthly basis, and expenses shall be reimbursed promptly following submission.

(e) Expiration of Term. Unless Rose's service is terminated prior to the end of the Term, upon expiration of the Term, Rose's stock options and restricted stock grant shares, shall be treated as follows:

(i) If Rose continues to serve the Company in any capacity following the expiration of the Term, all unvested stock options shall continue to vest and the restrictions shall continue to be removed from the restricted stock grant shares as provided in this Agreement and as pursuant to the Omnibus Plan.

(ii) If Rose ceases to serve the Company in any capacity at any time following expiration of the Term, then, at the time Rose ceases to serve, all unvested stock options shall immediately vest and all restrictions shall be removed from the restricted stock grant shares. In such event, Rose shall be entitled to exercise the stock options at any time prior to the expiration date of the stock option term notwithstanding anything to the contrary in the Omnibus Plan or in this Agreement.

10. CHANGE OF CONTROL.

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

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

a result of the issuance of securities initiated by the Company in the ordinary course of business);

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

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

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

(b) Effect of Change of Control.

(i) Change of Control Occurring Prior to April 30, 2006. In the event that within one year following a Change of Control (such Change of Control occurring prior to April 30, 2006) the Board of Directors terminates Rose's service under this Agreement Without Cause, or Rose terminates his service under this Agreement for Good Reason, Rose shall be entitled (in lieu of the compensation and benefits provided pursuant to 9(d)) to the payment of three (3) times Rose's Base Remuneration for the year in which the Change of Control shall occur. In addition, upon such termination, all unvested stock options shall vest and all restrictions shall be removed from the restricted stock grant shares. Rose shall have two (2) years from the date of such termination to exercise all vested stock options.

(ii) Change of Control Occurring After April 30, 2006. In the event that within one year following a Change of Control (such Change of Control occurring after April 30, 2006) the Board of Directors terminates Rose's service under this Agreement Without Cause, or Rose terminates his service under this Agreement for Good Reason, Rose shall be entitled (in lieu of the compensation and benefits provided pursuant to 9(d)) to a lump sum payment equal to the sum of (i) the remainder of the salary payments under Section 3 of this Agreement for the period May 1, 2006 through April 30, 2009; and (ii) the value of the benefits under Sections

4, 6 and 7 of this Agreement (excluding the use of the Gaylord airplane as provided in Section 4(b)), including without limitation the value of the right to continued medical insurance and annual company physicals through April 30, 2009. In addition, upon such termination, all unvested stock options shall vest and all restrictions shall be removed from the restricted stock grant shares. Rose shall have two (2) years from the date of such termination to exercise all vested stock options.

11. COVENANTS.

(a) General. Rose and the Company understand and agree that the purpose of the provisions of this Section 11 is to protect legitimate business interests of the Company, as more fully described below, and is not intended to impair or infringe upon Rose's right to work, earn a living, or acquire and possess property from the fruits of his labor. Rose hereby acknowledges that the post-employment restrictions set forth in this Section 11 are reasonable and that they do not, and will not, unduly impair his ability to earn a living after the termination of his employment with the Company. Therefore, subject to the limitations of reasonableness imposed by law upon restrictions set forth herein, Rose shall be subject to the restrictions set forth in this Section 11.

(b) Definitions. The following capitalized terms used in this Section 11 shall have the meanings assigned to them below, which definitions shall apply to both the singular and the plural forms of such terms: "Confidential Information" means any confidential or proprietary information possessed by the Company without limitation, any confidential "know-how," customer lists, details of client and consultant contracts, current and anticipated customer requirements, pricing policies, price lists, market studies, business plans, operational methods, marketing plans or strategies, product development techniques or plans, computer software programs (including object code and source code), data and documentation, data base technologies, systems, structures and architectures, inventions and ideas, past, current and planned research and development, compilations, devices, methods, techniques, processes, financial information and data, business acquisition plans, new personnel acquisition plans and any other information that would constitute a trade secret under the common law or statutory law of the State of Tennessee.

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

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

"Restricted Period" means the period of Rose's employment by the Company plus a period extending two (2) years from the date of termination of employment; provided, however, the Restricted Period shall be extended for a period equal to the time during which Rose is in breach of his obligations to the Company under this Section 11.

"Restrictive Covenants" means the restrictive covenants contained in Section 11(c) hereof:

(c) Restrictive Covenants.

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

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

(iii) Non-interference with Company Opportunities. Rose understands and agrees that all business opportunities with which he is involved during his employment with the Company constitute valuable assets of the Company and its affiliated entities, and may not be converted to Rose's own use or converted by Rose for the use of any other Person. Accordingly, Rose hereby agrees that during the Restricted Period or thereafter, Rose shall not directly or indirectly on Rose's own behalf or on behalf of any Person, interfere with, solicit, pursue, or in any way make use of any such business opportunities.

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

(e) Enforcement of the Restrictive Covenants.

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

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

12. COOPERATION IN FUTURE MATTERS. Rose hereby agrees that, for a period of three (3) years following the date of the termination of his service under this Agreement, he shall cooperate with the Company's reasonable requests relating to matters that pertain to Rose's service as Chairman of the Board of the Company, including, without limitation, providing information of limited consultation as to such matters, participating in legal proceedings, investigations or audits on behalf of the Company, or otherwise making himself reasonably available to the Company for other related purposes. Any such cooperation shall be performed at times scheduled taking into consideration Rose's other commitments, and Rose shall be compensated at a per diem rate of $2,000 to the extent such cooperation is required on more than an occasional and limited basis. Rose shall also be reimbursed for all reasonable out of pocket expenses. Rose shall not be required to perform such cooperation to the extent it conflicts with any requirements of exclusivity of service for any other entity, nor in any manner that in the good faith belief of Rose would conflict with his rights under or ability to enforce this Agreement.

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

14. BINDING ARBITRATION AND LEGAL FEES. Any controversy or claim between or among the parties hereto, including but not limited to those arising out of or relating to this Agreement or

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

15. MISCELLANEOUS.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee without reference to principles of conflicts of laws.

(b) Entire Agreement/Amendments. This Agreement contains the entire understanding of the parties with respect to its subject matter. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(c) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(e) Assignment. This Agreement shall not be assignable by Rose. This Agreement may be assigned by the Company to a company which is a successor in interest to substantially all of the business operations of the Company. Such assignment shall become effective when the Company notifies the Rose of such assignment or at such later date as may be specified in such notice. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such successor company, provided that any assignee expressly assumes the obligations, rights and privileges of this Agreement.

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

(g) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributes, devises and legatees.

(h) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to Company, to:

Gaylord Entertainment Company
One Gaylord Drive
Nashville, Tennessee 37214
Attention: President
Facsimile Number: (615) 316-6544

With a copy to:

Gaylord Entertainment Company
One Gaylord Drive
Nashville, Tennessee 37214
Attention: General Counsel

If to Rose, to:

Michael D. Rose
1000 Ridgeway Loop
Suite 108
Memphis, TN 38120

With a copy to:

Baker Donelson Bearman, Caldwell & Berkowitz PC
165 Madison Avenue
First Tennessee Building
Memphis, TN 38103
Attention: Ben C. Adams, Esq.

(i) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

/s/ Michael D. Rose
---------------------------------------
Michael D. Rose

GAYLORD ENTERTAINMENT COMPANY

By: /s/ Ralph Horn
---------------------------------------
Title: Lead Outside Director

Exhibit 10.3

FORM OF
STOCK OPTION AGREEMENT
GAYLORD ENTERTAINMENT COMPANY
1997 STOCK OPTION AND INCENTIVE PLAN

This STOCK OPTION AGREEMENT (the "Agreement") is by and between Gaylord Entertainment Company, a Delaware corporation (the "Company"), and the person whose name is set forth on the attached Optionee Grant Detail Statement (the "Grantee"), under the Company's 1997 Stock Option and Incentive Plan, as amended (the "Plan").

Because of services provided by the Grantee to the Company and in order to provide an incentive to the Grantee to exert his or her utmost efforts on behalf of the Company, the Grantee has been awarded a nonqualified stock option (the "Option") to purchase certain shares of Common Stock of the Company, par value $.01 per share ("Common Stock"), on the terms and conditions set forth in the Plan and this Agreement.

SECTION 1. THE OPTION GRANT. The Grantee is hereby granted a Nonqualified Stock Option to purchase any or all of the shares of Common Stock of the Company set forth on the attached Optionee Grant Detail Statement at a purchase price also set forth on the attached Optionee Grant Detail Statement. Said Nonqualified Stock Option is subject to the terms set forth below.

SECTION 2. EXERCISE OF OPTION RIGHTS.

2.1 Times When the Option Can Be Exercised. The Option shall become exercisable in whole or in part, subject to the provisions of this Agreement, in accordance with the Optionee Grant Detail Statement attached hereto.

2.2 Term of Option. The term during which the Option may be exercised shall terminate in accordance with the Optionee Grant Detail Statement attached hereto, subject to earlier termination as provided for in Section 3 of this Agreement.

2.3 Notice of Exercise. If the Grantee wishes to exercise his or her rights hereunder, the Grantee must give notice of exercise to the Company at the Company's principal office. The Grantee must give the notice in writing in form satisfactory to the Human Resources Committee of the Board of Directors of the Company (the "Committee"). The Grantee must include with the notice full payment for any shares being purchased under the Option (unless, in accordance with the Plan, the Committee shall have provided otherwise), and any taxes due under Section 2.4.2 hereof.

2.4 Payment.

2.4.1 Payment for any Common Stock being purchased under the Option must be made in cash, by certified or bank check, or by delivering to the Company Common Stock of the Company which the Grantee already owns. If the Grantee pays by delivering Common Stock of the Company, the Grantee must include with the notice of exercise the certificates for the Common Stock duly endorsed for transfer. The Company will value the Common Stock delivered by the

Grantee at its Fair Market Value as of the date of receipt as set forth in the Plan and, if the value of the Common Stock delivered by the Grantee exceeds the amount required under this Section 2.4.1, will return to the Grantee cash in an amount equal to the value, so determined, of any fractional portion of a share of Common Stock exceeding the amount required and will issue a certificate for any whole share of Common Stock exceeding the amount required.

2.4.2 The Grantee cannot buy any Common Stock under the Option unless, at the time the Grantee gives notice of exercise to the Company, the Grantee includes with such notice payment in cash, by certified or bank check, of all local, state, or federal withholding taxes due, if any, on account of buying Common Stock under the Option or gives other assurance to the Company satisfactory to the Committee of the payment of those withholding taxes.

2.5 Transfer.

2.5.1 The Company shall deliver certificates for Common Stock bought under the Option as soon as practicable after receiving payment for the Common Stock and for any taxes under Section 2.4.2 hereof, and all documents required under the Plan and this Agreement. The certificates will be made out in the name of the Grantee.

2.5.2 If the Plan or any law, regulation, or interpretation requires the Company to take any action regarding the Common Stock before the Company issues certificates for the Common Stock being purchased, the Company may delay delivering the certificates for the Common Stock for the period necessary to take that action.

SECTION 3. TERMINATION.

3.1 Generally. Except as otherwise provided in this Agreement and the Plan, the Option may not be exercised unless the Grantee is then in the service or employ of the Company or a Parent or Subsidiary (collectively, for purposes of this Agreement, the "Company"), and unless the Grantee has remained continuously so employed since the date of grant of the Option. Unless otherwise determined by the Committee at or after the date of grant, in the event that the employment of the Grantee terminates (other than by reason of death, Disability, Retirement, or for Cause), any portion of the Option that is exercisable at the time of such termination may be exercised by Grantee for a period of 90 days from the date of such termination or until the expiration of the stated term of the Option, whichever period is shorter.

3.2 Death or Disability. If the Grantee dies while employed by the Company or a Parent or a Subsidiary (or within the period of extended exercisability provided herein), or if the Grantee's employment terminates by reason of Disability, the Option will become fully vested and exercisable (notwithstanding the provisions of Section 2.1 hereof), and may be exercised by the Grantee, by the legal representative of the Grantee's estate, or by the legatee under the Grantee's will at any time until the expiration of the term of the Option provided in Section 2.2 hereof.

3.3 Retirement. If the Grantee's employment terminates by reason of Retirement, any portion of the Option may be exercised by Grantee, to the extent such portion was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or after the

date of grant (but before the date of such Retirement) at any time until the expiration of the term of the Option provided in Section 2.2 hereof.

3.4 Cause. If the Grantee's employment terminates for Cause, as determined by the Committee in its sole discretion, the Option, to the extent not theretofore exercised, shall terminate on the date of such termination.

3.5 Committee Discretion. Notwithstanding the provisions of subsections 3.1 through 3.4 above, the Committee may, in its sole discretion, at or after the date of grant (but before the date of termination), establish different terms and conditions pertaining to the effect on any Option of termination of a Grantee's employment, to the extent permitted by applicable federal and state law.

SECTION 4. GOVERNING PROVISIONS. This Agreement is made under and subject to the provisions of the Plan, and all of the provisions of the Plan are also provisions of this Agreement. Capitalized terms used but not defined herein shall have the same meanings ascribed to such terms in the Plan. If there is a difference or conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan will govern. By signing this Agreement, the Grantee confirms that he or she has received a copy of the Plan.

SECTION 5. MISCELLANEOUS.

5.1 Entire Agreement. This Agreement and the Plan contain all of the understandings between the Company and Grantee concerning the Option and include any earlier negotiations and understandings. The Company and Grantee have made no promises, agreements, conditions, or understandings relating to the Option, either orally or in writing, that are not included in this Agreement or the Plan.

5.2 Employment. By establishing the Plan, granting awards under the Plan, and entering into this Agreement, the Company does not give Grantee any right to continue to be employed by the Company or to be entitled to any remuneration or benefits not set forth in this Agreement or the Plan. None of the provisions of this Agreement or the Plan will interfere with or limit the right of the Company to end the Grantee's employment at any time.

5.3 Captions. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe, or describe the scope or intent of the provisions of this Agreement.

5.4 Counterparts. This Agreement may be executed in counterparts, each of which when signed by the Company and the Grantee will be deemed an original and all of which together will be deemed the same agreement.

5.5 Notice. Any notice or communication having to do with this Agreement must be given by personal delivery or by certified mail, return receipt requested, addressed, if to the Company or the Committee, to the principal office of the Company and, if to Grantee, to the Grantee's last known address on the personnel records of the Company.

5.6 Amendment. This Agreement may be amended by the Company, provided that unless the Grantee consents in writing, the Company cannot amend this Agreement if the amendment will materially change or impair the Grantee's rights under this Agreement and such change is not to the Grantee's benefit.

5.7 Succession and Transfer. Each and all of the provisions of this Agreement are binding upon and inure to the benefit of the Company and the Grantee and their heirs, successors and assigns; however, neither the Option nor this Agreement is transferable, without the prior written consent of the Committee, other than (i) by will or by the laws of descent and distribution, (ii) by the Grantee to a member of his or her Immediate Family, or (iii) to a trust for the benefit of the Grantee or a member of his or her Immediate Family.

5.8 Governing Law. This Agreement shall be governed and construed exclusively in accordance with the law of the State of Delaware applicable to agreements to be performed in the State of Delaware to the extent it may apply.

The Company and the Grantee have caused this Agreement to be signed and delivered as of the ___ day of _______________, _____.

GAYLORD ENTERTAINMENT COMPANY

By:

- ------------------------------ | ------------------------------------

Grantee | Carter R. Todd, Senior Vice President

Exhibit 10.4

FORM OF
DIRECTOR STOCK OPTION AGREEMENT
GAYLORD ENTERTAINMENT COMPANY
1997 OMNIBUS STOCK OPTION AND INCENTIVE PLAN

This DIRECTOR STOCK OPTION AGREEMENT (the "Agreement") is between Gaylord Entertainment Company, a Delaware corporation (the "Company"), and ____________ (the Grantee"), a member of the Board of Directors of the Company (the "Board"), under the Company's 1997 Omnibus Stock Option and Incentive Plan (the "Plan").

Pursuant to Section 7 of the Plan, the Grantee has been awarded a Nonqualified Stock Option on the terms and conditions set forth in the Plan and this Agreement. In consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto hereby agree to the terms of this Agreement and of the Plan.

Section 1. Award of Options. This Agreement evidences the award to Grantee of a Nonqualified Stock Option (the "Options") to purchase __________ shares of Common Stock at an exercise price of $____ per share, in accordance with and pursuant to Section 7 of the Plan.

Section 2. Exercise of Option Rights.

2.1 Times When the Option Can Be Exercised. The Option shall vest as follows: ______ shares shall vest on the first anniversary date hereof; _____ shares shall vest on the second anniversary date hereof; _____ shares shall vest on the _____ anniversary date hereof and _____ shares shall vest on the fourth anniversary date hereof.

2.2 Term of Option. The term during which the Option may be exercised shall terminate on ___________, ____ years from the date that the Option was initially awarded, subject to earlier termination as provided for in Section 3 of this Agreement.

2.3 Notice of Exercise. If the Grantee wishes to exercise his rights hereunder, the Grantee must give notice of exercise to the Company at the Company's principal office. The Grantee must give the notice in writing in form satisfactory to the Compensation Committee of the Board (the "Committee"). The Grantee must include with the notice full payment for any shares being purchased under the Option (unless, in accordance with the Plan, the Committee shall have provided otherwise), and any taxes due under Section 2.4.2 hereof.

2.4 Payment.

2.4.1 Payment for any Common Stock being purchased under the Option must be made in cash, by certified or bank check, or by delivering to the Company Common Stock which the Grantee already owns. If the Grantee pays by delivering Common Stock of the Company, the Grantee must include with the notice of exercise the certificates for the Common Stock duly endorsed for transfer. The Company will value the Common Stock delivered by the Grantee at its Fair Market Value as of the date of receipt as set forth in the Plan and, if the value of the Common Stock delivered by the Grantee exceeds the amount required under this Section 2.4.1 will return to the Grantee cash in an amount equal to the value, so determined, of any fractional portion of a share

of Common Stock exceeding the amount required and will issue a certificate for any whole share of Common Stock exceeding the amount required.

2.4.2 The Grantee cannot buy any Common Stock under the Option unless, at the time the Grantee gives notice of exercise to the Company, the Grantee includes with such notice payment in cash or by certified or bank check of all local, state, or federal withholding taxes due, if any, on account of buying Common Stock under the Option or gives other assurances to the Company satisfactory to the Committee of the payment of those withholding taxes.

2.5 Transfer.

2.5.1 The Company shall deliver certificates for Common Stock bought under the Option as soon as practicable after receiving payment for the Common Stock and for any taxes under Section 2.4.2 hereof, and all documents required under the Plan and this Agreement. The certificates will be made out in the name of the Grantee.

2.5.2 If the Plan or any law, regulation, or interpretation requires the Company to take any action regarding the Common Stock before the Company issues certificates for the Common Stock being purchased, the Company may delay delivering the certificates for the Common Stock for the period necessary to take that action.

Section 3. Termination.

3.1 Generally. Except as otherwise provided in this Agreement and the Plan, the Option may not be exercised unless the Grantee is then serving as a member of the Board of Directors of the Company. In the event that Grantee shall cease to serve as a member of the Board (other than by reason of death, Disability, Retirement or for Cause) any portion of the Option that is exercisable may be exercised by Grantee within 90 days from the date of such termination or until the expiration of the stated term of the Option, whichever period is shorter.

3.2 Death or Disability. If the Grantee dies while serving as a member of the Board (or within the period of extended exercisability provided herein), or if the Grantee's services terminates by reason of Disability the Option will become fully vested and exercisable (notwithstanding the provisions of Section 2.1 hereof), and may be exercised by the Grantee, by the legal representative of the Grantee's estate, or by the legatee under the Grantee's will at any time following six months from the date the Option was initially awarded and until the expiration of the term of the Option provided in Section 2.2 hereof.

3.3 Retirement. If the Grantee's service on the Board terminates by reason of Retirement, any portion of the Option may be exercised by Grantee, to the extent such portion was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or after the date of grant (but before the date of such Retirement) at any time until the expiration of the term of the Option provided in Section 2.2 hereof.

3.4 Committee Discretion. Notwithstanding the provisions of subsections 3.1 through 3.3 above, the Committee may, in its sole discretion, at or after the date of grant (but before the date of termination), establish different terms and conditions pertaining to the effect on any Option of termination of a Grantee's service as a member of the Board of Directors, to the extent permitted by applicable federal and state law.

Section 4. Governing Provisions. This Agreement is made pursuant to Section 7 of the Plan and, in general, under and subject to the provisions of the Plan, and all of the provisions of the Plan are also provisions of this Agreement. Capitalized terms used but not defined herein shall have the same meanings ascribed to such terms in the Plan. If there is a difference or conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan will govern. By signing this Agreement, the Grantee confirms that he has received a copy of the Plan.

Section 5. Miscellaneous.

5.1 Entire Agreement. This Agreement and the Plan contain all of the understandings between the Company and the Grantee concerning the Option granted under the Plan, and include all earlier negotiations and understandings. The Company and the Grantee have made no promises, agreements, conditions, or understandings, either orally or in writing, that are not included in this Agreement or the Plan.

5.2 Captions. The captions and section numbers appearing in this Agreement are inserted only as a matter of convenience. They do not define, limit, construe or describe the scope or intent of the provisions of this Agreement.

5.3 Counterparts. This Agreement may be executed in counterparts, each of which when signed by the Company and the Grantee will be deemed an original and all of which together will be deemed the same Agreement.

5.4 Notice. Any notice or communication having to do with this Agreement must be given by personal delivery or by certified mail, return receipt requested, addressed if to the Company or the Committee, to the principal office of the Company and, if to the Grantee, to the Grantee's last known address on the personnel records of the company.

5.5 Amendment. This Agreement may be amended by the Company, provided that unless the Grantee consents in writing, the Company cannot amend this Agreement if the amendment will materially change or impair the Grantee's rights under this Agreement and such change is not to the Grantee's benefit.

5.6 Succession and Transfer. Each and all of the provisions of this Agreement are binding upon and inure to the benefit of the Company and the Grantee and their heirs, successors and assigns; however, neither the Option nor this Agreement is transferable otherwise than by will or by the laws of descent and distribution.

5.7 Governing Law. This Agreement shall be governed and construed exclusively in accordance with the law of the State of Delaware applicable to agreements to be performed in the State of Delaware to the extent it may apply.

The Company and the Grantee have caused this Agreement to be signed and delivered as of the ___ day of ___________, _____.

GAYLORD ENTERTAINMENT COMPANY

By:
-------------------------------------
Carter R. Todd, Senior Vice President

By:
-------------------------------------
Grantee

EXHIBIT 31.1

CERTIFICATIONS

I, Colin V. Reed, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2004

By: /s/ Colin V. Reed
- -----------------------
Name: Colin V. Reed
Title: President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, David C. Kloeppel, certify that:

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2004

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of Gaylord Entertainment Company (the "Company") on Form 10-Q for the quarter ended September 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 Of the Sarbanes-Oxley Act of 2002, that:

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

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

By: /s/ Colin V. Reed
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Colin V. Reed
President and Chief Executive Officer
November 8, 2004

By: /s/ David C. Kloeppel
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David C. Kloeppel
Executive Vice President and Chief
Financial Officer
November 8, 2004

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