GAYLORD ENTERTAINMENT CO /DE
Form 10-Q
August 05, 2011

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

(Mark One)

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

For the quarterly period ended June 30, 2011

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

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

Class	Outstanding as of July 31, 2011
Common Stock, $.01 par value	48,401,015 shares

GAYLORD ENTERTAINMENT COMPANY
FORM 10-Q
For the Quarter Ended June 30, 2011
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Part I FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Revenues	**$ 236,775**	$ 183,879	**$ 457,513**	$ 398,360
Operating expenses:				
Operating costs	**132,746**	104,746	**266,624**	235,301
Selling, general and administrative	**43,048**	36,288	**86,126**	78,190
Casualty loss	**469**	31,347	**468**	31,347
Preopening costs	**41**	6,240	**41**	6,240
Depreciation and amortization	**29,271**	25,951	**58,328**	53,022
Operating income (loss)	**31,200**	(20,693)	**45,926**	(5,740)
Interest expense, net of amounts capitalized	**(21,377)**	(20,480)	**(42,186)**	(40,595)
Interest income	**3,316**	3,286	**6,489**	6,508
Income from unconsolidated companies	**152**	190	**325**	117
Net gain on extinguishment of debt		100		1,299
Other gains and (losses), net	**141**	(147)	**(50)**	(160)
Income (loss) before income taxes and discontinued operations	**13,432**	(37,744)	**10,504**	(38,571)
Provision (benefit) for income taxes	**4,799**	(11,697)	**3,832**	(10,722)
Income (loss) from continuing operations	**8,633**	(26,047)	**6,672**	(27,849)
Income from discontinued operations, net of income taxes	**4**	3,327	**8**	3,279
Net income (loss)	**$ 8,637**	$ (22,720)	**$ 6,680**	$ (24,570)
Basic income (loss) per share:				
Income (loss) from continuing operations	**$ 0.18**	$ (0.55)	**$ 0.14**	$ (0.59)
Income from discontinued operations, net of income taxes	**0.00**	0.07	**0.00**	0.07

Net income (loss)	**$**	**0.18**	$	(0.48)	**$**	**0.14**	$	(0.52)
Fully diluted income (loss) per share:								
Income (loss) from continuing operations	**$**	**0.17**	$	(0.55)	**$**	**0.13**	$	(0.59)
Income from discontinued operations, net of income taxes		**0.00**		0.07		**0.00**		0.07
Net income (loss)	**$**	**0.17**	$	(0.48)	**$**	**0.13**	$	(0.52)

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands)

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents unrestricted	**$ 111,363**	$ 124,398
Cash and cash equivalents restricted	**1,150**	1,150
Trade receivables, less allowance of $660 and $882, respectively	**48,977**	31,793
Estimated fair value of derivative assets		22
Deferred income taxes	**5,934**	6,495
Other current assets	**47,594**	48,992
Total current assets	**215,018**	212,850
Property and equipment, net of accumulated depreciation	**2,197,076**	2,201,445
Notes receivable, net of current portion	**143,773**	142,651
Long-term deferred financing costs	**10,007**	12,521
Other long-term assets	**49,780**	51,065
Long-term assets of discontinued operations	**408**	401
Total assets	**$ 2,616,062**	$ 2,620,933
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	**$ 190**	$ 58,574
Accounts payable and accrued liabilities	**145,110**	175,343
Estimated fair value of derivative liabilities	**1,749**	12,475
Current liabilities of discontinued operations	**327**	357
Total current liabilities	**147,376**	246,749
Long-term debt and capital lease obligations, net of current portion	**1,165,156**	1,100,641
Deferred income taxes	**110,238**	101,140
Other long-term liabilities	**141,290**	142,200
Long-term liabilities of discontinued operations	**451**	451
Commitments and contingencies		
Stockholders equity:		
Preferred stock, $.01 par value, 100,000 shares authorized, no shares issued or outstanding		
Common stock, $.01 par value, 150,000 shares authorized, 48,397 and 48,144 shares issued and outstanding, respectively	**484**	481

Additional paid-in capital	**924,553**	916,359
Treasury stock of 385 shares, at cost	**(4,599)**	(4,599)
Retained earnings	**152,280**	145,600
Accumulated other comprehensive loss	**(21,167)**	(28,089)
Total stockholders equity	**1,051,551**	1,029,752
Total liabilities and stockholders equity	**$ 2,616,062**	$ 2,620,933

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2011 and 2010
(Unaudited)
(In thousands)

	2011	2010
Cash Flows from Operating Activities:		
Net income (loss)	**$ 6,680**	$ (24,570)
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:		
Income from discontinued operations, net of taxes	**(8)**	(3,279)
Income from unconsolidated companies	**(325)**	(117)
Loss on assets damaged in flood		41,541
Loss on disposals of long-lived assets	**40**	281
Provision for deferred income taxes	**3,076**	24,560
Depreciation and amortization	**58,328**	53,022
Amortization of deferred financing costs	**2,635**	2,638
Amortization of discount on convertible notes	**6,216**	5,722
Stock-based compensation expense	**4,826**	3,534
Net gain on extinguishment of debt		(1,299)
Changes in:		
Trade receivables	**(17,184)**	1,257
Interest receivable	**1,951**	1,663
Insurance proceeds receivable		(30,000)
Income tax receivable		(26,323)
Accounts payable and accrued liabilities	**(22,580)**	(7,546)
Other assets and liabilities	**(4,005)**	5,148
Net cash flows provided by operating activities continuing operations	**39,650**	46,232
Net cash flows (used in) provided by operating activities discontinued operations	**(28)**	729
Net cash flows provided by operating activities	**39,622**	46,961
Cash Flows from Investing Activities:		
Purchases of property and equipment	**(61,413)**	(19,855)
Collection of notes receivable	**2,465**	4,021
Other investing activities	**2,183**	130
Net cash flows used in investing activities continuing operations	**(56,765)**	(15,704)
Net cash flows used in investing activities discontinued operations		(1,422)
Net cash flows used in investing activities	**(56,765)**	(17,126)
Cash Flows from Financing Activities:		
Repurchases of senior notes		(26,965)
Proceeds from exercise of stock option and purchase plans	**4,193**	1,675

Other financing activities, net	**(85)**	(1,272)
Net cash flows provided by (used in) financing activities continuing operations	**4,108**	(26,562)
Net cash flows provided by financing activities discontinued operations		
Net cash flows provided by (used in) financing activities	**4,108**	(26,562)
Net change in cash and cash equivalents	**(13,035)**	3,273
Cash and cash equivalents unrestricted, beginning of period	**124,398**	180,029
Cash and cash equivalents unrestricted, end of period	**$ 111,363**	$ 183,302

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION:

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and its subsidiaries (the Company) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). 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 as of and for the year ended December 31, 2010 filed with the SEC. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods 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 because of seasonal and short-term variations.

2. NEWLY ISSUED ACCOUNTING STANDARDS:

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, Topic 820, *Fair Value Measurements and Disclosures*, to require more detailed disclosures regarding transfers in and out of Level 1 and Level 2 fair value measurements, including the amounts and reasons for the transfers. Level 3 fair value measurements should present separate information about purchases, sales, issuances and settlements. In addition, this ASU requires that a reporting entity should provide fair value measurement disclosures for each class of assets and liabilities, defined as a subset of assets or liabilities within a line item in the statement of financial position, as well as disclosures about the valuation techniques and inputs used to measure fair value in either Level 2 or Level 3. The Company adopted the remaining disclosure requirements of this ASU in the first quarter of 2011, and the adoption did not have a material impact on the Company s consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, Topic 820, *Fair Value Measurements*, to clarify existing guidance and to require more detailed disclosures relating to Level 3 fair value measurements. In addition, this ASU requires that a reporting entity should provide the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the footnotes. The Company will adopt this ASU in the first quarter of 2012 and does not expect this adoption to have a material impact on the Company s consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, Topic 220, *Comprehensive Income*, to allow an entity the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In either instance, an entity is required to present each component of net income along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The Company will adopt this ASU in the first quarter of 2012 and does not expect this adoption to have a material impact on the Company s consolidated financial statements.

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3. NASHVILLE FLOOD:

As more fully discussed in the Company s Annual Report on Form 10-K as of and for the year ended December 31, 2010 filed with the SEC, on May 3, 2010, Gaylord Opryland, the Grand Ole Opry, certain of the Company s Nashville-based attractions, and certain of the Company s corporate offices experienced significant flood damage as a result of the historic flooding of the Cumberland River (collectively, the Nashville Flood). Substantially all of the affected properties reopened in the second half of 2010; however, the Company will continue to have various flood-related expenses during 2011 as it completes the remaining flood-related projects. The Company has segregated all costs and insurance proceeds related to the Nashville Flood from normal operations and reported those amounts as casualty loss or preopening costs in the accompanying condensed consolidated statements of operations.

Casualty Loss

Casualty loss in the accompanying condensed consolidated statements of operations for the respective periods was comprised of the following (in thousands):

	Three Months Ended June 30, 2011			
	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$	$ 277	$	$277
Non-capitalized repairs of buildings and equipment		2		2
Other		31	159	190
Net casualty loss	$	$ 310	$ 159	$469

	Six Months Ended June 30, 2011			
	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$(179)	$ 285	$ (41)	$ 65
Non-capitalized repairs of buildings and equipment		4	13	17
Other	6	52	328	386
Net casualty loss	$(173)	$ 341	$ 300	$468

	Three Months and Six Months Ended June 30, 2010				
	Hospitality	Opry and Attractions	Corporate and Other	Insurance Proceeds	Total
Site remediation	$11,924	$ 2,391	$ 562	$	$ 14,877
Impairment of property and equipment	30,244	5,163	6,134		41,541
Other asset write-offs	1,846	1,106			2,952
Non-capitalized repairs of buildings and equipment	1,406	1,494	66		2,966
Continuing costs during shut-down period	15,957	2,194	629		18,780
Other	117	77	37		231
Insurance proceeds				(50,000)	(50,000)

Net casualty loss	$61,494	$12,425	$7,428	$(50,000)	$ 31,347

All costs directly related to remediating the affected properties are included in casualty loss. Lost profits from the interruption of the various businesses are not reflected in the above tables.

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Preopening Costs

The Company expenses the costs associated with start-up activities and organization costs associated with its development of hotels and significant attractions as incurred. As a result of the extensive damage to Gaylord Opryland and the Grand Ole Opry House and the extended period in which these properties were closed, the Company incurred costs associated with the redevelopment and reopening of these facilities through the date of reopening. The Company has included all costs directly related to redeveloping and reopening the affected properties, as well as all continuing operating costs other than depreciation and amortization incurred from June 10, 2010 (the date at which the Company determined that the remediation was substantially complete) through the date of reopening, as preopening costs in the accompanying condensed consolidated statement of operations.

4. DISCONTINUED OPERATIONS:

During the second quarter of 2010, in a continued effort to focus on its core Gaylord Hotels and Opry and Attractions businesses, the Company committed to a plan of disposal of its Corporate Magic business. On June 1, 2010, the Company completed the sale of Corporate Magic through the transfer of all of its equity interests in Corporate Magic, Inc. in exchange for a note receivable which was recorded at its fair value of $0.4 million. During the three months and six months ended June 30, 2010, the Company recognized a pretax gain of $0.6 million related to the sale of Corporate Magic, as well as a permanent tax benefit of $3.2 million related to the sale.

5. INCOME PER SHARE:

The weighted average number of common shares outstanding is calculated as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Weighted average shares outstanding	**48,370**	47,098	**48,296**	47,055
Effect of dilutive stock-based compensation	**723**		**783**	
Effect of convertible notes	**1,851**		**2,494**	
Effect of common stock warrants			**350**	
Weighted average shares outstanding assuming dilution	**50,944**	47,098	**51,923**	47,055

For the three months and six months ended June 30, 2010, the effect of dilutive stock-based compensation awards was the equivalent of approximately 569,000 and 484,000 shares, respectively, of common stock outstanding. Because the Company had a loss from continuing operations in the three months and six months ended June 30, 2010, these incremental shares were excluded from the computation of dilutive earnings per share for those periods as the effect of their inclusion would have been anti-dilutive.

The Company had stock-based compensation awards outstanding with respect to approximately 960,000 and 2,012,000 shares of common stock as of June 30, 2011 and 2010, respectively, that could potentially dilute earnings per share in the future but were excluded from the computation of diluted earnings per share for the three months ended June 30, 2011 and 2010, respectively, as the effect of their inclusion would have been anti-dilutive.

The Company had stock-based compensation awards outstanding with respect to approximately 955,000 and 2,293,000 shares of common stock as of June 30, 2011 and 2010, respectively, that could potentially dilute earnings per share in the future but were excluded from the computation of diluted earnings per share for the six months ended June 30, 2011 and 2010, respectively, as the effect of their inclusion would have been anti-dilutive.

As discussed in Note 9, and more fully in the Company s Annual Report on Form 10-K as of and for the year ended December 31, 2010, in 2009 the Company issued 3.75% Convertible Senior Notes (the Convertible Notes) due 2014. It is the Company s intention to settle the face value of the Convertible Notes in cash upon conversion/maturity. Any conversion spread associated with the conversion/maturity of the Convertible Notes may be settled in cash or shares of the Company s common stock. The effect of potentially issuable shares under this conversion spread for the three months ended June 30, 2010 was the equivalent of approximately 257,000 shares of common stock outstanding. Because the Company had a loss from continuing operations in the three months ended June 30, 2010, these incremental shares were excluded from the computation of dilutive earnings per share for that period as the effect of their inclusion would have been anti-dilutive.

In connection with the issuance of these notes, the Company sold common stock purchase warrants to counterparties affiliated with the initial purchasers of the Convertible Notes. The initial strike price of these warrants is $32.70 per share of the Company s common stock and the warrants cover an aggregate of approximately 13.2 million shares of the Company s common stock, subject to anti-dilution adjustments. If the average closing price of the Company s stock during a reporting period exceeds this strike price, these warrants will be dilutive. The warrants may only be settled in shares of the Company s common stock.

6. COMPREHENSIVE INCOME (LOSS):

Comprehensive income (loss) is as follows for the respective periods (in thousands):

	Three Months Ended June 30,	
	2011	**2010**
Net income (loss)	**$ 8,637**	$ (22,720)
Unrealized (loss) gain on natural gas swaps, net of deferred taxes of $(20) and $105	**(36)**	162
Unrealized gain on interest rate swaps, net of deferred taxes of $1,982 and $1,577	**3,549**	2,758
Other		(32)
Comprehensive income (loss)	**$ 12,150**	$ (19,832)

	Six Months Ended June 30,	
	2011	**2010**
Net income (loss)	**$ 6,680**	$ (24,570)
Unrealized gain (loss) on natural gas swaps, net of deferred taxes of $2 and $0	**4**	(4)
Unrealized gain on interest rate swaps, net of deferred taxes of $3,818 and $2,029	**6,880**	3,570
Other	**38**	(44)
Comprehensive income (loss)	**$ 13,602**	$ (21,048)

A rollforward of the amounts included in accumulated other comprehensive loss related to the fair value of financial derivative instruments that qualify for hedge accounting, net of taxes, for the six months ended June 30, 2011 is as follows (in thousands):

	Interest Rate Derivatives	Natural Gas Derivatives	Total Derivatives
Balance at December 31, 2010	$(7,860)	$ (145)	$(8,005)
2011 changes in fair value, net of deferred taxes	**6,880**	**4**	**6,884**
Reclassification to earnings			
Balance at June 30, 2011	**$ (980)**	**$ (141)**	**$(1,121)**

7. PROPERTY AND EQUIPMENT:

Property and equipment of continuing operations at June 30, 2011 and December 31, 2010 is recorded at cost and summarized as follows (in thousands):

	June 30, 2011	December 31, 2010
Land and land improvements	**$ 221,444**	$ 214,989
Buildings	**2,259,109**	2,241,813
Furniture, fixtures and equipment	**510,674**	482,011
Construction in progress	**48,005**	51,843
	3,039,232	2,990,656
Accumulated depreciation	**(842,156)**	(789,211)
Property and equipment, net	**$ 2,197,076**	$ 2,201,445

8. NOTES RECEIVABLE:

In connection with the development of the Gaylord National Resort and Convention Center (Gaylord National), the Company is currently holding two issuances of bonds and receives the debt service thereon, which is payable from tax increments, hotel taxes and special hotel rental taxes generated from the development of the Gaylord National. The Company is recording the amortization of discount on these notes receivable as interest income over the life of the notes.

During the three months ended June 30, 2011 and 2010, the Company recorded interest income of $3.2 million on these bonds, which included in each period $3.1 million of interest that accrued on the bonds and $0.1 million related to amortization of the discount on the bonds.

During the six months ended June 30, 2011 and 2010, the Company recorded interest income of $6.3 million and $6.4 million, respectively, on these bonds, which included in each period $6.2 million of interest that accrued on the bonds and $0.1 million related to amortization of the discount on the bonds. The Company received payments of $10.7 million and $11.8 million during the six months ended June 30, 2011 and 2010, respectively, relating to these notes receivable.

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9. DEBT:

The Company s debt and capital lease obligations related to continuing operations at June 30, 2011 and December 31, 2010 consisted of (in thousands):

	June 30, 2011	December 31, 2010
$1.0 Billion Credit Facility, interest at 3-month LIBOR plus 2.50% or bank s base rate plus 0.50%, maturing July 25, 2012	**$ 700,000**	$ 700,000
Convertible Senior Notes, interest at 3.75%, maturing October 1, 2014, net of unamortized discount of $47,233 and $53,449	**312,767**	306,551
Senior Notes, interest at 6.75%, maturing November 15, 2014	**152,180**	152,180
Capital lease obligations	**399**	484
Total debt	**1,165,346**	1,159,215
Less amounts due within one year	**(190)**	(58,574)
Total long-term debt	**$ 1,165,156**	$ 1,100,641

The above decrease in amounts due within one year results from the Convertible Notes meeting a condition for convertibility as of December 31, 2010, but not as of June 30, 2011. As of June 30, 2011, the Company was in compliance with all of its covenants related to its debt.

As further discussed in Note 17, on August 1, 2011, the Company refinanced its $1.0 billion credit facility.

Convertible Senior Notes

In 2009, the Company issued $360 million of the Convertible Notes. The Convertible Notes are convertible, under certain circumstances as described in the Company s Annual Report on Form 10-K as of and for the year ended December 31, 2010 filed with the SEC, at the holder s option, into shares of the Company s common stock, at an initial conversion rate of 36.6972 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $27.25 per share. The Company may elect, at its option, to deliver shares of its common stock, cash or a combination of cash and shares of its common stock in satisfaction of its obligations upon conversion of the Convertible Notes.

Concurrently with the offering of the Convertible Notes, the Company entered into convertible note hedge transactions with respect to its common stock (the Purchased Options) with counterparties affiliated with the initial purchasers of the Convertible Notes, for purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The initial strike price of the Purchased Options is $27.25 per share of the Company s common stock (the same as the initial conversion price of the Convertible Notes) and is subject to certain customary adjustments. The Purchased Options entitle the Company to purchase, subject to anti-dilution adjustments substantially similar to the Convertible Notes, approximately 13.2 million shares of common stock. The Company may settle the Purchased Options in shares, cash or a combination of cash and shares, at the Company s option.

Separately and concurrently with entering into the Purchased Options, the Company also entered into warrant transactions whereby it sold warrants to each of the hedge counterparties entitling them to acquire, subject to anti-dilution adjustments, up to approximately 13.2 million shares of common stock at an initial exercise price of $32.70 per share. The warrants may only be settled in shares of the Company s common stock.

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10. DERIVATIVE FINANCIAL INSTRUMENTS:

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are interest rate risk and commodity price risk. Interest rate swaps are entered into to manage interest rate risk associated with portions of the Company s variable rate borrowings. Natural gas price swaps are entered into to manage the price risk associated with forecasted purchases of natural gas and electricity used by the Company s hotels. The Company designates its interest rate swaps as cash flow hedges of variable rate borrowings and its natural gas price swaps as cash flow hedges of forecasted purchases of natural gas and electricity. All of the Company s derivatives are held for hedging purposes. The Company does not engage in speculative transactions, nor does it hold or issue financial instruments for trading purposes. All of the counterparties to the Company s derivative agreements are financial institutions with at least investment grade credit ratings.

Cash Flow Hedging Strategy

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) (OCI) and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings (e.g., in interest expense when the hedged transactions are interest cash flows associated with variable rate debt). The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, or ineffectiveness, if any, is recognized in the statement of operations during the current period.

The interest rate swap agreement utilized by the Company at June 30, 2011 effectively modified the Company s exposure to interest rate risk by converting $500.0 million, or 71%, of the Company s variable rate debt outstanding under the term loan portion of the Company s $1.0 billion credit facility to a weighted average fixed rate of 3.94% plus the applicable margin on these borrowings, thus reducing the impact of interest rate changes on future interest expense. This agreement involved the receipt of variable rate amounts in exchange for fixed rate interest payments through July 25, 2011, without an exchange of the underlying principal amount. The critical terms of the swap agreements matched the critical terms of the borrowings under the term loan portion of the $1.0 billion credit facility. Therefore, the Company designated these interest rate swap agreements as cash flow hedges. As the terms of these derivatives match the terms of the underlying hedged items, there was no gain (loss) from ineffectiveness recognized in income on derivatives.

The Company has entered into natural gas price swap contracts to manage the price risk associated with a portion of the Company s forecasted purchases of natural gas and electricity used by the Company s hotels. The objective of the hedge is to reduce the variability of cash flows associated with the forecasted purchases of these commodities. At June 30, 2011, the Company had 18 variable to fixed natural gas price swap contracts that mature from July 2011 to December 2011 with an aggregate notional amount of approximately 515,000 dekatherms. The Company has designated these natural gas price swap contracts as cash flow hedges. The Company assesses the correlation of the terms of these derivatives with the terms of the underlying hedged items on a quarterly basis.

During 2010, the Company entered into natural gas price swap contracts to manage the price risk associated with a portion of the forecasted purchases of natural gas to be used at Gaylord Opryland. As a result of the Nashville Flood discussed above, the majority of these purchases were not going to be made while the hotel was closed. During June 2010, the Company terminated the contracts for that period and recorded the resulting gains in other gains and losses in the accompanying condensed consolidated statement of operations for the three months and six months ended June 30, 2010.

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The fair value of the Company s derivative instruments based upon quotes, with appropriate adjustments for non-performance risk of the parties to the derivative contracts, at June 30, 2011 and December 31, 2010 is as follows (in thousands):

	Asset Derivatives		Liability Derivatives	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
Derivatives designated as hedging instruments:				
Interest rate swaps	**$**	$	**$ 1,529**	$ 12,227
Natural gas swaps		22	**220**	248
Total derivatives designated as hedging instruments	**$**	$ 22	**$ 1,749**	$ 12,475

The effect of derivative instruments on the statement of operations for the respective periods is as follows (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Location of Amount Reclassified from Accumulated OCI into Income	Amount Reclassified from Accumulated OCI into Income Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
Interest rate swaps	**$ 5,531**	**$ 4,334**	Interest expense, net of amounts capitalized	**$**	**$**
Natural gas swaps	**(56)**	**177**	Other gains (losses), net		**(89)**
Total	**$ 5,475**	**$ 4,511**	**Total**	**$**	**$ (89)**

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	Location of Amount Reclassified from	Amount Reclassified from Accumulated OCI into Income Six Months Ended June	Six Months Ended June 30, 2011

			Accumulated OCI into Income	**30, 2011**		
Interest rate swaps	**$ 10,698**	**$ 5,598**	Interest expense, net of amounts capitalized	$	$	
Natural gas swaps	**6**	**(93)**	Other gains (losses), net			**(89)**
Total	**$ 10,704**	**$ 5,505**	**Total**	$	$	**(89)**

Derivatives Not Designated as Hedging Instruments	**Location of Loss Recognized in Income on Derivatives**	**Amount of Loss Recognized in Income on Derivative**			
		Three Months Ended June 30, 2011	**Three Months Ended June 30, 2010**	**Six Months Ended June 30, 2011**	**Six Months Ended June 30, 2010**
Natural gas swaps	Other gains and (losses), net	$	$ 202	$	$ 202

11. STOCK PLANS:

In addition to grants of stock options to its directors and employees, the Company s 2006 Omnibus Incentive Plan (the Plan) permits the award of restricted stock and restricted stock units (Restricted Stock Awards). The fair value of Restricted Stock Awards is determined based on the market price of the Company s stock at the date of grant. The Company generally records compensation expense equal to the fair value of each Restricted Stock Award granted over the vesting period.

During the six months ended June 30, 2011, the Company granted 186,470 Restricted Stock Awards with time-based vesting and a weighted-average grant-date fair value of $34.02 per award. Additionally, the Company granted 67,400 Restricted Stock Awards to certain members of its management team which may vest in 2014. The number of awards that will ultimately vest will be based on Company performance relative to the annual budgets approved by the Company s board of directors. The Company will not begin recognizing compensation cost for these awards until the fourth quarter of 2012 when the 2013 budget is approved and the key terms and conditions of the awards will be deemed to be established and a grant date will have occurred.

At June 30, 2011 and December 31, 2010, Restricted Stock Awards of 622,050 and 471,894 shares, respectively, were outstanding.

The compensation cost that has been charged against pre-tax income for all of the Company s stock-based compensation plans was $2.5 million and $1.9 million for the three months ended June 30, 2011 and 2010, respectively, and $4.8 million and $3.5 million for the six months ended June 30, 2011 and 2010, respectively.

12. RETIREMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:

Net periodic pension expense reflected in the accompanying condensed consolidated statements of operations included the following components for the respective periods (in thousands):

	Three months ended June 30,		**Six months ended June 30,**	
	2011	**2010**	**2011**	**2010**
Interest cost	**$ 1,209**	$ 1,188	**$ 2,417**	$ 2,376
Expected return on plan assets	**(1,334)**	(1,197)	**(2,667)**	(2,394)
Amortization of net actuarial loss	**619**	519	**1,238**	1,038
Total net periodic pension expense	**$ 494**	$ 510	**$ 988**	$ 1,020

Net postretirement benefit expense reflected in the accompanying condensed consolidated statements of operations included the following components for the respective periods (in thousands):

	Three months ended June 30,		**Six months ended June 30,**	
	2011	**2010**	**2011**	**2010**
Service cost	**$ 15**	$ 17	**$ 29**	$ 34
Interest cost	**257**	243	**515**	487
Amortization of net gain		(3)		(6)
Amortization of curtailment gain	**(61)**	(61)	**(122)**	(122)
Total net postretirement benefit expense	**$ 211**	$ 196	**$ 422**	$ 393

13. INCOME TAXES:

The Company s effective tax rate as applied to pre-tax income (loss) was 36% and 31% for the three months ended June 30, 2011 and 2010, respectively. The Company s increased effective tax rate during the 2011 period was due primarily to changes in federal and state valuation allowances in each period.

The Company s effective tax rate as applied to pre-tax income (loss) was 36% and 28% for the six months ended June 30, 2011 and 2010, respectively. Under the Patient Protection and Affordable Care Act, which became law on March 23, 2010, as amended by the Health Care and Education Reconciliation Act of 2010, which became law on March 30, 2010, the Company and other companies that receive a subsidy under Medicare Part D to provide retiree prescription drug coverage will no longer receive a Federal income tax deduction for the expenses incurred in connection with providing the subsidized coverage to the extent of the subsidy received. Because future anticipated retiree health care liabilities and related subsidies were already reflected in the Company s financial statements, this change required the Company to reduce the value of the related tax benefits recognized in its financial statements during the period the law was enacted. As a result, the Company recorded a one-time, non-cash tax charge of $0.8 million during the six months ended June 30, 2010 to reflect the impact of this change. This charge, as well as changes in the Company s valuation allowances during each period, resulted in the change to the effective tax rate noted above.

As of June 30, 2011 and December 31, 2010, the Company had $16.0 million and $19.0 million of unrecognized tax benefits, respectively, of which $9.0 million would affect the Company s effective tax rate if recognized. These liabilities are recorded in other long-term liabilities in the accompanying condensed consolidated balance sheets. The Company estimates the overall decrease in unrecognized tax benefits in the next twelve months will be approximately $14.1 million, mainly due to the expiration of various statutes of limitations. As of June 30, 2011 and December 31, 2010, the Company had accrued $2.0 million and $1.9 million, respectively, of interest and $0.1 million of penalties related to uncertain tax positions.

14. COMMITMENTS AND CONTINGENCIES:

On June 21, 2011, the Company announced its plans to develop a resort and convention hotel in Aurora, Colorado, located approximately 25 minutes from downtown Denver. The Aurora development, which is expected to feature 1,500 guest rooms and 400,000 square feet of exhibition and meeting space, will be located on 85 acres in LNR Property CPI Fund s High Point Master Plan Development. The project is expected to cost approximately $800 million and will be funded by the Company, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between the Company and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by the Company s board of directors. The Company expects to break ground on construction in mid-to-late 2012 and expects the resort to be open for business in mid-to-late 2015. At this time, the Company has not made any material financial commitments in connection with this development.

On September 3, 2008, the Company announced it had entered into a land purchase agreement with DMB Mesa Proving Grounds LLC, an affiliate of DMB Associates, Inc. (DMB), to create a resort and convention hotel at the Mesa Proving Grounds in Mesa, Arizona, which is located approximately 30 miles from downtown Phoenix. The DMB development is planned to host an urban environment that features a Gaylord resort property, a retail development, a golf course, office space, residential offerings and significant other mixed-use components. The Company s purchase agreement includes the purchase of 100 acres of real estate within the 3,200-acre Mesa Proving Grounds. The project is contingent on the finalization of entitlements and incentives, and final approval by the Company s board of directors. The Company made an initial deposit of a portion of the land purchase price upon execution of the agreement with DMB, and additional deposit amounts are due upon the occurrence of various development milestones, including required governmental approvals of the entitlements and incentives. These deposits are refundable to the Company upon a termination of the agreement with DMB during a specified due diligence period, except in the event of a breach of the agreement by the Company. The timing of this development is uncertain, and the Company has not made any financing plans or, except as described above, made any commitments in connection with the proposed development.

The Company is considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain, and the Company has not made any commitments, received any government approvals or made any financing plans in connection with these development projects.

Through joint venture arrangements with two private real estate funds managed by DB Real Estate Opportunities Group, the Company previously invested in minority ownership interests in two joint ventures which were formed to own and operate hotels in Hawaii. As part of the joint venture arrangements, the Company entered into contribution agreements with the majority owners, which owners had guaranteed certain

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recourse liabilities under third-party loans to the joint ventures. The guarantees of the joint venture loans guaranteed each of the subsidiaries obligations under its third party loans for as long as those loans remain outstanding (i) in the event of certain types of fraud, breaches of environmental representations or warranties, or breaches of certain special purpose entity covenants by the subsidiaries, or (ii) in the event of bankruptcy or reorganization proceedings of the subsidiaries. The Company agreed that, in the event a majority owner is required to make any payments pursuant to the terms of these guarantees of joint venture loans, it will contribute to the majority owner an amount based on its proportional commitment in the applicable joint venture. The Company estimates that the maximum potential amount for which the Company could be liable under the contribution agreements is $23.8 million, which represents its pro rata share of the $121.2 million of total debt that is subject to the guarantees. As of June 30, 2011, the Company had not recorded any liability in the condensed consolidated balance sheet associated with the contribution agreements.

On February 22, 2005, the Company concluded the settlement of litigation with Nashville Hockey Club Limited Partnership (NHC), which owned the Nashville Predators NHL hockey team. At the closing of the settlement, NHC redeemed all of the Company s outstanding limited partnership units in the Predators, and the Naming Rights Agreement between the Company and NHC was terminated. In addition, pursuant to a Consent Agreement among the Company, the National Hockey League and owners of NHC, the Company s guaranty described below has been limited as described below.

In connection with the Company s execution of an Agreement of Limited Partnership with NHC on June 25, 1997, the Company, its subsidiary CCK, Inc., Craig Leipold, Helen Johnson-Leipold (Mr. Leipold s wife) and Samuel C. Johnson (Mr. Leipold s father-in-law) entered into a guaranty 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 either of these obligations remains outstanding: (i) all obligations under the expansion agreement between NHC and the NHL; and (ii) all operating expenses of NHC. The maximum potential amount which the Company and CCK, collectively, could be liable under the guaranty agreement is $15.0 million, although the Company and CCK would have recourse against the other guarantors if required to make payments under the guarantee. In connection with the legal settlement with the Nashville Predators consummated on February 22, 2005, this guaranty has been limited so that the Company is not responsible for any debt, obligation or liability of NHC that arises from any act, omission or circumstance occurring after the date of the legal settlement. As of June 30, 2011, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

The Company has purchased stop-loss coverage in order to limit its exposure to any significant levels of claims relating to workers compensation, employee medical benefits and general liability for which it is self-insured.

The Company has entered into employment agreements with certain officers, which provides for severance payments upon certain events, including certain terminations in connection with a change of control.

The Company, in the ordinary course of business, is involved in certain legal actions and claims on a variety of 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.

15. FAIR VALUE MEASUREMENTS:

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of June 30, 2011, the Company held certain assets and liabilities that are required to be measured at fair value on a recurring basis. These included the Company s derivative instruments related to interest rates and natural gas prices and investments held in conjunction with the Company s non-qualified contributory deferred compensation plan.

The Company s interest rate and natural gas derivative instruments consist of over-the-counter swap contracts, which are not traded on a public exchange. See Note 10 for further information on the Company s derivative instruments and hedging activities. The Company determines the fair values of these swap contracts based on quotes, with appropriate adjustments for any significant impact of non-performance risk of the parties to the swap contracts. Therefore, the Company has categorized these swap contracts as Level 2. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds.

The investments held by the Company in connection with its deferred compensation plan consist of mutual funds traded in an active market. The Company determined the fair value of these mutual funds based on the net asset value per unit of the funds or the portfolio, which is based upon quoted market prices in an active market. Therefore, the Company has categorized these investments as Level 1. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of investments it holds.

The Company s assets and liabilities measured at fair value on a recurring basis at June 30, 2011, were as follows (in thousands):

	June 30, 2011	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$13,422	$ 13,422	$	$
Total assets measured at fair value	$13,422	$ 13,422	$	$
Variable to fixed natural gas swaps, net	$ 220	$	$ 220	$
Variable to fixed interest rate swaps	1,529		1,529	
Total liabilities measured at fair value	$ 1,749	$	$1,749	$

The remainder of the assets and liabilities held by the Company at June 30, 2011 are not required to be measured at fair value. The carrying value of certain of these assets and liabilities do not approximate fair value, as described below.

As further discussed in Note 8, in connection with the development of Gaylord National, the Company received two notes receivable from Prince George s County, Maryland which had an aggregate carrying value of $130.4 million as of June 30, 2011. The aggregate fair value of these notes receivable, based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the notes, was approximately $162 million as of June 30, 2011.

As shown in Note 9, at June 30, 2011, the Company had $700.0 million in borrowings outstanding under the $1.0 Billion Credit Facility that accrue interest at a rate of LIBOR plus 2.50%. Because the margin of 2.50% is fixed, the carrying value of borrowings outstanding do not approximate fair value. The fair value of the $700.0 million in borrowings outstanding under the $1.0 Billion Credit Facility, based upon the present value of cash flows discounted at current market interest rates, was approximately $682 million as of June 30, 2011.

As more fully discussed in Note 9, the Company has outstanding $360.0 million in aggregate principal amount of Convertible Notes due 2014 that accrue interest at a fixed rate of 3.75%. The carrying value of these notes on June 30, 2011 was $312.8 million, net of discount. The fair value of the Convertible Notes, based upon the present value of cash flows discounted at current market interest rates, was approximately $334 million as of June 30, 2011.

As shown in Note 9, the Company has outstanding $152.2 million in aggregate principal amount of senior notes due 2014 that accrue interest at a fixed rate of 6.75% (the Senior Notes). The fair value of these notes, based upon quoted market prices, was $152.9 million as of June 30, 2011.

The carrying amount of short-term financial instruments held by the Company (cash, short-term investments, trade receivables, accounts payable and accrued liabilities) approximates fair value due to the short maturity of those instruments. The concentration of credit risk on trade receivables is minimized by the large and diverse nature of the Company s customer base.

16. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

The Company s continuing operations are organized into three principal business segments:

- *Hospitality*, which includes the Gaylord Opryland Resort and Convention Center, the Gaylord Palms Resort and Convention Center, the Gaylord Texan Resort and Convention Center, the Gaylord National Resort and Convention Center and the Radisson Hotel at Opryland, as well as the Company s interest in a joint venture;

- *Opry and Attractions*, which includes the Grand Ole Opry, WSM-AM, and the Company s Nashville-based attractions; and

- *Corporate and Other*, which includes the Company s corporate expenses.

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The following information from continuing operations is derived directly from the segments internal financial reports used for corporate management purposes (amounts in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	**2010**	**2011**	**2010**
Revenues:				
Hospitality	**$ 218,173**	$ 172,920	**$ 427,515**	$ 376,615
Opry and Attractions	**18,569**	10,930	**29,936**	21,691
Corporate and Other	**33**	29	**62**	54
Total	**$ 236,775**	$ 183,879	**$ 457,513**	$ 398,360
Depreciation and amortization:				
Hospitality	**$ 25,291**	$ 22,443	**$ 50,566**	$ 45,662
Opry and Attractions	**1,340**	1,058	**2,672**	2,420
Corporate and Other	**2,640**	2,450	**5,090**	4,940
Total	**$ 29,271**	$ 25,951	**$ 58,328**	$ 53,022
Operating income (loss):				
Hospitality	**$ 41,713**	$ 30,009	**$ 71,167**	$ 60,255
Opry and Attractions	**3,866**	1,018	**3,223**	254
Corporate and Other	**(13,869)**	(14,133)	**(27,955)**	(28,662)
Casualty loss	**(469)**	(31,347)	**(468)**	(31,347)
Preopening costs	**(41)**	(6,240)	**(41)**	(6,240)
Total operating income (loss)	**31,200**	(20,693)	**45,926**	(5,740)
Interest expense, net of amounts capitalized	**(21,377)**	(20,480)	**(42,186)**	(40,595)
Interest income	**3,316**	3,286	**6,489**	6,508
Income from unconsolidated companies	**152**	190	**325**	117
Net gain on extinguishment of debt		100		1,299
Other gains and (losses), net	**141**	(147)	**(50)**	(160)
Income (loss) before income taxes and discontinued operations	**$ 13,432**	$ (37,744)	**$ 10,504**	$ (38,571)

17. SUBSEQUENT EVENTS:

On August 1, 2011, the Company refinanced the $1.0 Billion Credit Facility by entering into a $925 million senior secured credit facility by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent (the $925 Million Credit Facility). The $925 Million Credit Facility consists of a $525.0 million senior secured revolving credit facility, of which $200.0 million was drawn at closing, and a $400.0 million senior secured term loan facility, which was fully funded at closing. The $925 Million Credit Facility matures on August 1, 2015 and will initially bear interest at an annual rate of LIBOR plus 2.25%, subject to adjustment as defined in the agreement. The purpose of the $925 Million Credit Facility is for working capital, capital expenditures, and other corporate purposes. As of June 30, 2011, the Company had $3.7 million in deferred financing costs associated with the $1.0 Billion Credit Facility, a portion of which will be written off during the third quarter of 2011 as a result of the refinancing.

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18. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:

Not all of the Company s subsidiaries have guaranteed the Company s Convertible Notes and the Senior Notes. The Company s Convertible Notes and Senior Notes are guaranteed on a senior unsecured basis by generally all of the Company s significant active domestic subsidiaries (the Guarantors). Certain discontinued operations and inactive subsidiaries (the Non-Guarantors) do not guarantee the Company s Convertible Notes and Senior Notes.

The following 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.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Operations
For the Three Months Ended June 30, 2011

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ 1,461	$236,770	$	$ (1,456)	$236,775
Operating expenses:					
Operating costs		132,746			132,746
Selling, general and administrative	4,050	38,998			43,048
Casualty loss	48	421			469
Preopening costs		41			41
Management fees		1,456		(1,456)	
Depreciation and amortization	1,002	28,269			29,271
Operating (loss) income	(3,639)	34,839			31,200
Interest expense, net of amounts capitalized	(21,447)	(30,542)	(101)	30,713	(21,377)
Interest income	26,247	3,860	3,922	(30,713)	3,316
Income from unconsolidated companies		152			152
Other gains and (losses), net		141			141
Income before income taxes	1,161	8,450	3,821		13,432
Provision for income taxes	(365)	(3,290)	(1,144)		(4,799)
Equity in subsidiaries earnings, net	7,841			(7,841)	
Income from continuing operations	8,637	5,160	2,677	(7,841)	8,633
Income from discontinued operations, net of taxes			4		4
Net income	$ 8,637	$ 5,160	$ 2,681	$ (7,841)	$ 8,637

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Operations
For the Three Months Ended June 30, 2010

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ 1,682	$183,872	$	$ (1,675)	$183,879
Operating expenses:					
Operating costs		104,746			104,746
Selling, general and administrative	4,366	31,922			36,288
Casualty loss	3,800	27,547			31,347
Preopening costs		6,240			6,240
Management fees		1,675		(1,675)	
Depreciation and amortization	1,171	24,780			25,951
Operating loss	(7,655)	(13,038)			(20,693)
Interest expense, net of amounts capitalized	(20,789)	(29,131)	(155)	29,595	(20,480)
Interest income	24,143	5,015	3,723	(29,595)	3,286
Income from unconsolidated companies		190			190
Net gain on extinguishment of debt	100				100
Other gains and (losses), net	1	(148)			(147)
(Loss) income before income taxes	(4,200)	(37,112)	3,568		(37,744)
Benefit (provision) for income taxes	1,436	11,013	(752)		11,697
Equity in subsidiaries losses, net	(19,956)			19,956	
(Loss) income from continuing operations	(22,720)	(26,099)	2,816	19,956	(26,047)
Income from discontinued operations, net of taxes		34	3,293		3,327
Net (loss) income	$(22,720)	$ (26,065)	$6,109	$ 19,956	$ (22,720)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2011

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ 2,936	$ 457,529	$	$ (2,952)	$ 457,513
Operating expenses:					
Operating costs		266,652		(28)	266,624
Selling, general and administrative	8,342	77,784			86,126
Casualty loss	48	420			468
Preopening costs		41			41
Management fees		2,924		(2,924)	
Depreciation and amortization	2,029	56,299			58,328
Operating (loss) income	(7,483)	53,409			45,926
Interest expense, net of amounts capitalized	(42,521)	(60,526)	(200)	61,061	(42,186)
Interest income	52,074	7,725	7,751	(61,061)	6,489
Income from unconsolidated companies		325			325
Other gains and (losses), net		(50)			(50)
Income before income taxes	2,070	883	7,551		10,504
Provision for income taxes	(840)	(399)	(2,593)		(3,832)
Equity in subsidiaries earnings, net	5,450			(5,450)	
Income from continuing operations	6,680	484	4,958	(5,450)	6,672
Income (loss) from discontinued operations, net of taxes		22	(14)		8
Net income	$ 6,680	$ 506	$ 4,944	$ (5,450)	$ 6,680

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Operations
For the Six Months Ended June 30, 2010

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	$ 3,274	$398,395	$	$ (3,309)	$398,360
Operating expenses:					
Operating costs		235,311		(10)	235,301
Selling, general and administrative	9,700	68,527		(37)	78,190
Casualty loss	3,800	27,547			31,347
Preopening costs		6,240			6,240
Management fees		3,262		(3,262)	
Depreciation and amortization	2,455	50,567			53,022
Operating (loss) income	(12,681)	6,941			(5,740)
Interest expense, net of amounts capitalized	(41,254)	(58,070)	(155)	58,884	(40,595)
Interest income	48,211	9,823	7,358	(58,884)	6,508
Income from unconsolidated companies		117			117
Net gain on extinguishment of debt	1,299				1,299
Other gains and (losses), net	4	(164)			(160)
(Loss) income before income taxes	(4,421)	(41,353)	7,203		(38,571)
Benefit (provision) for income taxes	780	12,485	(2,543)		10,722
Equity in subsidiaries losses, net	(20,929)			20,929	
(Loss) income from continuing operations	(24,570)	(28,868)	4,660	20,929	(27,849)
Income from discontinued operations, net of taxes		34	3,245		3,279
Net (loss) income	$(24,570)	$ (28,834)	$ 7,905	$ 20,929	$ (24,570)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
June 30, 2011

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents unrestricted	$ 107,310	$ 4,053	$	$	$ 111,363
Cash and cash equivalents restricted	1,150				1,150
Trade receivables, net		48,977			48,977
Deferred income taxes	168	5,086	680		5,934
Other current assets	4,111	43,609		(126)	47,594
Intercompany receivables, net	1,768,661		294,444	(2,063,105)	
Total current assets	1,881,400	101,725	295,124	(2,063,231)	215,018
Property and equipment, net of accumulated depreciation	39,623	2,157,453			2,197,076
Notes receivable, net of current portion		143,773			143,773
Long-term deferred financing costs	10,007				10,007
Other long-term assets	661,272	359,897		(971,389)	49,780
Long-term assets of discontinued operations			408		408
Total assets	$2,592,302	$2,762,848	$295,532	$(3,034,620)	$2,616,062
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	$	$ 190	$	$	$ 190
Accounts payable and accrued liabilities	12,468	133,063		(421)	145,110
Estimated fair value of derivative liabilities	1,749				1,749
Intercompany payables, net		1,976,326	86,779	(2,063,105)	
Current liabilities of discontinued operations			327		327
Total current liabilities	14,217	2,109,579	87,106	(2,063,526)	147,376
Long-term debt and capital lease obligations, net of current	1,164,947	209			1,165,156

portion					
Deferred income taxes	(21,559)	132,026	(229)		110,238
Other long-term liabilities	58,152	82,843		295	141,290
Long-term liabilities of discontinued operations			451		451
Commitments and contingencies					
Stockholders equity:					
Preferred stock					
Common stock	484	2,388	1	(2,389)	484
Additional paid-in capital	924,553	1,081,063	(40,127)	(1,040,936)	924,553
Treasury stock	(4,599)				(4,599)
Retained earnings	477,274	(645,260)	248,330	71,936	152,280
Other stockholders equity	(21,167)				(21,167)
Total stockholders equity	1,376,545	438,191	208,204	(971,389)	1,051,551
Total liabilities and stockholders equity	$2,592,302	$2,762,848	$295,532	$(3,034,620)	$2,616,062

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Balance Sheet
December 31, 2010

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS:					
Current assets:					
Cash and cash equivalents unrestricted	$ 117,913	$ 6,485	$	$	$ 124,398
Cash and cash equivalents restricted	1,150				1,150
Trade receivables, net		31,793			31,793
Estimated fair value of derivative assets	22				22
Deferred income taxes	67	5,748	680		6,495
Other current assets	3,364	45,754		(126)	48,992
Intercompany receivables, net	1,744,290		287,087	(2,031,377)	
Total current assets	1,866,806	89,780	287,767	(2,031,503)	212,850
Property and equipment, net of accumulated depreciation	38,686	2,162,759			2,201,445
Notes receivable, net of current portion		142,651			142,651
Long-term deferred financing costs	12,521				12,521
Other long-term assets	654,722	362,282		(965,939)	51,065
Long-term assets of discontinued operations			401		401
Total assets	$2,572,735	$2,757,472	$288,168	$(2,997,442)	$2,620,933
LIABILITIES AND STOCKHOLDERS EQUITY:					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	$ 58,396	$ 178	$	$	$ 58,574
Accounts payable and accrued liabilities	14,622	161,142		(421)	175,343
Estimated fair value of derivative liabilities	12,475				12,475
Intercompany payables, net		1,947,054	84,323	(2,031,377)	
Current liabilities of discontinued operations			357		357
Total current liabilities	85,493	2,108,374	84,680	(2,031,798)	246,749

Long-term debt and capital lease obligations, net of current portion	1,100,335	306			1,100,641
Deferred income taxes	(26,398)	127,768	(230)		101,140
Other long-term liabilities	58,559	83,346		295	142,200
Long-term liabilities of discontinued operations			451		451
Commitments and contingencies					
Stockholders equity:					
Preferred stock					
Common stock	481	2,388	1	(2,389)	481
Additional paid-in capital	916,359	1,081,056	(40,120)	(1,040,936)	916,359
Treasury stock	(4,599)				(4,599)
Retained earnings	470,594	(645,766)	243,386	77,386	145,600
Accumulated other comprehensive loss	(28,089)				(28,089)
Total stockholders equity	1,354,746	437,678	203,267	(965,939)	1,029,752
Total liabilities and stockholders equity	$2,572,735	$2,757,472	$288,168	$(2,997,442)	$2,620,933

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2011

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash (used in) provided by continuing operating activities	$ (12,553)	$ 52,137	$ 66	$	$ 39,650
Net cash provided by (used in) discontinued operating activities		38	(66)		(28)
Net cash (used in) provided by operating activities	(12,553)	52,175			39,622
Purchases of property and equipment	(2,247)	(59,166)			(61,413)
Collection of notes receivable		2,465			2,465
Other investing activities	4	2,179			2,183
Net cash used in investing activities continuing operations	(2,243)	(54,522)			(56,765)
Net cash used investing activities discontinued operations					
Net cash used in investing activities	(2,243)	(54,522)			(56,765)
Proceeds from exercise of stock option and purchase plans	4,193				4,193
Other financing activities, net		(85)			(85)
Net cash provided by (used in) financing activities continuing operations	4,193	(85)			4,108
Net cash provided by financing activities discontinued operations					
Net cash provided by (used in) financing activities	4,193	(85)			4,108
Net change in cash and cash equivalents	(10,603)	(2,432)			(13,035)
Cash and cash equivalents at beginning of period	117,913	6,485			124,398
Cash and cash equivalents at end of period	$107,310	$ 4,053	$	$	$111,363

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
Condensed Consolidating Statement of Cash Flows
For the Six Months Ended June 30, 2010

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by continuing operating activities	$ 26,351	$ 19,143	$ 738	$	$ 46,232
Net cash provided by discontinued operating activities		45	684		729
Net cash provided by operating activities	26,351	19,188	1,422		46,961
Purchases of property and equipment	(1,540)	(18,315)			(19,855)
Collection of notes receivable		4,021			4,021
Other investing activities		130			130
Net cash used in investing activities continuing operations	(1,540)	(14,164)			(15,704)
Net cash used investing activities discontinued operations			(1,422)		(1,422)
Net cash used in investing activities	(1,540)	(14,164)	(1,422)		(17,126)
Repurchases of senior notes	(26,965)				(26,965)
Proceeds from exercise of stock option and purchase plans	1,675				1,675
Other financing activities, net		(1,272)			(1,272)
Net cash used in financing activities continuing operations	(25,290)	(1,272)			(26,562)
Net cash provided by financing activities discontinued operations					
Net cash used in financing activities	(25,290)	(1,272)			(26,562)
Net change in cash and cash equivalents	(479)	3,752			3,273
Cash and cash equivalents at beginning of period	175,871	4,158			180,029
	$175,392	$ 7,910	$	$	$183,302

Cash and cash equivalents at end of period

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

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report and our audited consolidated financial statements and related notes for the year ended December 31, 2010, appearing in our Annual Report on Form 10-K that was filed with the Securities and Exchange Commission (SEC) on February 25, 2011.

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

We caution the reader that forward-looking statements involve risks and uncertainties that cannot be predicted or quantified and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, those factors described in our Annual Report on Form 10-K for the year ended December 31, 2010 or described from time to time in our other reports filed with the SEC. These include the risks and uncertainties associated with the flood damage to Gaylord Opryland and our other Nashville-area Gaylord facilities, which include our remaining flood-related repair projects and effects of the hotel closure including the loss of customer goodwill, uncertainty of future hotel bookings and other negative factors yet to be determined; economic conditions affecting the hospitality business generally, rising labor and benefits costs, the timing of any new development projects, increased costs and other risks associated with building and developing new hotel facilities, the geographic concentration of our hotel properties, business levels at the Company s hotels, our ability to successfully operate our hotels, our ability to refinance indebtedness as it matures and our ability to obtain financing for new developments. 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.

Overall Outlook

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. Recessionary conditions in the national economy have resulted in economic pressures on the hospitality industry generally, and on our Company s operations and expansion plans. In portions of 2008 and the first half of 2009, we experienced declines in hotel occupancy, weakness in future bookings by our core large group customers, lower spending levels by groups, increased cancellation levels, and increases in groups not fulfilling the minimum number of room nights originally contracted for, or rooms attrition. In recent quarters, we have begun to see stabilization in our industry and specifically in our business. We have seen increases in group travel as compared to the 2008 and 2009 levels, as well as growth in outside-the-room revenue, indicating that not only are our group customers beginning to travel again, they are spending more on food and beverage and entertainment when they reach our properties. Our attrition and cancellation levels have also decreased compared to 2009 and 2010 levels. As a result of the higher levels of group business, we have experienced an increase in occupancy in recent quarters. Although we continue to see pressure on rates for bookings that will travel in the shorter-term, in 2010 and thus far in 2011, we have experienced solid booking levels in future periods, as well as improvements in pricing for those bookings. In conjunction with the improvements in our business, as well as our improved outlook on the hospitality industry generally, we are revisiting our future plans for growth. While we continue to focus our marketing efforts on booking rooms in 2011, in addition to later years, there can be no assurance that we can continue to achieve further improvements in occupancy and revenue levels. We cannot predict when or if hospitality demand and spending will return to historical levels, but we anticipate that our future financial results and growth will be harmed if the economy does not continue to improve or becomes worse.

See Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the SEC on February 25, 2011, for important information regarding forward-looking statements made in this report and risks and uncertainties we face.

Nashville Flood

As more fully discussed in our Annual Report on Form 10-K as of and for the year ended December 31, 2010 filed with the SEC, on May 3, 2010, the Gaylord Opryland Resort and Convention Center (Gaylord Opryland), the Grand Ole Opry, certain of our Nashville-based attractions, and certain of our corporate offices experienced significant flood damage as a result of the historic flooding of the Cumberland River (collectively, the Nashville Flood). Gaylord Opryland reopened November 15, 2010. While the Grand Ole Opry continued its schedule at alternative venues, including our Ryman Auditorium, the Grand Ole Opry House reopened September 28, 2010. Certain of our Nashville-based attractions were closed for a period of time, but reopened in June and July 2010, and the majority of the affected corporate offices reopened during November 2010. Gross total remediation and rebuilding costs are at the low end of the projected $215-$225 million range, including approximately $23-$28 million in pre-flood planned enhancement projects at Gaylord Opryland. In addition, preopening costs came in under the projected $57-$62 million range. These costs included the initial eight-week carrying period for all labor at the hotel as well as the labor for security, engineering, horticulture, reservations, sales, accounting and management during the restoration, as well as the labor associated with re-launching the assets and the restocking of operating supplies prior to re-opening. In addition, in 2010 we incurred a non-cash write-off of $45.0 million associated with the impairment of certain assets as a result of sustained flood damage. While certain flood-related projects remain to be completed in 2011, we anticipate that net of tax refunds of $36.5 million, insurance proceeds of $50.0 million, and the cost of projects slated for the property prior to the flood, the net cash impact of the flood in 2010 and 2011 will be approximately $150 million.

In addition, we have initiated an approximate $12 million enhancement to our existing Nashville flood protection system in an effort to provide 500-year flood protection for Gaylord Opryland, as well as an approximate $5 million enhancement to provide the same protection for the Grand Ole Opry House. We have worked with engineers to design the enhancements to be aesthetically pleasing and sensitive to adjacent property owners. It is anticipated that both projects will be completed by mid-to-late 2012.

Development Update

On June 21, 2011, we announced our plans to develop a resort and convention hotel in Aurora, Colorado, located approximately 25 minutes from downtown Denver. The Aurora development, which is expected to feature 1,500 guest rooms and 400,000 square feet of exhibition and meeting space, will be located on 85 acres in LNR Property CPI Fund s High Point Master Plan Development. The project is expected to cost approximately $800 million and will be funded by us, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between us and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by our board of directors. We expect to break ground on construction in mid-to-late 2012 and expect the resort to be open for business in mid-to-late 2015. At this time, we have not made any material financial commitments in connection with this development.

Our investments in 2010 and the first half of 2011 consisted primarily of capital expenditures associated with the flood damage and reopening of Gaylord Opryland and the Grand Ole Opry House, a new resort pool at Gaylord Texan, and ongoing maintenance capital expenditures for our existing properties. Our investments in the remainder of 2011 are expected to consist primarily of ongoing maintenance capital expenditures for our existing properties; a rooms renovation, a new restaurant and new resort pool at Gaylord Palms; design and

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architectural plans for our planned resort and convention center in Aurora, Colorado; and potentially, development or acquisition projects that have not yet been determined.

As described in Note 14 to our condensed consolidated financial statements for the three months and six months ended June 30, 2011 and 2010 included herewith, we have entered into a land purchase agreement with respect to a potential hotel development in Mesa, Arizona.

We are also considering expansions at Gaylord Texan and Gaylord Palms, as well as other potential hotel sites throughout the country. In addition, we are reevaluating our prior considerations regarding a possible expansion at Gaylord Opryland. We have made no material financial commitments to construct expansions of our current facilities or to build new facilities. We are closely monitoring the condition of the economy and the availability of attractive financing. We are unable to predict at this time when we might make such commitments or commence construction of these proposed expansion projects.

Refinancing of our Credit Facility

As further described below in Liquidity and Capital Resources Principal Debt Agreements, on August 1, 2011, we refinanced our $1.0 billion credit facility by entering into a $925 million senior secured credit facility.

Our Current Operations

Our ongoing operations are organized into three principal business segments:

- Hospitality, consisting of our Gaylord Opryland, our Gaylord Palms Resort and Convention Center (Gaylord Palms), our Gaylord Texan Resort and Convention Center (Gaylord Texan), our Gaylord National Resort and Convention Center (Gaylord National) and our Radisson Hotel at Opryland (Radisson Hotel), as well as our interest in a joint venture.
- Opry and Attractions, consisting of our Grand Ole Opry assets, WSM-AM and our Nashville attractions.
- Corporate and Other, consisting of our corporate expenses.

For the three months and six months ended June 30, 2011 and 2010, our total revenues were divided among these business segments as follows:

	Three months ended June 30,		Six months ended June 30,	
Segment	**2011**	**2010**	**2011**	**2010**
Hospitality	**92.2%**	94.0%	**93.5%**	94.5%
Opry and Attractions	**7.8%**	6.0%	**6.5%**	5.5%
Corporate and Other	**0.0%**	0.0%	**0.0%**	0.0%

We generate a significant portion of our revenues from our Hospitality segment. We believe that we are the only hospitality company whose stated primary focus is 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 entertainment opportunities to guests and target customers.

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In addition to our group meetings strategy, we are also focused on improving leisure demand in our hotels through special events (Country Christmas, summer-themed events, etc.), social media strategies, and unique content and entertainment partnerships. As part of this strategy, on April 27, 2011, we announced a multi-year strategic alliance with DreamWorks Animation SKG, Inc. to become the official hotel provider of DreamWorks vacation experiences. Through this strategic alliance, we will offer leisure experiences featuring DreamWorks characters for our guests at all of our resort properties beginning in November 2011.

Key Performance Indicators

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 (a volume indicator);
- average daily rate (ADR) (a 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); and
- 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 our occupied hotel rooms as earned on the close of business each day and from concessions and food and beverage sales at the time of sale. Attrition fees, which are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, as well as cancellation fees, are recognized as revenue in the period they are collected. Almost all of our Hospitality segment revenues are either cash-based or, for meeting and convention groups meeting our credit criteria, billed and collected on a short-term receivables basis. Our industry is capital intensive, and we rely on the ability of our hotels to generate operating cash flow to repay debt financing, fund maintenance capital expenditures and provide excess cash flow for future development.

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

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Selected Financial Information

The following table contains our unaudited selected summary financial data for the three months and six months ended June 30, 2011 and 2010. 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, except percentages).

	Unaudited Three Months ended June 30,				Unaudited Six Months ended June 30,			
	2011	**%**	**2010**	**%**	**2011**	**%**	**2010**	**%**
Income Statement Data:								
REVENUES:								
Hospitality	**$218,173**	**92.1%**	$172,920	94.0%	**$427,515**	**93.4%**	$376,615	94.5%
Opry and Attractions	**18,569**	**7.8%**	10,930	5.9%	**29,936**	**6.5%**	21,691	5.4%
Corporate and Other	**33**	**0.0%**	29	0.0%	**62**	**0.0%**	54	0.0%
Total revenues	**236,775**	**100.0%**	183,879	100.0%	**457,513**	**100.0%**	398,360	100.0%
OPERATING EXPENSES:								
Operating costs	**132,746**	**56.1%**	104,746	57.0%	**266,624**	**58.3%**	235,301	59.1%
Selling, general and administrative	**43,048**	**18.2%**	36,288	19.7%	**86,126**	**18.8%**	78,190	19.6%
Casualty loss	**469**	**0.2%**	31,347	17.0%	**468**	**0.1%**	31,347	7.9%
Preopening costs	**41**	**0.0%**	6,240	3.4%	**41**	**0.0%**	6,240	1.6%
Depreciation and amortization:								
Hospitality	**25,291**	**10.7%**	22,443	12.2%	**50,566**	**11.1%**	45,662	11.5%
Opry and Attractions	**1,340**	**0.6%**	1,058	0.6%	**2,672**	**0.6%**	2,420	0.6%
Corporate and Other	**2,640**	**1.1%**	2,450	1.3%	**5,090**	**1.1%**	4,940	1.2%
Total depreciation and amortization	**29,271**	**12.4%**	25,951	14.1%	**58,328**	**12.7%**	53,022	13.3%
Total operating expenses	**205,575**	**86.8%**	204,572	111.3%	**411,587**	**90.0%**	404,100	101.4%
OPERATING INCOME (LOSS):								
Hospitality	**41,713**	**19.1%**	30,009	17.4%	**71,167**	**16.6%**	60,255	16.0%
Opry and Attractions	**3,866**	**20.8%**	1,018	9.3%	**3,223**	**10.8%**	254	1.2%
Corporate and Other	**(13,869)**	**(A)**	(14,133)	(A)	**(27,955)**	**(A)**	(28,662)	(A)
Casualty loss	**(469)**	**(B)**	(31,347)	(B)	**(468)**	**(B)**	(31,347)	(B)
Preopening costs	**(41)**	**(B)**	(6,240)	(B)	**(41)**	**(B)**	(6,240)	(B)
Total operating income (loss)	**31,200**	**13.2%**	(20,693)	-11.3%	**45,926**	**10.0%**	(5,740)	-1.4%
Interest expense, net of amounts capitalized	**(21,377)**	**(B)**	(20,480)	(B)	**(42,186)**	**(B)**	(40,595)	(B)
Interest income	**3,316**	**(B)**	3,286	(B)	**6,489**	**(B)**	6,508	(B)
Income from unconsolidated companies	**152**	**(B)**	190	(B)	**325**	**(B)**	117	(B)
Net gain on extinguishment of debt		**(B)**	100	(B)		**(B)**	1,299	(B)
Other gains and (losses), net	**141**	**(B)**	(147)	(B)	**(50)**	**(B)**	(160)	(B)
(Provision) benefit for income taxes	**(4,799)**	**(B)**	11,697	(B)	**(3,832)**	**(B)**	10,722	(B)
Income from discontinued operations, net	**4**	**(B)**	3,327	(B)	**8**	**(B)**	3,279	(B)

Net income (loss)	**$ 8,637**	**(B)**	$ (22,720)	(B)	**$ 6,680**	**(B)**	$ (24,570)	(B)

(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 revenue because they have no relationship to revenue.

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Summary Financial Results

Results

The following table summarizes our financial results for the three months and six months ended June 30, 2011 and 2010 (in thousands, except percentages and per share data):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Total revenues	**$236,775**	$183,879	28.8%	**$457,513**	$398,360	14.8%
Total operating expenses	**205,575**	204,572	0.5%	**411,587**	404,100	1.9%
Operating income (loss)	**31,200**	(20,693)	250.8%	**45,926**	(5,740)	900.1%
Net income (loss)	**8,637**	(22,720)	138.0%	**6,680**	(24,570)	127.2%
Net income (loss) per share fully diluted	**0.17**	(0.48)	135.4%	**0.13**	(0.52)	125.0%

Total Revenues

The increase in our total revenues for the three months ended June 30, 2011, as compared to the same period in 2010, is attributable to an increase in our Hospitality segment revenues of $45.3 million for the 2011 period and an increase in our Opry and Attractions segment revenue of $7.6 million for the 2011 period, as discussed more fully below. The increase in revenues in our Hospitality segment is attributable to a $52.1 million increase in revenues at Gaylord Opryland primarily as a result of being closed during a portion of the 2010 period due to the Nashville Flood, partially offset by a $6.8 million decrease at our other hotel properties. Total Hospitality revenues in the 2011 period include $2.9 million in attrition and cancellation fee collections, a $0.5 million increase from the 2010 period.

The increase in our total revenues for the six months ended June 30, 2011, as compared to the same period in 2010, is attributable to an increase in our Hospitality segment revenues of $50.9 million for the 2011 period and an increase in our Opry and Attractions segment revenue of $8.2 million for the 2011 period, as discussed more fully below. The increase in revenues in our Hospitality segment is attributable to a $57.7 million increase in revenues at Gaylord Opryland primarily as a result of being closed during a portion of the 2010 period due to the Nashville Flood, partially offset by a $6.8 million decrease at our other hotel properties. Total Hospitality revenues in the 2011 period include $4.5 million in attrition and cancellation fee collections, a $0.9 million decrease from the 2010 period.

Total Operating Expenses

The increase in our total operating expenses for the three months ended June 30, 2011, as compared to the same period in 2010, is primarily due to increases of $34.3 million and $4.8 million at Gaylord Opryland and our Opry and Attractions segment, respectively, as a result of being closed during a portion of the 2010 period due to the Nashville Flood, partially offset by the 2010 period including $31.3 million in net casualty loss and $6.2 million in preopening costs associated with the Nashville Flood.

The increase in our total operating expenses for the six months ended June 30, 2011, as compared to the same period in 2010, is primarily due to increases of $40.9 million and $5.3 million at Gaylord Opryland and our Opry and Attraction segment, respectively, as a result of being closed during a portion of the 2010 period due to the Nashville Flood, partially offset by the 2010 period including $31.3 million in net casualty loss and $6.2 million in preopening costs associated with the Nashville Flood.

Net Income (Loss)

Our net income of $8.6 million for the three months ended June 30, 2011, as compared to a net loss of $22.7 million for the same period in 2010, was due primarily to the increase in our operating income described above, partially offset by the following factors:

- A provision for income taxes of $4.8 million during the 2011 period, as compared to a benefit for income taxes of $11.7 million in the same period in 2010, described more fully below.
- A $3.3 million decrease in our income from discontinued operations for the 2011 period, as compared to the same period in 2010, due primarily to the gain on the sale, and the related income tax benefit, of our Corporate Magic business in 2010, described more fully below.

Our net income of $6.7 million for the six months ended June 30, 2011, as compared to a net loss of $24.6 million for the same period in 2010, was due primarily to the increase in our operating income described above, partially offset by the following factors:

- A provision for income taxes of $3.8 million during the 2011 period, as compared to a benefit for income taxes of $10.7 million in the same period in 2010, described more fully below.
- A $3.3 million decrease in our income from discontinued operations for the 2011 period, as compared to the same period in 2010, due primarily to the gain on the sale, and the related income tax benefit, of our Corporate Magic business in 2010, described more fully below.
- The 2010 period including a $1.3 million net gain on the extinguishment of debt relating to the repurchase of a portion of our 6.75% senior notes which did not recur in 2011, described more fully below.

Factors and Trends Contributing to Operating Performance

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

- The Nashville Flood during the 2010 periods, specifically, $31.3 million in net casualty loss and $6.2 million in preopening costs incurred in the three months and six months ended June 30, 2010, as well as the negative impact of the affected properties being closed and the cash flow impact of remediation and rebuild costs.
- Increased occupancy levels at Gaylord Opryland (an increase of 3.9 percentage points of occupancy and 7.2 points of occupancy for the three months and six months ended June 30, 2011, respectively, as compared to the period that the hotel was open during the same periods in 2010), resulting from increased levels of group business during the periods, and increased outside-the-room spending at Gaylord Opryland (an increase of 24.5% and 20.8% for the three months and six months ended June 30, 2011, respectively, as compared to the period that the hotel was open during the same periods in 2010), due primarily to increased banquet spending by group business. These factors resulted in increased RevPAR and increased Total RevPAR at Gaylord Opryland for the three months and six months ended June 30, 2011, as compared to the period that the hotel was open during the same periods in 2010.
- Decreased occupancy levels at Gaylord National (a decrease of 7.3 percentage points of occupancy and 6.8 points of occupancy for the three months and six months ended June 30, 2011, respectively, as compared to the same periods in 2010), primarily due to a decrease is associations and governmental groups. The decrease in governmental groups is partially driven by the uncertainty surrounding the U.S.

government budget, as well as reductions in the federal per diem rate. The decrease in associations and governmental groups also led to decreased outside-the-room spending at Gaylord National (a decrease of 9.2% and 8.4% for the three months and six months ended June 30, 2011, respectively, as compared to the same periods in 2010).

Decreased attrition and cancellation levels for the three months and six months ended June 30, 2011, as compared to the same periods in 2010, which increased our revenue, operating income, RevPAR and Total RevPAR. Attrition at our hotels other than Gaylord Opryland for the three months and six months ended June 30, 2011 was 12.4% and 11.1% of bookings, respectively, compared to 12.5% and 11.9%, respectively, for the same periods in 2010. Cancellations at our hotels other than Gaylord Opryland for the three months and six months ended June 30, 2011 decreased 19.7% and 23.4%, respectively, as compared to the same periods in 2010. Attrition at Gaylord Opryland for the three months and six months ended June 30, 2011, was 6.7% and 3.0% of bookings, respectively, compared to 12.5% and 10.2%, respectively, for the 2010 periods that the hotel was open. In the three months and six months ended June 30, 2010 Gaylord Opryland experienced approximately 283,000 cancellations due to the closure of the property.

Operating Results   Detailed Segment Financial Information

Hospitality Segment

Total Segment Results. The following presents the financial results of our Hospitality segment for the three months and six months ended June 30, 2011 and 2010 (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Hospitality revenue (1)	$ **218,173**	$ 172,920	26.2%	$ **427,515**	$ 376,615	13.5%
Hospitality operating expenses:						
Operating costs	**120,350**	95,649	25.8%	**244,115**	216,621	12.7%
Selling, general and administrative	**30,818**	24,819	24.2%	**61,666**	54,077	14.0%
Depreciation and amortization	**25,292**	22,443	12.7%	**50,567**	45,662	10.7%
Total Hospitality operating expenses	**176,460**	142,911	23.5%	**356,348**	316,360	12.6%
Hospitality operating income (2)	$ **41,713**	$ 30,009	39.0%	$ **71,167**	$ 60,255	18.1%
Hospitality performance metrics:						
Occupancy	**73.3%**	72.3%	1.4%	**71.5%**	69.8%	2.4%
ADR	$ **173.60**	$ 176.44	-1.6%	$ **169.18**	$ 170.64	-0.9%
RevPAR (3)	$ **127.20**	$ 127.55	-0.3%	$ **120.89**	$ 119.13	1.5%
Total RevPAR (4)	$ **298.84**	$ 306.65	-2.5%	$ **295.76**	$ 291.40	1.5%
Net Definite Room Nights Booked (5)	**271,000**	91,000	197.8%	**546,000**	452,000	20.8%

(1) Hospitality results and performance metrics include the results of our Gaylord Hotels and our Radisson Hotel for all periods presented. Performance metrics for the 2010 periods include Gaylord Opryland through May 2, 2010, the date the hotel closed due to the Nashville Flood.

(2) Hospitality operating income does not include the effect of casualty loss and preopening costs. See the discussion of casualty loss and 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. Gaylord Opryland room nights available are not included in room nights available to guests while Gaylord Opryland was closed.

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(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. Gaylord Opryland room nights available are not included in room nights available to guests while Gaylord Opryland was closed.

(5) Gaylord Opryland net definite room nights booked for the three months and six months ended June 30, 2010 includes approximately 283,000 cancellations due to the closure of the property.

The increase in total Hospitality segment revenue in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, is primarily due to increases of $52.1 million and $57.7 million, respectively, at Gaylord Opryland primarily as a result of being closed during a portion of the 2010 periods due to the Nashville Flood, partially offset by revenue decreases of $6.8 million and $6.8 million, respectively, at our other hotel properties as a result of slightly decreased occupancy rates and decreased outside-the-room spending during the 2011 periods. Total Hospitality revenues were also impacted by an increase of $0.5 million and a decrease of $0.9 million in attrition and cancellation fee collections during the three months and six months ended June 30, 2011, respectively, as compared to the same periods in 2010.

The percentage of group versus transient business based on rooms sold for our hospitality segment for the periods presented was approximately as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2011	**2010**	**2011**	**2010**
Group	**79.8%**	81.6%	**82.4%**	82.2%
Transient	**20.2%**	18.4%	**17.6%**	17.8%

The slight increase in transient business during the three months ended June 30, 2011 as compared to the same period in 2010 is primarily the result of a new resort pool at Gaylord Texan, which opened in May 2011.

Total 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 months and six months ended June 30, 2011, as compared to the same periods in 2010, is primarily attributable to increases of $34.3 and $40.9 million, respectively, at Gaylord Opryland as a result of being closed during a portion of the 2010 periods as a result of the Nashville Flood, as well as slight increases at Gaylord Palms and Gaylord Texan, partially offset by a decrease in operating expenses at Gaylord National, as described below.

Total 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 months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily as a result of increases of $25.9 million and $29.6 million, respectively, at Gaylord Opryland as a result of being closed during a portion of the 2010 periods as a result of the Nashville Flood, as described below.

Total Hospitality segment selling, general and administrative expenses, consisting of administrative and overhead costs, increased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily as a result of increases of $6.0 million and $6.9 million, respectively, at Gaylord Opryland as a result of being closed during a portion of the 2010 periods as a result of the Nashville Flood, as described below.

Total Hospitality segment depreciation and amortization expense increased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily as a result of an increase at Gaylord Opryland due to the new fixed assets placed in service as part of the rebuilding after the Nashville Flood.

Property-Level Results. The following presents the property-level financial results of our Hospitality segment for the three months and six months ended June 30, 2011 and 2010.

Gaylord Opryland Results. The results of Gaylord Opryland for the three months and six months ended June 30, 2011 and 2010 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Total revenues	$**73,064**	$20,963	248.5%	$**133,374**	$75,632	76.3%
Operating expense data (1):						
Operating costs	**38,135**	12,244	211.5%	**76,408**	46,805	63.2%
Selling, general and administrative	**8,699**	2,658	227.3%	**16,955**	10,101	67.9%
Hospitality performance metrics:						
Occupancy	**75.8%**	71.9%	5.4%	**72.2%**	65.0%	11.1%
ADR	$**159.83**	$150.38	6.3%	$ **149.17**	$145.15	2.8%
RevPAR	$**121.08**	$108.14	12.0%	$ **107.71**	$ 94.41	14.1%
Total RevPAR	$**278.88**	$234.89	18.7%	$ **255.95**	$217.11	17.9%

(1) Gaylord Opryland results and performance do not include the effect of casualty loss and preopening costs. Performance metrics for 2010 periods are through May 2, 2010, the date the hotel closed due to the Nashville Flood. See the discussion of casualty loss and preopening costs set forth below.

Total revenue increased at Gaylord Opryland in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily as a result of the hotel closing during portions of the 2010 periods due to the Nashville Flood. During the three months and six months ended June 30, 2011, RevPAR and Total RevPAR increased as compared to the 2010 periods in which the hotel was open as a result of increased occupancy, primarily corporate groups, and increased ADR. The increase in corporate groups also led to increases in outside-the-room spending at the hotel, which drove the hotel s increased Total RevPAR during the 2011 periods. The increase in Total RevPAR was also impacted by higher collection of attrition and cancellation fees.

Operating costs and selling, general and administrative expenses increased at Gaylord Opryland in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, as a result of the hotel closing during portions of the 2010 periods due to the Nashville Flood.

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Gaylord Palms Results. The results of Gaylord Palms for the three months and six months ended June 30, 2011 and 2010 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Total revenues	$**37,747**	$37,837	-0.2%	**$83,239**	$81,154	2.6%
Operating expense data:						
Operating costs	**21,117**	21,478	-1.7%	**44,849**	44,584	0.6%
Selling, general and administrative	**7,832**	7,448	5.2%	**15,881**	14,561	9.1%
Hospitality performance metrics:						
Occupancy	**73.8%**	72.3%	2.1%	**76.0%**	73.2%	3.8%
ADR	$**165.32**	$162.29	1.9%	**$165.70**	$169.62	-2.3%
RevPAR	$**122.02**	$117.27	4.1%	**$125.95**	$124.21	1.4%
Total RevPAR	$**295.02**	$295.73	-0.2%	**$327.09**	$318.89	2.6%

Gaylord Palms RevPAR increased in the three months ended June 30, 2011, as compared to the same period in 2010, as a result of slight increases in both occupancy and ADR. However, this increase was offset by a decrease in outside-the-room spending as a result of a shift in mix from corporate to association groups, which led to the slight decrease in revenue and Total RevPAR for the three month period. The increase in Gaylord Palms revenue and Total RevPAR in the six months ended June 30, 2011, as compared to the same period in 2010, was primarily due to increased occupancy and outside-the-room spending, largely driven by an increase in group business during the period, partially offset by a lower ADR, as rates in Orlando remain under short-term pressure, primarily due to the increase in room supply in the Orlando, Florida market that has seen slow absorption due to the challenging economic environment. Total RevPAR was also impacted by lower collection of attrition and cancellation fees during the 2011 periods.

Operating costs remained fairly stable at Gaylord Palms in the three months and six months ended June 30, 2011, as compared to the same periods in 2010. Selling, general and administrative expenses increased during the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily due to increased incentive compensation expense and increased sales and marketing expenses.

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Gaylord Texan Results. The results of Gaylord Texan for the three months and six months ended June 30, 2011 and 2010 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Total revenues	$**45,690**	$45,412	0.6%	**$96,050**	$92,283	4.1%
Operating expense data:						
Operating costs	**25,103**	24,346	3.1%	**51,349**	49,378	4.0%
Selling, general and administrative	**6,097**	6,228	-2.1%	**12,337**	12,192	1.2%
Hospitality performance metrics:						
Occupancy	**76.2%**	72.1%	5.7%	**74.3%**	72.4%	2.6%
ADR	$**172.15**	$165.58	4.0%	**$180.88**	$167.13	8.2%
RevPAR	$**131.24**	$119.31	10.0%	**$134.38**	$121.04	11.0%
Total RevPAR	$**332.29**	$330.27	0.6%	**$351.20**	$337.43	4.1%

The increase in Gaylord Texan revenue, RevPAR and Total RevPAR in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, was primarily due to higher occupancy and ADR during the 2011 periods, driven by an increase in higher-rated transient business due to the impact of the 2011 Super Bowl being held in metropolitan Dallas and the impact of the new resort pool that opened during May 2011. This increase helped offset a shift in business mix from higher-rated corporate groups to lower-rated association groups. The increases in revenue and Total RevPAR were partially offset by lower collection of attrition and cancellation fees during the 2011 periods.

Operating costs at Gaylord Texan increased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily due to increased variable operating costs associated with the higher occupancy at the hotel. Selling, general and administrative expenses fluctuated only slightly during the three months and six months ended June 30, 2011, as compared to the same periods in 2010.

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Gaylord National Results. The results of Gaylord National for the three months and six months ended June 30, 2011 and 2010 are as follows (in thousands, except percentages and performance metrics):

	Three Months Ended June 30,			**Six Months Ended June 30,**		
	2011	**2010**	% **Change**	**2011**	**2010**	% **Change**
Total revenues	$ **59,914**	$ 66,791	-10.3%	**$ 112,268**	$ 124,314	-9.7%
Operating expense data:						
Operating costs	**35,040**	36,743	-4.6%	**69,846**	74,229	-5.9%
Selling, general and administrative	**7,687**	8,094	-5.0%	**15,623**	16,464	-5.1%
Hospitality performance metrics:						
Occupancy	**67.9%**	75.2%	-9.7%	**66.1%**	72.9%	-9.3%
ADR	$ **211.25**	$ 215.83	-2.1%	**$ 199.97**	$ 204.61	-2.3%
RevPAR	$ **143.39**	$ 162.38	-11.7%	**$ 132.11**	$ 149.15	-11.4%
Total RevPAR	$ **329.85**	$ 367.72	-10.3%	**$ 310.75**	$ 344.10	-9.7%

Gaylord National revenue and Total RevPAR decreased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily as a result of lower occupancy and decreased outside-the-room spending during the 2011 periods, primarily due to a decrease in associations and governmental groups. The decrease in governmental groups and their associated ADR was partially driven by the uncertainty surrounding the U.S. government budget, as well as reductions in the federal per diem rate. The decreases in revenue and Total RevPAR were partially offset by an increase in collections of attrition and cancellation fees during the 2011 periods.

Operating costs at Gaylord National decreased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily due to decreased variable operating costs associated with the decrease in occupancy and outside-the-room revenues. Selling, general and administrative expenses decreased during the three months and six months ended June 30, 2011, as compared to the same periods in 2010, primarily due to a decrease in employment costs and a decrease in legal and consulting costs associated with the finalization of contract negotiations with the unions representing certain of our employees in 2010.

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Opry and Attractions Segment

Total Segment Results. The following presents the financial results of our Opry and Attractions segment for the three months and six months ended June 30, 2011 and 2010 (in thousands, except percentages):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Total revenues	**$ 18,569**	$ 10,930	69.9%	**$ 29,936**	$ 21,691	38.0%
Operating expense data:						
Operating costs	**9,560**	6,343	50.7%	**16,829**	13,460	25.0%
Selling, general and administrative	**3,803**	2,511	51.5%	**7,212**	5,557	29.8%
Depreciation and amortization	**1,340**	1,058	26.7%	**2,672**	2,420	10.4%
Operating income (1)	**$ 3,866**	$ 1,018	279.8%	**$ 3,223**	$ 254	1168.9%

(1) Opry and Attractions segment results do not include the effect of casualty loss and preopening costs. See the discussion of casualty loss and preopening costs set forth below.

The increase in revenues in the Opry and Attractions segment for the three months and six months ended June 30, 2011, as compared to the same periods in 2010, is primarily due to increases in each of the businesses that were temporarily closed during 2010 as a result of the Nashville Flood.

The increase in Opry and Attractions operating costs and selling, general and administrative costs in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, was due primarily to the increase in each of the businesses that were temporarily closed during 2010 as a result of the Nashville Flood.

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Corporate and Other Segment

Total Segment Results. The following presents the financial results of our Corporate and Other segment for the three months and six months ended June 30, 2011 and 2010 (in thousands, except percentages):

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	% Change	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010	% Change
Total revenues	**$ 33**	$ 29	13.8%	**$ 62**	$ 54	14.8%
Operating expense data:						
Operating costs	**2,836**	2,753	3.0%	**5,680**	5,220	8.8%
Selling, general and administrative	**8,426**	8,959	-5.9%	**17,247**	18,556	-7.1%
Depreciation and amortization	**2,640**	2,450	7.8%	**5,090**	4,940	3.0%
Operating loss (1)	**$ (13,869)**	$ (14,133)	1.9%	**$ (27,955)**	$ (28,662)	2.5%

(1) Corporate and Other segment results do not include the effect of casualty loss. See the discussion of casualty loss set forth below.

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

Corporate and Other operating costs, which consist primarily of costs associated with information technology, increased in the three months and six months ended June 30, 2011, as compared to the same periods in 2010, due primarily to higher employment costs.

Corporate and Other selling, general and administrative expenses, which consist of senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, decreased in the three months and six months ended June 30, 2011, as compared to same periods in 2010, due primarily to lower consulting, pension and incentive compensation costs in the 2011 periods, which were partially offset by increased equity compensation costs.

Corporate and Other depreciation and amortization expense increased slightly in the three months and six months ended June 30, 2011 as compared with the same periods in 2010, primarily due to an increase in software placed into service.

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Operating Results Casualty Loss

As a result of the Nashville Flood discussed above, during the three months and six months ended June 30, 2011, casualty loss was comprised of the following (in thousands):

	Three Months Ended June 30, 2011			
	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$	$ 277	$	$277
Non-capitalized repairs of buildings and equipment		2		2
Other		31	159	190
Net casualty loss	$	$ 310	$159	$469

	Six Months Ended June 30, 2011			
	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$(179)	$ 285	$ (41)	$ 65
Non-capitalized repairs of buildings and equipment		4	13	17
Other	6	52	328	386
Net casualty loss	$(173)	$ 341	$300	$468

	Three Months and Six Months Ended June 30, 2010				
	Hospitality	Opry and Attractions	Corporate and Other	Insurance Proceeds	Total
Site remediation	$11,924	$ 2,391	$ 562	$	$ 14,877
Impairment of property and equipment	30,244	5,163	6,134		41,541
Other asset write-offs	1,846	1,106			2,952
Non-capitalized repairs of buildings and equipment	1,406	1,494	66		2,966
Continuing costs during shut-down period	15,957	2,194	629		18,780
Other	117	77	37		231
Insurance proceeds				(50,000)	(50,000)
Net casualty loss	$61,494	$12,425	$7,428	$(50,000)	$ 31,347

Operating Results Preopening Costs

We expense the costs associated with start-up activities and organization costs as incurred. As a result of the extensive damage to Gaylord Opryland and the Grand Ole Opry House and the extended period in which these properties were closed, we incurred costs associated with the reopening of these facilities through the date of reopening. We have included all costs directly related to redeveloping and reopening the affected properties, as well as all continuing operating costs other than depreciation and amortization incurred from June 10, 2010 (the date at which we determined that the remediation was substantially complete) through the date of reopening, as preopening costs.

During the three months and six months ended June 30, 2010, we incurred $6.2 million in preopening costs.

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Non-Operating Results Affecting Net Income (Loss)

General

The following table summarizes the other factors which affected our net income (loss) for the three months and six months ended June 30, 2011 and 2010 (in thousands, except percentages):

	Three Months Ended June 30,			Three Months Ended June 30,		
	2011	**2010**	**% Change**	**2011**	**2010**	**% Change**
Interest expense, net of amounts capitalized	**$(21,377)**	$(20,480)	-4.4%	**$(42,186)**	$(40,595)	-3.9%
Interest income	**3,316**	3,286	0.9%	**6,489**	6,508	-0.3%
Income from unconsolidated companies	**152**	190	-20.0%	**325**	117	177.8%
Net gain on extinguishment of debt		100	-100.0%		1,299	-100.0%
Other gains and (losses), net	**141**	(147)	195.9%	**(50)**	(160)	68.8%
(Provision) benefit for income taxes	**(4,799)**	11,697	-141.0%	**(3,832)**	10,722	-135.7%
Income from discontinued operations, net of taxes	**4**	3,327	-99.9%	**8**	3,279	-99.8%

Interest Expense, Net of Amounts Capitalized

Interest expense, net of amounts capitalized, increased $0.9 million to $21.4 million (net of capitalized interest of $0.1 million) during the three months ended June 30, 2011, as compared to the same period in 2010, due primarily to an increase in interest expense associated with our $1.0 billion credit facility and an increase in the amortization of the debt discount associated with our 3.75% convertible notes.

Interest expense, net of amounts capitalized, increased $1.6 million to $42.2 million (net of capitalized interest of $0.2 million) during the six months ended June 30, 2011, as compared to the same period in 2010, due primarily to an increase in interest expense associated with our $1.0 billion credit facility and an increase in the amortization of the debt discount associated with our 3.75% convertible notes, partially offset by a decrease in interest expense associated with our 6.75% senior notes as a result of the repurchase of a portion of those notes in the 2010 period.

Cash interest expense increased $0.6 million to $17.0 million in the three months ended June 30, 2011, and increased $0.9 million to $33.5 million in the six months ended June 30, 2011, as compared to the same periods in 2010. Noncash interest expense, which includes amortization of deferred financing costs and debt discounts and capitalized interest, increased $0.3 million to $4.4 million in the three months ended June 30, 2011, and increased $0.7 million to $8.7 million in the six months ended June 30, 2011, as compared to the same periods in 2010.

Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 7.0% and 6.8% for the three months and 6.9% and 6.7% for the six months ended June 30, 2011 and 2010, respectively.

Interest Income

Interest income for the three months and six months ended June 30, 2011 and 2010 primarily includes amounts earned on the notes that were received in connection with the development of Gaylord National.

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Income from Unconsolidated Companies

We account for our investment in RHAC Holdings, LLC (the joint venture entity which owns the Aston Waikiki Beach Hotel) under the equity method of accounting. Income from unconsolidated companies for the three months and six months ended June 30, 2011 and 2010 consisted of equity method income from this investment.

Net Gain on Extinguishment of Debt

During the three months and six months ended June 30, 2010, we repurchased $2.0 million and $28.5 million, respectively, in aggregate principal amount of our outstanding 6.75% senior notes for $1.9 million and $27.0 million, respectively. After adjusting for deferred financing costs and other costs, we recorded a pretax gain of $0.1 million and $1.3 million, respectively, as a result of the repurchases.

Other Gains and (Losses)

Other gains and (losses) for the three months and six months ended June 30, 2011 and 2010 primarily consisted of miscellaneous income and expense related to the retirements of fixed assets.

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:

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2011	**2010**	**2011**	**2010**
U.S. Federal statutory rate	**35%**	35%	**35%**	35%
State taxes (net of federal tax benefit and change in valuation allowance)	**4**	(5)	**4**	(5)
Change in treatment of Medicare Part D subsidies				(2)
Other	**(3)**	1	**(3)**	
Effective tax rate	**36%**	31%	**36%**	28%

Under the Patient Protection and Affordable Care Act, which became law on March 23, 2010, as amended by the Health Care and Education Reconciliation Act of 2010, which became law on March 30, 2010, the Company and other companies that receive a subsidy under Medicare Part D to provide retiree prescription drug coverage will no longer receive a Federal income tax deduction for the expenses incurred in connection with providing the subsidized coverage to the extent of the subsidy received. Because future anticipated retiree health care liabilities and related subsidies were already reflected in the Company s financial statements, this change required the Company to reduce the value of the related tax benefits recognized in its financial statements during the period the law was enacted. As a result, the Company recorded a one-time, non-cash tax charge of $0.8 million during the six months ended June 30, 2010 to reflect the impact of this change. This charge, as well as changes in the Company s valuation allowances during each period, resulted in the change to the effective tax rate noted above.

Income from Discontinued Operations, Net of Taxes

During the second quarter of 2010, in a continued effort to focus on our core Gaylord Hotels and Opry and Attractions businesses, we committed to a plan of disposal of our Corporate Magic business. On June 1, 2010, we completed the sale of Corporate Magic through the transfer of all of our equity interests in Corporate Magic, Inc. in exchange for a note receivable which was recorded at its fair value of $0.4 million. During the three months and six months ended June 30, 2010, we recognized a pretax gain of $0.6 million related to the sale of Corporate Magic, as well as a permanent tax benefit of $3.2 million related to the sale.

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Liquidity and Capital Resources

Cash Flows From Operating Activities. Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, and maintenance capital expenditures. During the six months ended June 30, 2011, our net cash flows provided by operating activities continuing operations were $39.7 million, reflecting primarily cash provided by our income from continuing operations before non-cash depreciation expense, amortization expense, income tax provision, stock-based compensation expense, income from unconsolidated companies, and losses on the disposals of certain fixed assets of approximately $81.5 million, partially offset by unfavorable changes in working capital of approximately $41.8 million. The unfavorable changes in working capital primarily resulted from a decrease in accrued expenses, primarily related to the payment of accrued compensation, accrued property taxes, and accrued expenses associated with our hotel holiday programs, and an increase in trade receivables due to a seasonal change in the timing of payments received from corporate group customers at Gaylord Opryland, Gaylord National and Gaylord Palms, partially offset by an increase in deferred revenues due to increased receipts of deposits on advanced bookings of hotel rooms at Gaylord National and Gaylord Opryland.

During the six months ended June 30, 2010, our net cash flows provided by operating activities - continuing operations were $46.2 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, income tax provision, stock-based compensation expense, income from unconsolidated companies, net gain on extinguishment of debt, losses on assets damaged in flood, and losses on the sales of certain fixed assets of approximately $102.0 million, partially offset by unfavorable changes in working capital of approximately $55.8 million. The unfavorable changes in working capital primarily resulted from accruing a $30.0 million insurance recovery receivable related to the Nashville Flood, a $26.3 million increase in income taxes receivable due to the estimated federal tax refund related to the casualty loss sustained from the Nashville Flood for income tax purposes, a decrease in deferred revenue at Gaylord Opryland as a result of the hotel closing on May 2, 2010 due to the Nashville Flood, and a decrease in accrued expenses primarily related to the payment of accrued property taxes.

Cash Flows From Investing Activities. During the six months ended June 30, 2011, our primary uses of funds for investing activities were purchases of property and equipment, which totaled $61.4 million, partially offset by the receipt of a $2.5 million principal payment on the bonds that were received in April 2008 in connection with the development of Gaylord National and $2.2 million in proceeds from the sale of certain fixed assets. Our capital expenditures during the six months ended June 30, 2011 primarily included remaining flood-related projects at Gaylord Opryland, the building of our new resort pool at Gaylord Texan and various information technology projects, as well as ongoing maintenance capital expenditures for our existing properties.

During the six months ended June 30, 2010, our primary uses of funds and investing activities were purchases of property and equipment, which totaled $19.9 million, partially offset by the receipt of a $3.8 million principal payment on the bonds that were received in April 2008 in connection with the development of Gaylord National. Our capital expenditures during the six months ended June 30, 2010 primarily included the rebuilding of Gaylord Opryland and the Grand Ole Opry House, as well as ongoing maintenance capital expenditures for our existing properties.

Cash Flows From Financing Activities. Our cash flows from financing activities reflect primarily the incurrence of debt and the repayment of long-term debt. During the six months ended June 30, 2011, our net cash flows provided by financing activities were approximately $4.1 million, primarily reflecting $4.2 million in proceeds from the exercise of stock option and purchase plans.

During the six months ended June 30, 2010, our net cash flows used in financing activities were approximately $26.6 million, primarily reflecting the payment of $27.0 million to repurchase portions of our senior notes.

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Liquidity

As further described above, we anticipate investing in our operations during 2011 through ongoing maintenance of our existing hotel properties and a rooms renovation, a new restaurant and new resort pool at Gaylord Palms. We plan to use our existing cash on hand and cash flow from operations to fund these expenditures. On an ongoing basis, we evaluate potential acquisition opportunities and future development opportunities for hotel properties and have considered expanding our existing hotel properties. On June 21, 2011, we announced our plans to develop a resort and convention hotel in Aurora, Colorado. The project is expected to cost approximately $800 million and will be funded by us, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between us and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by our board of directors. We expect to break ground on construction in mid-to-late 2012 and expect the resort to be open for business in mid-to-late 2015. We anticipate that our 2011 expenditures surrounding the Aurora development will be limited to design and architectural plans. At this time, we have not made any material financial commitments in connection with this development.

We will continue to evaluate additional acquisition or development opportunities in light of economic conditions and other factors. We are unable to predict at this time if or when additional development or acquisition opportunities may present themselves. In addition, we are unable to predict at this time when we might make commitments or commence construction related to the proposed development in Mesa, Arizona or our proposed expansions. Furthermore, we do not anticipate making significant capital expenditures on the development in Mesa, Arizona or the proposed expansions of Gaylord Palms and Gaylord Texan during 2011.

As further described below, on August 1, 2011, we refinanced our $1.0 billion credit facility by entering into a $925 million credit facility, which matures August 1, 2015.

Principal Debt Agreements

$1.0 Billion Credit Facility. On July 25, 2008, we refinanced our previous $1.0 billion credit facility by entering into a Second Amended and Restated Credit Agreement (the $1.0 Billion Credit Facility) by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent. The $1.0 Billion Credit Facility consisted of the following components: (a) a $300.0 million senior secured revolving credit facility, which included a $50.0 million letter of credit sublimit and a $30.0 million sublimit for swingline loans, and (b) a $700.0 million senior secured term loan facility. The term loan facility was fully funded at closing. The revolving loan, letters of credit, and term loan were to mature on July 25, 2012. At our election, the revolving loans and the term loans incurred interest at an annual rate of LIBOR plus 2.50% or a base rate (the higher of the lead bank s prime rate and the federal funds rate) plus 0.50%. We entered into interest rate swaps with respect to $500.0 million aggregate principal amount of borrowings under the term loan portion to convert the variable rate on those borrowings to a fixed weighted average interest rate of 3.94% plus the applicable margin on these borrowings during the term of the swap agreements. Interest on our borrowings was payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR rate-based loans. Principal was payable in full at maturity. We were required to pay a commitment fee of 0.25% per year of the average unused portion of the $1.0 Billion Credit Facility.

$925 Million Credit Facility. On August 1, 2011, we refinanced the $1.0 Billion Credit Facility by entering into a $925 million senior secured credit facility by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent (the $925 Million Credit Facility). The $925 Million Credit Facility consists of the following components: (a) a $525.0 million senior secured revolving credit facility, of which $200.0 million was drawn at closing, and includes a $75.0 million letter of credit sublimit and a $50.0 million sublimit for swingline loans, and (b) a $400.0 million senior secured term loan facility, which was fully funded at closing. The $925 Million Credit

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Facility also includes an accordion feature that will allow us to increase the facility by a total of up to $475.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The $925 Million Credit Facility matures on August 1, 2015 and will initially bear interest at an annual rate of LIBOR plus 2.25%, subject to adjustment as defined in the agreement, payable at the end of each interest rate period. Principal is payable in full at maturity. We are required to pay a fee of 0.3% to 0.4% per year of the average unused portion of the $925 Million Credit Facility. The purpose of the $925 Million Credit Facility is for working capital, capital expenditures, and other corporate purposes.

The $925 Million Credit Facility is (i) secured by a first mortgage and lien on the real property and related personal and intellectual property of our Gaylord Opryland hotel, Gaylord Texan hotel, Gaylord Palms hotel and Gaylord National hotel, and pledges of equity interests in the entities that own such properties and (ii) guaranteed by each of the four wholly-owned subsidiaries that own the four hotels. Advances are subject to a 55% borrowing base, based on the appraisal value of the hotel properties (reduced to 50% in the event a hotel property is sold).

In addition, the $925 Million Credit Facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the $925 Million Credit Facility are as follows:

We must maintain a consolidated funded indebtedness to total asset value ratio as of the end of each calendar quarter of not more than 65%.

We must maintain a consolidated tangible net worth of not less than $850.0 million plus 75% of the proceeds received by us or any of our subsidiaries in connection with any equity issuance.

We must maintain a minimum consolidated fixed charge coverage ratio, as defined in the agreement, of not less than 1.75 to 1.00.

We must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an assumed fixed rate) of not less than 1.60 to 1.00.

If an event of default shall occur and be continuing under the $925 Million Credit Facility, the commitments under the $925 Million Credit Facility may be terminated and the principal amount outstanding under the $925 Million Credit Facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable. The $925 Million Credit Facility is cross-defaulted to our other indebtedness.

As of June 30, 2011, we had $3.7 million in deferred financing costs associated with the $1.0 Billion Credit Facility, a portion of which will be written off during the third quarter of 2011 as a result of the refinancing.

As of August 1, 2011, $600.0 million of borrowings were outstanding under the $925 Million Credit Facility, and the lending banks had issued $8.0 million of letters of credit under the facility for us, which left $317.0 million of availability under the credit facility (subject to the satisfaction of debt incurrence tests under the indentures governing our senior notes).

3.75% Convertible Senior Notes. In 2009, we issued $360 million of 3.75% Convertible Senior Notes (the Convertible Notes). The Convertible Notes have a maturity date of October 1, 2014, and interest is payable semiannually in cash in arrears on April 1 and October 1, and commenced April 1, 2010. The Convertible Notes are convertible, under certain circumstances as described below, at the holder s option, into shares of our common stock, at an initial conversion rate of 36.6972 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $27.25 per share. We may elect, at our option, to deliver shares of our common stock, cash or a combination of cash and shares of our common stock in satisfaction of our obligations upon conversion of the Convertible Notes. We intend to settle the face value of the Convertible Notes in cash.

The Convertible Notes are convertible under any of the following circumstances: (1) during any calendar quarter ending after September 30, 2009 (and only during such calendar quarter), if the closing price of our common stock for at least 20 trading days during the 30 consecutive trading day period ending on the last trading day of the immediately preceding calendar quarter exceeds 120% of the applicable conversion price per share of common stock on the last trading day of such preceding calendar quarter; (2) during the ten business day period after any five consecutive trading day period in which the Trading Price (as defined in the Indenture) per $1,000 principal amount of the Convertible Notes, as determined following a request by a Convertible Note holder, for each day in such five consecutive trading day period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate, subject to certain procedures; (3) if specified corporate transactions or events occur; or (4) at any time on or after July 1, 2014, until the second scheduled trading day immediately preceding October 1, 2014. At June 30, 2011, none of the conditions permitting conversion were satisfied and, thus, the Convertible Notes are not currently convertible.

The Convertible Notes are general unsecured and unsubordinated obligations and rank equal in right of payment with all of our existing and future senior unsecured indebtedness, including our 6.75% senior notes due 2014, and senior in right of payment to all of our future subordinated indebtedness, if any. The Convertible Notes will be effectively subordinated to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness.

The Convertible Notes are guaranteed, jointly and severally, on an unsecured unsubordinated basis by generally all of our active domestic subsidiaries. Each guarantee will rank equally in right of payment with such subsidiary guarantor s existing and future senior unsecured indebtedness and senior in right of payment to all future subordinated indebtedness, if any, of such subsidiary guarantor. The Convertible Notes will be effectively subordinated to any secured indebtedness and effectively subordinated to all indebtedness and other obligations of our subsidiaries that do not guarantee the Convertible Notes.

Upon a Fundamental Change (as defined), holders may require us to repurchase all or a portion of their Convertible Notes at a purchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus any accrued and unpaid interest, if any, thereon to (but excluding) the Fundamental Change Repurchase Date (as defined). The Convertible Notes are not redeemable at our option prior to maturity.

We do not intend to file a registration statement for the resale of the Convertible Notes or any common stock issuable upon conversion of the Convertible Notes. As a result, holders may only resell the Convertible Notes or common stock issued upon conversion of the Convertible Notes, if any, pursuant to an exemption from the registration requirements of the Securities Act of 1933 and other applicable securities laws.

6.75% Senior Notes. On November 30, 2004, we completed our offering of $225 million in aggregate principal amount of senior notes bearing an interest rate of 6.75% (the Senior Notes). The Senior Notes, which mature on November 15, 2014, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2005. The Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2009 at a designated redemption amount, plus accrued and unpaid interest. 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 generally all of our active domestic subsidiaries. In addition, the Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness (including additional indebtedness under the term loan portion of our senior secured credit facility), 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.

During the three months and six months ended June 30, 2010, we repurchased $2.0 million and $28.5 million, respectively, in aggregate principal amount of our outstanding Senior Notes for $1.9 million and $27.0 million, respectively. After adjusting for deferred financing costs and other costs, we recorded a pretax gain of $0.1 million and $1.3 million, respectively, as a result of the repurchases. We used available cash to finance the purchases and intend to consider additional repurchases of our Senior Notes from time to time depending on market conditions.

Future Developments

As described in Development Update above, we are considering other potential hotel sites throughout the country, including Aurora, Colorado and Mesa, Arizona.

Off-Balance Sheet Arrangements

As described in Note 14 to our condensed consolidated financial statements included herein, we invested in two unconsolidated entities, one of which owns a hotel located in Hawaii and the other which formerly owned a hotel located in Hawaii. Our joint venture partner in each of these unconsolidated entities guaranteed, under certain circumstances, certain loans made to wholly-owned subsidiaries of each of these entities, and we agreed to contribute to these joint venture partners our pro rata share of any payments under such guarantees required to be made by such joint venture partners. In addition, we enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our workers compensation insurers, and lending banks under our credit facility had issued $8.0 million of letters of credit as of June 30, 2011 for us. Except as set forth above, we do not have any off-balance sheet arrangements.

Commitments and Contractual Obligations

The following table summarizes our significant contractual obligations as of June 30, 2011, 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	More than 5 years
Long-term debt	$1,212,180	$	$700,000	$512,180	$
Capital leases	399	190	209		
Construction commitments	48,474	48,474			
Operating leases (1)	655,853	7,331	12,578	8,698	627,246
Other	20,055	5,736	11,223	3,096	
Total contractual obligations	$1,936,961	$61,731	$724,010	$523,974	$627,246

(1) The total operating lease commitments of $655.9 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.

The cash obligations in the table above do not include future cash obligations for interest associated with our outstanding long-term debt and capital lease obligations.

Due to the uncertainty with respect to the timing of future cash payments associated with our defined benefit pension plan, our non-qualified retirement plan, our non-qualified contributory deferred compensation plan and our defined benefit postretirement health care and life insurance plan, we cannot make reasonably certain estimates of the period of cash settlement. Therefore, these obligations have been excluded from the contractual obligations table above. See Note 12 and Note 13 to our Annual Report on Form 10-K for the year ended December 31, 2010 for further discussion related to these obligations.

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, stock-based compensation, derivative financial instruments, income taxes, retirement and postretirement benefits other than pension plans, and legal contingencies, require that we apply significant judgment in defining the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. Our judgments are based on our historical experience, our observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate. There can be no assurance that actual results will not differ from our estimates. For a discussion of our critical accounting policies and estimates, please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations and Notes to Consolidated Financial Statements presented in our Annual Report on Form 10-K for the year ended December 31, 2010. There were no newly identified critical accounting policies in the first six months of 2011 nor were there any material changes to the critical accounting policies and estimates discussed in our Annual Report on Form 10-K for the year ended December 31, 2010.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 2 to our condensed consolidated financial statements for the three months and six months ended June 30, 2011 and 2010 included herewith.

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 exposures to market risk are from changes in interest rates, natural gas prices and equity prices and changes in asset values of investments that fund our pension plan.

Risk Related to Changes in Interest Rates

Borrowings outstanding under our $925 Million Credit Facility initially bear interest at an annual rate of LIBOR plus 2.25%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the $600.0 million in borrowings outstanding under our $925 Million Credit Facility as of August 1, 2011 would increase by approximately $6.0 million.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at June 30, 2011. As a result, the interest rate market risk implicit in these investments at June 30, 2011, if any, is low.

Risk Related to Changes in Natural Gas Prices

As of June 30, 2011, we held 18 variable to fixed natural gas price swaps with respect to the purchase of 515,000 dekatherms of natural gas in order to fix the prices at which we purchase that volume of natural gas for our hotels. These natural gas price swaps, which have remaining terms of up to six months, effectively adjust the price on that volume of purchases of natural gas to a weighted average price of $4.91 per dekatherm. These natural gas swaps are deemed effective, and, therefore, the hedges have been treated as an effective cash flow hedge. If the forward price of natural gas futures contracts for delivery at the Henry Hub as of June 30, 2011 as quoted on the New York Mercantile Exchange was to increase or decrease by 10%, the net derivative liability associated with the fair value of our natural gas swaps outstanding as of June 30, 2011 would have decreased or increased by $0.2 million.

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Risk Related to Changes in Equity Prices

The $360 million aggregate principal amount of Convertible Notes we issued in September 2009 may be converted prior to maturity, at the holder s option, into shares of our common stock under certain circumstances as described in our Annual Report on Form 10-K as of and for the year ended December 31, 2010 filed with the SEC. The initial conversion price is approximately $27.25 per share. Upon conversion, we may elect, at our option, to deliver shares of our common stock, cash or a combination of cash and shares of our common stock in satisfaction of our obligations upon conversion of the Convertible Notes. As such, the fair value of the Convertible Notes will generally increase as our share price increases and decrease as the share price declines.

Concurrently with the issuance of the Convertible Notes, we entered into convertible note hedge transactions intended to reduce the potential dilution upon conversion of the Convertible Notes in the event that the market value per share of our common stock, as measured under the Convertible Notes, at the time of exercise is greater than the conversion price of the Convertible Notes. The convertible note hedge transactions involved us purchasing from four counterparties options to purchase approximately 13.2 million shares of our common stock, subject to anti-dilution adjustments, at a price per share equal to the initial conversion price of the Convertible Notes. Separately we sold warrants to the same counterparties whereby they have the option to purchase approximately 13.2 million shares of our common stock at a price of $32.70 per share. As a result of the convertible note hedge transactions and related warrants, the Convertible Notes will not have a dilutive impact on shares outstanding if the share price of our common stock is below $32.70. For every $1 increase in the share price of our common stock above $32.70, we will be required to deliver, upon the exercise of the warrants, the equivalent of $13.2 million in shares of our common stock (at the relevant share price).

Risk Related to Changes in Asset Values that Fund our Pension Plans

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. As of June 30, 2011, the value of the investments in the pension fund was $68.2 million, and an immediate 10% decrease in the value of the investments in the fund would have reduced the value of the fund by approximately $6.8 million.

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ITEM 4. CONTROLS AND PROCEDURES.

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

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company is a party to certain litigation, as described in Note 14 to our condensed consolidated financial statements included herein and which is incorporated herein by reference.

ITEM 1A. RISK FACTORS.

The following risk factors should be considered in addition to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010.

Our hotel developments, including our potential projects in Mesa, Arizona, and Aurora, Colorado, are subject to financing, timing, budgeting and other risks.

We intend to develop additional hotel properties and expand existing hotel properties as suitable opportunities arise, taking into consideration the general economic climate. New project development has a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;
- construction defects or noncompliance with construction specifications;
- receipt of zoning, occupancy and other required governmental permits and authorizations;
- receipt of governmental financing and/or incentives;
- other risks of construction described below;
- development costs incurred for projects that are not pursued to completion;
- so-called acts of God such as earthquakes, hurricanes, floods or fires that could delay the development of a project;
- adoption of state or local laws that negatively impact the tourism industry;

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- risks associated with joint ventures or alliances or other potential transaction structures we may enter into in connection with development projects;
- the availability and cost of capital, which is expected to be unfavorable until general economic conditions improve in the U.S.; and
- governmental restrictions on the nature or size of a project or timing of completion.

Our development projects may not be completed on time or within budget.

There are significant risks associated with our future construction projects, which could adversely affect our financial condition, results of operations or cash flows from these planned projects.

Our future construction projects, including our planned project in Mesa, Arizona and Aurora, Colorado, as well as the possible expansions of Gaylord Opryland, Gaylord Palms, and Gaylord Texan, entail significant risks. Construction activity requires us to obtain qualified contractors and subcontractors, the availability of which may be uncertain. Construction projects are subject to cost overruns and delays caused by events outside of our control, such as shortages of materials or skilled labor, unforeseen engineering, environmental and/or geological problems, work stoppages, weather interference, unanticipated cost increases and unavailability of construction materials or equipment. Construction, equipment or staffing problems or difficulties in obtaining any of the requisite materials, licenses, permits, allocations and authorizations from governmental or regulatory authorities, construction defects or noncompliance with construction specification, could increase the total cost, delay, jeopardize or prevent the construction or opening of such projects or otherwise affect the design and features of Gaylord Opryland, Gaylord Palms, and Gaylord Texan or other projects. In addition, we will be required to obtain financing for development projects and to use cash flow from operations for development and construction. We may seek additional debt or equity financing for development and construction projects, and we may enter into joint ventures or alliances with one or more third parties. We have no financing plans for projects, and we do not know if any needed financing will be available on favorable terms.

We will be required to refinance our $925 Million Credit Facility by August 1, 2015, and there is no assurance that we will be able to refinance it on acceptable terms.

The revolving loan, letters of credit and term loan under our $925 Million Credit Facility mature on August 1, 2015. Prior to this date, we will be required to refinance this credit facility in order to finance our ongoing capital needs. Our ability to refinance this credit facility on acceptable terms will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing restrictions which may be imposed by lenders and conditions in the credit markets at the time we refinance. The availability of funds for new investments and improvement of existing hotels depends in large measure on capital markets and liquidity factors over which we can exert little control. There is no assurance that we will be able to obtain additional financing on acceptable terms.

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

The following table sets forth information with respect to purchases of shares of the Company s common stock made during the three months ended June 30, 2011 by or on behalf of the Company or any affiliated purchaser, as defined by Rule 10b-18 of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1 April 30, 2011				
May 1 May 31, 2011 (1)	133	$35.86		
June 1 June 30, 2011				
Total	133	$35.86		

(1) Represents shares withheld from vested restricted stock to satisfy the minimum withholding requirement for federal and state taxes.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Inapplicable.

ITEM 5. OTHER INFORMATION.

On August 1, 2011, the Company entered into a $925 million senior secured credit facility, as described above under Part I, Item 2. *Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Principal Debt Agreements,* which discussion is incorporated herein by reference.

Certain of the lenders under the $925 million senior secured credit facility or their affiliates have provided, and may in the future provide, certain commercial banking, financial advisory, and investment banking services in the ordinary course of business for the Company, its subsidiaries and certain of its affiliates, for which they receive customary fees and commissions.

ITEM 6. EXHIBITS.

See Index to Exhibits following the Signatures page.

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SIGNATURES

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

GAYLORD ENTERTAINMENT COMPANY

Date: August 5, 2011

By: /s/ Colin V. Reed
Colin V. Reed
Chairman of the Board of Directors and
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Mark Fioravanti
Mark Fioravanti
Executive Vice President and Chief
Financial
Officer
(Principal Financial Officer)

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

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INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
3.1	Restated Certificate of Incorporation of the Company, as amended (restated for SEC filing purposes only) (incorporated by reference to Exhibit 3.1 to the Company s Annual Report on Form 10-K for the year ended December 31, 2007).
3.2	Second Amended and Restated Bylaws of the Company, as amended (restated for SEC filing purposes only) (incorporated by reference to Exhibit 4.4 to the Company s Registration Statement on Form S-3 filed on May 7, 2009).
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock of Gaylord Entertainment Company (incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K dated August 13, 2008).
31.1	Certification of Colin V. Reed pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
31.2	Certification of Mark Fioravanti pursuant to Section 302 of Sarbanes-Oxley Act of 2002.
32.1	Certification of Colin V. Reed and Mark Fioravanti pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
101	The following materials from Gaylord Entertainment Company s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three months and six months ended June 30, 2011 and 2010, (ii) Condensed Consolidated Balance Sheets at June 30, 2011 and December 31, 2010, (iii) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010, and (iv) Notes to Condensed Consolidated Financial Statements.*

* Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.