

GAYLORD ENTERTAINMENT CO /DE

Form 10-K

February 28, 2007

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

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

For the fiscal year ended December 31, 2006

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

For the transition period from to

**Commission File No. 1-13079
GAYLORD ENTERTAINMENT COMPANY
(Exact name of Registrant as Specified in its Charter)**

Delaware
*(State or Other Jurisdiction of
Incorporation or Organization)*

73-0664379
*(I.R.S. Employer
Identification No.)*

One Gaylord Drive, Nashville, Tennessee
(Address of Principal Executive Offices)

37214
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (615) 316-6000
Securities Registered Pursuant to Section 12(b) of the Act:**

Common Stock \$.01 par value per share
(Title of Class)

New York Stock Exchange
(Name of Exchange on Which Registered)

Securities Registered Pursuant to Section 12(g) of the Act:

NONE
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
 Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act.
 Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one):

Large Accelerated Filer Accelerated Filer Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant based on the closing price of the Common Stock on the New York Stock Exchange as of June 30, 2006 was approximately \$1,748,687,879.

As of February 1, 2007, there were 40,808,481 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Stockholders to be held May 3, 2007 are incorporated by reference into Part III of this Form 10-K.

**GAYLORD ENTERTAINMENT COMPANY
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PART I

Throughout this report, we refer to Gaylord Entertainment Company, together with its subsidiaries, as we, us, Gaylord Entertainment, Gaylord, or the Company.

Item 1. Business

We are the only hospitality company whose stated primary focus is the large group meetings segment of the lodging market. Our hospitality business includes our Gaylord branded hotels, consisting of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee, the Gaylord Palms Resort & Convention Center near Orlando, Florida and the Gaylord Texan Resort & Convention Center near Dallas, Texas. We also own and operate the Radisson Hotel at Opryland in Nashville, Tennessee. We are also developing a hotel, to be known as the Gaylord National Resort & Convention Center, in Prince George's County, Maryland (in the Washington, D.C. market), which we plan to open in 2008. Driven by our All-in-One-Place strategy, our award-winning Gaylord branded hotels incorporate not only high quality lodging, but also significant meeting, convention and exhibition space, superb food and beverage options and retail and spa facilities within a single self-contained property. As a result, our properties provide a convenient and entertaining environment for our convention guests. In addition, our custom-tailored, all-inclusive solutions cater to the unique needs of meeting planners.

On February 13, 2007, we announced that we were in the process of evaluating strategic alternatives for our ResortQuest International, Inc. (ResortQuest) vacation rental management business. Depending on the results of this analysis and process, we may sell all or a portion of this business. As of December 31, 2006, ResortQuest provided management services to approximately 14,500 vacation rental properties, all of which were under exclusive management contracts.

We also own and operate several attractions in Nashville, including the Grand Ole Opry, a live country music variety show, which is the nation's longest running radio show and an icon in country music. Our local Nashville attractions provide entertainment opportunities for Nashville-area residents and visitors, including our Nashville hotel and convention guests, while adding to our destination appeal.

We were originally incorporated in 1956 and were reorganized in connection with a 1997 corporate restructuring. In 2006, our operations were organized into four principal business segments: (i) Hospitality, which includes our hotel operations; (ii) ResortQuest; (iii) Opry and Attractions, which includes our Nashville attractions and assets related to the Grand Ole Opry; and (iv) Corporate and Other. These four business segments—Hospitality, ResortQuest, Opry and Attractions, and Corporate and Other—represented approximately 68%, 24%, 8%, and 0%, respectively, of total revenues in the year ended December 31, 2006. Financial information by industry segment and our Gaylord hotel properties as of December 31, 2006 and for each of the three years in the period then ended, appears in Item 6, Selected Financial Data, and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in the Financial Reporting by Business Segments note (Note 19) to our Consolidated Financial Statements included in this Annual Report on Form 10-K.

Strategy

Our goal is to become the nation's premier hotel brand serving the meetings and conventions sector and to enhance our business by offering additional vacation and entertainment opportunities to our guests and target consumers. Our Gaylord branded hotels focus on the \$86 billion large group meetings market. Our properties and services are designed to appeal to meeting planners who arrange these large group meetings. The Grand Ole Opry is one of the brands best-known by the country lifestyle consumer, which we estimate to number approximately 70 million people in the United States. Country lifestyle consumers are persons who have recently participated in one or more of a number of activities identified by our management. These activities include listening to country music, buying country music recordings, attending country music concerts or reading country-themed publications.

All-in-One-Place Product Offering. Through our All-in-One-Place strategy, our Gaylord branded hotels incorporate meeting and exhibition space, signature guest rooms, award-winning food and beverage offerings, fitness and spa facilities and other attractions within a large hotel property so our attendees' needs are met in one location. This strategy creates a better experience for both meeting planners and our guests, allows us to capture a greater share of their event spending, and has led to our Gaylord hotels claiming a place among the leading convention hotels in the country.

Create Customer Rotation Between Our Hotels. In order to further capitalize on our success in Nashville, we opened our Gaylord Palms hotel in January 2002 and our Gaylord Texan hotel in April 2004, and are scheduled to open our Gaylord National hotel, which will be located in the Washington D.C. area, in 2008. In 2001, we refocused the efforts of our sales force to capitalize on our expansion and the desires of some of our large group meeting clients to meet in different parts of the

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country each year and to establish relationships with new customers as we increase our geographic reach. There is a significant opportunity to establish strong relationships with new customers and rotate them to our other properties. *Leverage Brand Name Awareness.* We believe that the Grand Ole Opry is one of the most recognized entertainment brands within the United States. We promote the Grand Ole Opry name through various media, including our WSM-AM radio station, the Internet, television and performances by the Grand Ole Opry's members, many of whom are renowned country music artists, and we believe that significant growth opportunities exist through leveraging and extending the Grand Ole Opry brand into other products and markets. As such, we have alliances in place with multiple distribution partners in an effort to foster brand extension. We are continuously exploring additional products, such as television specials and retail products, through which we can capitalize on our brand affinity and awareness. We believe that licensing our brand for products may provide an opportunity to increase revenues and cash flow with relatively little capital investment.

Industry Description

Hospitality

According to *Tradeshaw Week*, the large group meetings market annually generates approximately \$86 billion of revenues for the companies that provide services to it. The convention hotel industry is estimated to generate approximately \$15 billion of these revenues. These revenues include event producer total gross sales (which include exhibitor and sponsor expenditures) and attendee economic impact (which includes spending on lodging, meals, entertainment and in-city transportation), not all of which we capture. The convention hotels that attract these group meetings often have more than 1,000 guest rooms and, on average, contain approximately 103,000 square feet of exhibit space and approximately 40 meeting rooms.

According to *Meetings & Conventions* magazine, the group meetings market is comprised of approximately 1.2 million events annually, of which approximately 80% are corporate meetings and approximately 20% are association meetings. Nearly half of the venues hosting these events contain less than 100,000 square feet of exhibit or meeting space, with only 8% containing over 500,000 square feet. Examples of industries participating in these meetings include health care, home furnishings, computers, sporting goods and recreation, education, building and construction, industrial, agriculture, food and beverage, boats and automotive. Conventions and association-sponsored events, which draw a large number of attendees requiring extensive meeting space and room availability, account for over half of total group spending and economic impact. Because associations and trade shows generally select their sites 2 to 6 years in advance, thereby increasing earnings visibility, the convention hotel segment of the lodging industry is more predictable and less susceptible to economic downturns than the general lodging industry.

A number of factors contribute to the success of a convention center hotel, including the following: the availability of sufficient meeting and exhibit space to satisfy large group users; the availability of rooms at competitive prices; access to quality entertainment and food and beverage venues; destination appeal; appropriate regional professional and consumer demographics; adequate loading docks, storage facilities and security; ease of site access via air and ground transportation; and the quality of service provided by hotel staff and event coordinators. The ability to offer as many as possible of these elements within close proximity of each other is important in order to reduce the organizational and logistical planning efforts of the meeting planner. The meeting planner, who acts as an intermediary between the hotel event coordinator and the group scheduling the event, is typically a convention hotel's direct customer. Effective interaction and coordination with meeting planners is key to booking events and generating repeat customers.

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Facility	City	Total Exhibit Space (sq. ft.)	Number of Meeting Rooms	Total Meeting Space (sq. ft.)
Sands Expo / Venetian Resort Hotel & Casino	Las Vegas, NV	1,125,600	293	400,378
Mandalay Bay Resort & Casino	Las Vegas, NV	934,731	121	360,924
Walt Disney World Swan and Dolphin	Lake Buena Vista, FL	329,000	84	248,655*
Gaylord Opryland Resort & Convention Center	Nashville, TN	263,772	85	300,000
Hilton Anatole Hotel	Dallas, TX	231,103**	76	341,620
Adam's Mark International Conference & Exposition Center	Dallas, TX	230,000	67	99,000*
Orlando World Center Marriott	Orlando, FL	214,000	69	214,000*
MGM Grand Hotel & Conference Center	Las Vegas, NV	210,000	60	315,000
The Westin Diplomat Resort & Spa	Hollywood, FL	209,000	39	60,000
Grand Sierra Resort & Casino	Reno, NV	190,000	40	110,000
Gaylord Texan Resort & Convention Center	Grapevine, TX	180,000**	70	400,000
Gaylord Palms Resort & Convention Center	Kissimmee, FL	178,500**	61	400,000

* Space also included in Total Exhibit Space

** Space also included in Total Meeting Space.

Source: the Company; *Tradeshows Week Major Exhibit Hall Directory 2006*

Gaylord Hotels Strategic Plan. Our goal is to become the nation's premier brand in the meetings and convention sector. To accomplish this, our business strategy is to develop resorts and convention centers in desirable event destinations that are created based in large part on the needs of meeting planners and attendees. Using the slogan All-in-One-Place, our hotels incorporate meeting, convention and exhibition space with a large hotel property so the attendees never have to leave the location during their meetings. This concept of a self-contained destination dedicated primarily to the meetings industry has made Gaylord Opryland one of the leading convention hotels in the country. In addition to operating Gaylord Opryland, we opened the Gaylord Palms in January 2002 and the Gaylord Texan in

April 2004, and we are developing the Gaylord National hotel in the Washington, D.C. area. We believe that our other hotels will enable us to capture additional convention business from groups that currently utilize Gaylord Opryland but must rotate their meetings to other locations due to their attendees' desires to visit different areas. We also anticipate that our other hotels will capture new group business that currently does not come to the Nashville market and will seek to gain additional business at Gaylord Opryland in Nashville once these groups have experienced a Gaylord hotel in other markets.

Gaylord Opryland Resort and Convention Center - Nashville, Tennessee. Our flagship, Gaylord Opryland in Nashville, is one of the leading convention destinations in the United States based upon number of rooms, exhibit space and conventions held. Designed with lavish gardens and expansive atrium areas, the resort is situated on approximately 172 acres in the Opryland complex. Gaylord Opryland is one of the largest hotels in the United States in terms of number of guest rooms. Gaylord Opryland has a number of themed restaurants, retail outlets, and a full-service spa with 27,000 square feet of dedicated space and 12 treatment rooms. It also serves as a destination resort for vacationers due to its proximity to the Grand Ole Opry, the General Jackson Showboat, the Gaylord Springs Golf Links (Gaylord's 18-hole championship golf course), and other attractions in the Nashville area. Gaylord Opryland has 2,881 guest rooms, four ballrooms with approximately 127,000 square feet, 111 banquet/meeting rooms, and total dedicated exhibition space of approximately 265,000 square feet. Total meeting, exhibit and pre-function space in the hotel is approximately 600,000 square feet. The Gaylord Opryland has been recognized by many industry and commercial publications, receiving *Successful Meetings* magazine's Pinnacle Award in 2003 and 2004, as well as *Meeting & Convention's* Gold Key Elite and Gold Platter Elite Awards for 2006.

Gaylord Palms Resort and Convention Center - Kissimmee, Florida. Gaylord Palms has 1,406 signature guest rooms, three ballrooms with approximately 76,000 square feet, 76 banquet/meeting rooms, and total dedicated exhibition space of approximately 180,000 square feet. Total meeting, exhibit and pre-function space in the hotel is approximately 400,000 square feet. The resort is situated on a 65-acre site in Osceola County, Florida and is approximately 5 minutes from the main gate of the Walt Disney World® Resort complex. Gaylord Palms has a number of themed restaurants, retail outlets and a full-service spa, with 20,000 square feet of dedicated space and 25 treatment rooms. Hotel guests also have golf privileges at the world

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class Falcon s Fire Golf Club, located a half-mile from the property. The Gaylord Palms has been recognized by many publications, receiving *Meeting and Convention s* Gold Key and Gold Platter Awards for 2006 and being named Best Resort Hotel by *Florida Monthly* magazine for 2006.

Gaylord Texan Resort and Convention Center Grapevine, Texas. Gaylord Texan is situated on approximately 100 acres and is located approximately six minutes from the Dallas/ Fort Worth International Airport. The hotel features a lavish and expansive atrium, 1,511 signature guest rooms, 3 ballrooms with approximately 85,000 square feet, 70 banquet/meeting rooms, and total dedicated exhibition space of approximately 180,000 square feet. Total meeting, exhibit and pre-function space in the hotel is approximately 400,000 square feet. The property also includes a number of themed restaurants, retail outlets and a full-service spa with 25,000 square feet of dedicated space and 12 treatment rooms. Guests also have access to the adjacent Cowboys Golf Club. In 2004, the Gaylord Texan was named the

Development of the Year by the Americas Lodging Investment Summit. In 2006, the Gaylord Texan received *Meeting and Convention s* Gold Key Award and was named a AAA Four-Diamond Award winner, and in 2005 the hotel was named Best Place to Work in Dallas/Fort Worth by the *Dallas Business Journal*.

Gaylord National Resort and Convention Center Prince George s County, Maryland. We are developing a hotel, to be known as the Gaylord National Resort and Convention Center, which is under construction on approximately 42 acres of land located on the Potomac River in Prince George s County, Maryland (in the Washington, D.C. market). We currently expect to open the hotel in 2008. We refer to this project as our Gaylord National hotel project.

Radisson Hotel at Opryland. We also own and operate the Radisson Hotel at Opryland, a Radisson franchise hotel, which is located across the street from Gaylord Opryland. The hotel has 303 rooms and approximately 14,000 square feet of meeting space. In March 2000, we entered into a 20-year franchise agreement with Radisson in connection with the operation of this hotel.

Our management is also considering other sites to locate future Gaylord Hotel properties, including Chula Vista, California (located in the San Diego area). We have not made any commitments, received any government approvals or made any financing plans in connection with Chula Vista or other potential sites.

ResortQuest

ResortQuest s rental properties are generally second homes or investment properties owned by individuals who assign to ResortQuest the responsibility of managing, marketing and renting their properties. ResortQuest earns management fees as a percentage of the rental income from each property, but generally has no ownership interest in the properties. In addition to the vacation property management business, ResortQuest offers real estate brokerage services and other rental and property owner services.

ResortQuest provides value-added services to both vacationers and property owners. For vacationers, ResortQuest offers the value, convenience and features of a condominium or home while providing many of the amenities and services of a hotel, such as centralized billing, check-in and housekeeping services. For property owners, ResortQuest offers a comprehensive package of marketing, management and rental services designed to enhance rental income and profitability while providing services to maintain the property. Property owners also benefit from ResortQuest s QuestPerks program, which offers benefits such as discounts on lodging, air travel and car rentals. To manage guests expectations, ResortQuest has developed and implemented a five-tier rating system that segments its property portfolio into five categories: Exclusive Vacation Property, Platinum, Gold, Silver and Bronze.

Utilizing its marketing database, ResortQuest markets its properties through various media channels, including direct mail and targeted advertising solicitations. ResortQuest has distribution through ResortQuest.com, its proprietary website offering real-time reservations, and its inventory distribution partnerships such as Expedia, Travelocity, Condosaver, retail travel agents, travel wholesalers and others.

Opry and Attractions

The Grand Ole Opry. The Grand Ole Opry, which celebrated its 81st anniversary in 2006, is one of the most widely known platforms for country music in the world. The Opry features a live country music show with performances every Friday and Saturday night, as well as a Tuesday Night Opry on a seasonal basis. The Opry House, home of the Grand Ole Opry, seats approximately 4,400 and is located in the Opryland complex. The Grand Ole Opry moved to the Opry House in 1974 from its most famous home in the Ryman Auditorium in downtown Nashville.

Each week, the Grand Ole Opry is broadcast live to millions of country lifestyle consumers on terrestrial radio via WSM-AM. In addition, the Grand Ole Opry is broadcast weekly on television via the Great American Country network and CMT-Canada.

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The broadcast of the Grand Ole Opry is also streamed on the Internet via www.opry.com and www.wsmonline.com. The show has been broadcast since 1925 on WSM-AM, making it the longest running live radio program in the United States. The television broadcast schedule on the Great American Country network includes 52 weekly telecasts airing on Saturday nights at 8 p.m. EST and repeating a minimum of three times during the following week. The Grand Ole Opry produces a two hour show each week that is currently aired on 208 radio stations across the country through syndication of America's Grand Ole Opry Weekend, which is distributed by Westwood One and also on the American Forces Radio Network. In addition to performances by members, the Grand Ole Opry presents performances by many other country music artists.

Ryman Auditorium. The Ryman Auditorium, which was built in 1892 and seats approximately 2,300, is designated as a National Historic Landmark. The former home of the Grand Ole Opry, the Ryman Auditorium was renovated and re-opened in 1994 for concerts and musical productions. The Grand Ole Opry returns to the Ryman Auditorium periodically, most recently from November 2006 to February 2007. The Ryman Auditorium was named Theatre of the Year by Pollstar Concert Industry Awards for 2003 and 2004.

The General Jackson Showboat. We operate the General Jackson Showboat, a 300-foot, four-deck paddle wheel showboat, on the Cumberland River, which flows past the Gaylord Opryland complex in Nashville. Its Victorian Theatre can seat 600 people for banquets and 1,000 people for theater-style presentations. The showboat stages Broadway-style shows and other theatrical productions. The General Jackson is one of many sources of entertainment that Gaylord makes available to conventions held at Gaylord Opryland. During the day, it operates cruises, primarily serving tourists visiting Gaylord Opryland complex and the Nashville area.

Gaylord Springs Golf Links. Home to a Senior PGA Tour event from 1994 to 2003 and minutes from Gaylord Opryland, the Gaylord Springs Golf Links was designed by former U.S. Open and PGA Champion Larry Nelson. The 40,000 square-foot antebellum-style clubhouse offers meeting space for up to 500 guests.

The Wildhorse Saloon. Since 1994, we have owned and operated the Wildhorse Saloon, a country music performance venue on historic Second Avenue in downtown Nashville. The three-story facility includes a dance floor of approximately 2,000 square feet, as well as a restaurant and banquet facility that can accommodate up to 2,000 guests.

Corporate Magic. In March 2000, we acquired Corporate Magic, Inc., a company specializing in the production of creative and entertainment events in support of the corporate and meeting marketplace. We believe the event and corporate entertainment planning function of Corporate Magic complements the meeting and convention aspects of our Gaylord Hotels business.

WSM-AM. WSM-AM commenced broadcasting in 1925. The involvement of Gaylord's predecessors with country music dates back to the creation of the radio program that became The Grand Ole Opry, which has been broadcast live on WSM-AM since 1925. WSM-AM is broadcast from the Gaylord Opryland complex in Nashville and has a country music format. WSM-AM is one of the nation's clear channel stations, meaning that no other station in a 750-mile radius uses the same frequency for night time broadcasts. As a result, the station's signal, transmitted by a 50,000 watt transmitter, can be heard at night in much of the United States and parts of Canada.

On July 21, 2003, we, through our wholly-owned subsidiary Gaylord Investments, Inc., sold the assets primarily used in the operations of WSM-FM and WWTN(FM) to Cumulus Broadcasting, Inc. for \$62.5 million in cash, and we entered into a joint sales agreement with Cumulus for WSM-AM in exchange for approximately \$2.5 million in cash. Under the joint sales agreement with Cumulus, Cumulus sells all of the commercial advertising on WSM-AM and provides certain sales promotion and billing and collection services relating to WSM-AM, all for a specified fee. The joint sales agreement has a term of five years.

Corporate and Other

Bass Pro Shops. We own a 13% interest in Bass Pro Group, LLC (Bass Pro). Bass Pro owns and operates Bass Pro Shops, a retailer of premium outdoor sporting goods and fishing tackle. After the Bass Pro restructuring, as further discussed under Management's Discussion and Analysis of Financial Condition and Results of Operations, Bass Pro also owns and operates Tracker Marine, a manufacturer and retailer of fishing and other boats, and the Big Cedar Lodge, a resort lodge located outside Springfield, Missouri. Bass Pro Shops serves its customers through an extensive mail order catalog operation, a retail center in Springfield, Missouri, and additional retail stores at Opry Mills in Nashville and in various other U.S. locations.

Viacom and CBS. We hold investments of approximately 5.5 million shares of Viacom Class B common stock (Viacom Stock) and 5.5 million shares of CBS Corporation Class B Common Stock (CBS Stock), which were received as the result of the sale of television station KTVT to CBS in 1999, the subsequent acquisition of CBS by Viacom in 2000, and the subsequent conversion of each outstanding share of Viacom Class B common stock into 0.5 shares of CBS Stock and 0.5 shares of Viacom Stock in 2006. We entered into a secured forward exchange contract related to these investments in 2000. The

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secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom Stock and CBS Stock, while providing for participation in increases in the combined fair market value. At December 31, 2006, the fair market value of our investment in the Viacom stock was \$224.4 million, or \$41.03 per share, and the fair market value of our investment in the CBS stock was \$170.5 million, or \$31.18 per share. The secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom Stock and CBS Stock below \$56.05 per share by way of a put option; the secured forward exchange contract also provides for participation in the increases in the combined fair market value of the Viacom Stock and CBS Stock in that we receive 100% of the appreciation between \$56.05 and \$64.45 per share and, by way of a call option, 25.93% of the appreciation above \$64.45 per share. See Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as Notes 8 and 9 to our consolidated financial statements for the year ended December 31, 2006 included herewith.

Nashville Predators. On February 22, 2005, we concluded the settlement of litigation with the Nashville Hockey Club Limited Partnership (NHC), which owns the Nashville Predators NHL hockey team, over (i) NHC's obligation to redeem our ownership interest, and (ii) our obligations under the Nashville Arena Naming Rights Agreement dated November 24, 1999. Under the Naming Rights Agreement, which had an original 20-year term, we were required to make annual payments to NHC, beginning at \$2,050,000 in 1999 and with a 5% escalation each year thereafter, and to purchase a minimum number of tickets to Predators games each year. At the closing of the settlement, NHC redeemed all of our outstanding limited partnership units in the Predators pursuant to a Purchase Agreement dated February 22, 2005, effectively terminating our ownership interest in the Predators. In addition, the Naming Rights Agreement was cancelled pursuant to the Acknowledgment of Termination of Naming Rights Agreement.

As a part of the settlement, we made a one-time cash payment to NHC of \$4 million and issued to NHC a 5-year, \$5 million promissory note bearing interest at 6% per annum. The note is payable at \$1 million per year for 5 years, with the final payment due on October 5, 2010.

Our obligation to pay the outstanding amount under the note shall terminate immediately if, at any time before the note is paid in full, the Predators cease to be an NHL team playing its home games in Nashville, Tennessee. If the Predators cease to be an NHL team playing its home games in Nashville after the first payment under the note but prior to the second payment, then in addition to the note being cancelled, the Predators will pay us \$2 million. In addition, pursuant to a Consent Agreement among us, the National Hockey League and owners of NHC, our Guaranty dated June 25, 1997 has been limited so that we are not responsible for any debt, obligation or liability of NHC that arises from any act, omission or circumstance occurring after the date of the Consent Agreement. As a part of the settlement, each party agreed to release the other party from any claims associated with this litigation.

Implementation of Strategic Direction

During the second quarter of 2001, we hired a new Chairman of the Board and a new Chief Executive Officer. Once the new senior management team was in place, they devoted a significant portion of 2001 to reviewing the many different businesses they inherited when they joined the Company. After significant review, it was determined that, while we had four business segments for financial reporting purposes (Hospitality, Opry and Attractions Group, Media, consisting of our radio stations and other media assets, and Corporate and Other), the future direction of the Company would be based on two core asset groups, which were aligned as follows: (i) Hospitality Core Asset Group: consisting of the Gaylord Hotels and the various attractions that provide entertainment to guests of the hotels; and (ii) Opry Core Asset Group: consisting of the Grand Ole Opry, WSM-AM radio, and the Ryman Auditorium. As a result, it was determined that Acuff-Rose Music Publishing, Word Entertainment, Music Country/CMT International, Oklahoma RedHawks, Opry Mills, GET Management (comprised of multiple businesses), WSM-FM and WWTN (FM) were not core assets of the Company, and as a result each has either been sold or otherwise disposed of by the Company as reflected in the following table:

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Business Sold	Date	Net Proceeds From Sale (Cash and Other) (in millions)
Interest in Oklahoma RedHawks	November 17, 2003	\$ 6.0
WSM-FM and WWTN (FM)	July 21, 2003	62.5
Acuff-Rose Music Publishing	August 27, 2002	157.0
Opry Mills 33.3% Partnership Interest	June 28, 2002	30.8
Music Country/CMT International	February 25, 2002	3.7
Word Entertainment	January 4, 2002	84.1
Gaylord Production Company, Gaylord Films, Pandora Films, Gaylord Sports Management Group and Gaylord Event Television	March 9, 2001	41.3(1)

(1) Shortly after the closing, the Oklahoma Publishing Company, or OPUBCO, which purchased these assets, asserted that the Company breached certain representations and warranties in the purchase agreement. The Company entered into settlement negotiations pursuant to which the Company paid OPUBCO an aggregate of \$825,000.

Gaylord Digital, Z Music and the Opryland River Taxis, also not core assets of the Company, had previously been sold or otherwise disposed of by the Company. The Company also has miscellaneous real estate holdings that will be sold from time to time. Following the decision to divest certain businesses, we restructured the corporate organization to streamline operations and remove duplicative costs.

Employees

As of December 31, 2006, we had approximately 8,983 full-time and 3,048 part-time and temporary employees. Of these, approximately 5,424 full-time and 1,877 part-time employees were employed in Hospitality; approximately 419 full-time and 645 part-time employees were employed in Opry and Attractions; approximately 2,748 full-time and 521

part-time employees were employed in ResortQuest; and approximately 392 full-time and 5 part-time employees were employed in Corporate and Other. We believe our relations with our employees are good.

Competition

Hospitality

The Gaylord Hotel properties compete with numerous other hotels throughout the United States and abroad, particularly the approximately 100 convention hotels that, on average, have over 1,000 rooms and a significant amount of meeting and exhibit space. Many of these hotels are operated by companies with greater financial, marketing and human resources than the Company. We believe that competition among convention hotels is based on, among other things: (i) the hotel's reputation, (ii) the quality of the hotel's facility, (iii) the quality and scope of a hotel's meeting and convention facilities and services, (iv) the desirability of a hotel's location, (v) travel distance to a hotel for meeting attendees, (vi) a hotel facility's accessibility to a recognized airport, (vii) the amount of entertainment and recreational options available in and in the vicinity of the hotel, and (viii) price. Our hotels also compete against municipal convention centers. These include the largest convention centers (e.g., Orlando, Chicago and Atlanta) as well as, for Gaylord Opryland, mid-size convention centers (between 100,000 and 500,000 square feet of meeting space located in second-tier cities).

The hotel business is management and marketing intensive. The Gaylord Hotels compete with other hotels throughout the United States for high quality management and marketing personnel. There can be no assurance that our hotels will be able to attract and retain employees with the requisite managerial and marketing skills.

ResortQuest

The vacation rental and property management industry is highly competitive and has low barriers to entry. The industry has two distinct customer groups: vacation property renters and vacation property owners. We believe that the principal competitive factors in attracting vacation property renters are:

market share and visibility;

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quality, cost and breadth of services and properties provided; and

long-term customer relationships.

The principal competitive factors in attracting vacation property owners are the ability to generate higher rental income and the ability to provide comprehensive management services at competitive prices. ResortQuest competes for vacationers and property owners primarily with over 4,000 individual vacation rental and property management companies that typically operate in a limited geographic area. Some of our competitors are affiliated with the owners or operators of resorts in which such competitors provide their services. Certain of these smaller competitors may have lower overhead cost structures and may be able to provide their services at lower rates.

ResortQuest also competes for vacationers with large hotel and resort companies and timeshare operators. Many of these competitors have greater financial resources than we have, enabling them to finance acquisition and development opportunities, to pay higher prices for the same opportunities or to develop and support their own operations. In addition, many of these companies can offer vacationers services not provided by vacation rental and property management companies, and they may have greater name recognition among vacationers.

Opry and Attractions Group

The Grand Ole Opry and other attractions businesses compete with all other forms of entertainment and recreational activities. The success of the Opry and Attractions group is dependent upon certain factors beyond our control including economic conditions, the amount of available leisure time, transportation cost, public taste and weather conditions. Our radio station competes with numerous other types of entertainment businesses, and success is often dependent on taste and fashion, which may fluctuate from time to time. Under a joint sales agreement with Cumulus, we own and operate WSM-AM, and Cumulus sells all commercial advertising on WSM-AM and provides certain sales promotion and billing and collection services for a specified fee.

Seasonality

Portions of our business are seasonal in nature. Our group convention business is subject to reduced levels of demand during the year-end holiday periods. Although we typically attempt to attract general tourism guests by offering special events and attractions during these periods, there can be no assurance that our hotels can successfully operate such events and attractions. In addition, certain of the geographic regions in which ResortQuest operates, such as ski resorts, typically attract fewer vacationers in off-peak seasons. Our ResortQuest business can also be adversely affected by negative weather conditions (e.g., lack of snow during winter months at our mountain ski locations or hurricanes at our beach locations).

Regulation and Legislation

Hospitality

Our hotels are subject to certain federal, state, and local governmental laws and regulations including, without limitation, health and safety laws and environmental regulations applicable to hotel and restaurant operations. The hotels are also subject to the requirements of the Americans with Disabilities Act and similar state laws, as well as regulations pursuant thereto. We believe that we are in substantial compliance with such regulations. In addition, the sale of alcoholic beverages by a hotel requires a license and is subject to regulation by the applicable state and local authorities. The agencies involved have the power to limit, condition, suspend or revoke any such license, and any disciplinary action or revocation could have an adverse effect upon the results of operations of our Hospitality segment.

ResortQuest

The operations of ResortQuest are subject to various federal, state, local and foreign laws and regulations, including licensing requirements applicable to real estate operations and the sale of alcoholic beverages, laws and regulations relating to consumer protection and local ordinances. Many states have adopted specific laws and regulations which regulate our activities, such as:

disclosure requirements in connection with real estate sales;

anti-fraud laws;

real estate and travel services provider license requirements, including escrow requirements;

environmental laws;

telemarketing and consumer privacy laws;

the Fair Housing Act; and

consumer protection laws regarding the purchase of condominiums

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The agencies involved in enforcing these laws and regulations have the power to limit, condition, suspend, or revoke any such license or activity by ResortQuest, and any disciplinary action or revocation affecting a significant portion of the operations of ResortQuest could have an adverse effect upon the results of operations of ResortQuest.

Opry and Attractions Group

WSM-AM is subject to regulation under the Communications Act of 1934, as amended. Under the Communications Act, the Federal Communications Commission, or FCC, among other things, assigns frequency bands for broadcasting; determines the frequencies, location, and signal strength of stations; issues, renews, revokes, and modifies station licenses; regulates equipment used by stations; and adopts and implements regulations and policies that directly or indirectly affect the ownership, operation, and other practices of broadcasting stations.

Licenses issued for radio stations have terms of eight years. Radio broadcast licenses are renewable upon application to the FCC and in the past have been renewed except in rare cases. Competing applications will not be accepted at the time of license renewal, and will not be entertained at all unless the FCC first concludes that renewal of the license would not serve the public interest. A station will be entitled to renewal in the absence of serious violations of the Communications Act or the FCC regulations or other violations which constitute a pattern of abuse. The Company is not aware of any reason why its radio station license should not be renewed.

The foregoing is only a brief summary of certain provisions of the Communications Act and FCC regulations. The Communications Act and FCC regulations may be amended from time to time, and the Company cannot predict whether any such legislation will be enacted or whether new or amended FCC regulations will be adopted, or the effect on the Company of any such changes.

In addition, our Nashville area attractions are also subject to the laws and regulatory activities associated with the sale of alcoholic beverages described above.

Additional Information

Our web site address is www.gaylordentertainment.com. Please note that our web site address is provided as an inactive textual reference only. We make available free of charge through our web site the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. The information provided on our web site is not part of this report, and is therefore not incorporated by reference unless such information is otherwise specifically referenced elsewhere in this report.

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The following table sets forth certain information regarding the executive officers of the Company as of December 31, 2006. All officers serve at the discretion of the Board of Directors (subject to, in the case of officers who have entered into employment agreements with the Company, the terms of such employment agreements).

NAME	AGE	POSITION
Colin V. Reed	59	Chairman of the Board of Directors, President and Chief Executive Officer
David C. Kloepfel	37	Executive Vice President and Chief Financial Officer
John P. Caparella	49	Executive Vice President and Chief Operating Officer, Gaylord Hotels
Mark Fioravanti	45	Executive Vice President and President, ResortQuest
Carter R. Todd	49	Senior Vice President, Secretary and General Counsel
Rod Connor	54	Senior Vice President and Chief Administrative Officer
Melissa J. Buffington	49	Senior Vice President, Human Resources and Communications

The following is additional information with respect to the above-named executive officers.

Colin V. Reed has served as President and Chief Executive Officer and a director of the Company since April 2001, and Mr. Reed was also elected Chairman of the Board of Directors of the Company in May 2005. Prior to joining the Company, Mr. Reed had served as a member of the three-executive Office of the President of Harrah's Entertainment, Inc. since May 1999, and he had served as Harrah's Chief Financial Officer since April 1997. Mr. Reed also was a director of Harrah's from 1998 to May 2001. Mr. Reed served in a variety of other management positions with Harrah's and its predecessor, Holiday Corp., since 1977. Mr. Reed is a director of First Horizon National Corporation.

David C. Kloepfel is the Company's Executive Vice President and Chief Financial Officer. Prior to joining the Company in September of 2001, Mr. Kloepfel worked in the Mergers and Acquisitions Department at Deutsche Bank in New York, where he was responsible for that department's activities in the lodging, leisure and real estate sectors. Mr. Kloepfel earned an MBA from Vanderbilt University's Owen Graduate School of Management, graduating with highest honors. He received his bachelor of science degree from Vanderbilt University, majoring in economics. Mr. Kloepfel is a director of FelCor Lodging Trust, Inc.

John P. Caparella is Executive Vice President of the Company and Chief Operating Officer, Gaylord Hotels, positions he has held since February 10, 2006. Prior to such time, he served as Senior Vice President and General Manager of the Company's Gaylord Palms Resort and Convention Center. Prior to joining the Company in November 2000, Mr. Caparella served as Executive Vice President, Planning, Development and Administration and President of PlanetHollywood.com for Planet Hollywood International, Inc., a creator and developer of entertainment-based consumer brands. Before joining Planet Hollywood in 1997, Mr. Caparella was with ITT Sheraton, an owner and operator of hotel brands, for 17 years in convention, resort, business and 4-star luxury properties, as well as ITT Sheraton's corporate headquarters. Mr. Caparella graduated from the State University of New York at Delhi and has an MBA from Rollins College Crummer Graduate School of Business.

Mark Fioravanti has been an Executive Vice President of the Company and President, ResortQuest since March 2004. From August 2002 until March 2004, Mr. Fioravanti was the Company's Senior Vice President of Marketing. Prior to joining the Company in August 2002, Mr. Fioravanti spent nine years with Harrah's Entertainment, where he was most recently Vice President of Finance and Administration of Harrah's New Orleans. Mr. Fioravanti's other roles at Harrah's Entertainment included Corporate Director of Strategic Planning and Director of Market Planning and Strategy. Mr. Fioravanti, who has over 16 years of experience in the hospitality, casino entertainment and real estate industries, graduated from The Ohio State University, where he earned his bachelor of science degree. He also holds an MBA from the University of Tennessee.

Carter R. Todd joined Gaylord Entertainment Company in July 2001 as the Company's Senior Vice President, General Counsel and Secretary. Prior to that time, he was a Corporate and Securities partner in the Nashville office of the

regional law firm Baker, Donelson, Bearman & Caldwell. Mr. Todd has practiced law in Nashville since 1982 and is a graduate of Vanderbilt University School of Law and Davidson College.

Rod Connor is the Senior Vice President and Chief Administrative Officer of the Company, a position he has held since September 2003. From January 2002 to September 2003, he was Senior Vice President of Risk Management and Administration. From December 1997 to January 2002, Mr. Connor was Senior Vice President and Chief Administrative Officer. From February 1995 to December 1997, he was the Vice President and Corporate Controller of the Company. Mr. Connor has been an employee of the Company for 35 years. Mr. Connor, who is a certified public accountant, has a B.S. degree in accounting from the University of Tennessee.

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Melissa J. Buffington is the Senior Vice President of Human Resources and Communications of the Company, a position she has held since August 2003. From 1999 until she joined the Company, Ms. Buffington was Senior Vice president of Human Resources and Strategic planning for Dollar General Corp., where she oversaw all human resource programs. From 1996 to 1999, Ms. Buffington held the position of Executive Vice president of Human Resources at First American Corporation. From 1992 to 1996, Ms. Buffington was First American's Senior Vice president and Director of Quality Management, and Director of Strategic Planning and Mergers and Acquisitions. Ms. Buffington is a graduate of The College of William and Mary, where she received her degree in business management. She earned her master's in business administration with a concentration in finance from Old Dominion University.

Item 1A. Risk Factors

You should carefully consider the following specific risk factors as well as the other information contained or incorporated by reference in this Annual Report on Form 10-K as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Some statements in this Business section and elsewhere in this Annual Report on Form 10-K are forward-looking statements and are qualified by the cautionary language regarding such statements.

The successful implementation of our business strategy depends on our ability to generate cash flows from our existing operations and other factors.

We have refocused our business strategy on the development of additional resort and convention center hotels in selected locations in the United States, on our ResortQuest vacation rental and property management business and on our attractions properties, including the Grand Ole Opry, which are focused primarily on the country music genre. The success of our future operating results depends on our ability to implement our business strategy by successfully operating the Gaylord Opryland, the Gaylord Palms and the Gaylord Texan, by successfully developing and financing our proposed Gaylord National hotel project near Washington, D.C. and by further exploiting our attractions assets and our vacation rental business. Our ability to do this depends upon many factors, some of which are beyond our control. These include:

- our ability to generate cash flows from existing operations;

- our ability to hire and retain hotel management, catering and convention-related staff for our hotels and staff for our vacation rental offices;

- our ability to successfully attract and maintain increased levels of customer and homeowner utilization of our ResortQuest vacation rental and property management business;

- our ability to capitalize on the strong brand recognition of certain of our Opry and Attractions assets; and

- the continued popularity and demand for country music.

If we are unable to successfully implement the business strategies described above, our cash flows and net income may be reduced.

Our hotel and convention business and our vacation rental and property management business are subject to significant market risks.

Our ability to continue to successfully operate our hotel and convention business, as well as our ability to operate our ResortQuest vacation rental business, is subject to factors beyond our control which could reduce the revenue and operating income of these properties. These factors include:

- the desirability and perceived attractiveness of the Nashville, Tennessee area; the Orlando, Florida area; and the Dallas, Texas area as tourist and convention destinations;

- the ability of our proposed Gaylord National hotel project near Washington, D.C. to operate in a new market which is extremely competitive;

adverse changes in the national economy and in the levels of tourism and convention business that would affect our hotels or vacation rental properties we manage;

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our ability to continue to attract group convention business;

the opening of the Gaylord National or other new hotels could impact our group convention business at our existing hotel properties;

the hotel and convention business is highly competitive, and the Gaylord Palms and the Gaylord Texan are operating in extremely competitive markets for convention and tourism business;

our group convention business is subject to reduced levels of demand during the year-end holiday periods, and we may not be able to attract sufficient general tourism guests to offset this seasonality; and

the vacation rental and property management business is highly competitive and has low barriers to entry, and we compete primarily with local vacation rental and property management companies located in our markets, some of whom are affiliated with the owners or operators of resorts where these competitors provide their services or which may have lower cost structures and may provide their services at lower rates.

Our efforts to improve or divest the ResortQuest business involves substantial risks.

Since our acquisition of ResortQuest in November 2003, we have invested substantial capital and management efforts in integrating and realigning ResortQuest's operations, including advancing its technology, making strategic acquisitions and divestitures to focus our property management on key markets, and terminating unprofitable management contracts. We are currently considering certain strategic alternatives for our ResortQuest business, including but not limited to a possible divestiture of all or a portion of the business. If we are either not successful in improving the operations and profitability of ResortQuest or in divesting the business, then our overall business, results of operations, financial condition or prospects could be adversely affected.

Unanticipated costs of hotels we open in new markets, including our Gaylord National hotel project, may reduce our operating income.

As part of our growth plans, we may open or acquire new hotels in geographic areas in which we have little or no operating experience and in which potential customers may not be familiar with our business. As a result, we may have to incur costs relating to the opening, operation and promotion of those new hotel properties that are substantially greater than those incurred in other areas. Even though we may incur substantial additional costs with these new hotel properties, they may attract fewer customers than our existing hotels. As a result, the results of operations at new hotel properties may be inferior to those of our existing hotels. The new hotels may even operate at a loss. Even if we are able to attract enough customers to our new hotel properties to operate them at a profit, it is possible that those customers could simply be moving future meetings or conventions from our existing hotel properties to our new hotel properties. Thus, the opening of a new hotel property could reduce the revenue of our existing hotel properties.

Our hotel development, including our Gaylord National hotel project, is subject to timing, budgeting and other risks.

We intend to develop additional 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;

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;

the availability and cost of capital; and

governmental restrictions on the nature or size of a project or timing of completion.

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

Our plans to develop the Gaylord National hotel project are subject to numerous risks.

Our plans to develop the Gaylord National hotel are subject to market conditions, the availability of financing, receipt of necessary building permits and other authorizations, and other factors, including those described in the preceding and following risk factors. Because the project is still more than a year away from completion and certain portions of the project have not been bid or contracted, we cannot be certain of the final costs of the project. As more fully described in Management's Discussion and Analysis of Financial Condition and Results of Operations, as of the date of this filing, we have in place a guaranteed maximum price construction contract with our general contractor for the Gaylord National project covering the majority of the work to be performed at this project. As additional portions of the Gaylord National project are bid and contracted, they are being added to our existing guaranteed maximum price contract by way of amendment. Because we do not have the entire project under contract at this time, there is a risk that the total construction cost for the project could increase beyond our current estimates or that the necessary contractors and subcontractors, as well as materials, will not be available.

The anticipated costs and completion dates for the Gaylord National are based on budgets, designs, development and construction documents and schedule estimates that we have prepared with the assistance of architects and our general contractor and that are subject to change as the design, development and construction documents are finalized and more actual construction work is performed. A failure to complete the Gaylord National on budget or on schedule may adversely affect our financial condition, results of operations or cash flows.

We intend to use cash flow from operations, our \$600 million credit facility, and governmental incentives to finance the costs of constructing and opening the Gaylord National. We may seek additional debt or equity financing for this or other projects. In addition, our \$600 million credit facility requires the Gaylord National to be substantially completed by June 30, 2008 (subject to customary force majeure provisions) and currently limits the aggregate amount of capital expenditures made to complete the project. The failure to obtain the necessary financing, or to satisfy or receive waivers of the credit facility requirements, could adversely affect our ability to construct the Gaylord National and any other hotel projects in the future.

In addition, we do not have experience operating in the Washington, D.C. market. We cannot assure you that the project will be completed, that it will be opened on time or on budget, or that its future operations will be successful.

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

Our ongoing and future construction projects, such as the Gaylord National, 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 or, in certain cases, our contractors' 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 non-compliance 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 the Gaylord National 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. We have no financing plans for projects other than the Gaylord National, and we do not know if any needed financing will be available on favorable terms.

Our real estate investments are subject to numerous risks.

Because we own hotels and attractions properties, we are subject to the risks that generally relate to investments in real property. The investment returns available from equity investments in real estate depend in large part on the amount of income earned and capital appreciation generated by the related properties, as well as the expenses incurred. In addition, a variety of other factors affect income from properties and real estate values, including governmental regulations, insurance, zoning, tax and eminent domain laws, interest rate levels and the availability of financing. For example, new or existing real estate zoning or tax laws can make it more expensive and/or

time-consuming to develop real property or expand, modify or renovate properties. When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire and to sell real property. Finally, governments can, under eminent domain laws, take real property. Sometimes this taking is for less compensation than the owner believes the property is worth. Any of these factors could have a material adverse impact on our results of operations or financial condition. In addition, equity real estate investments, such as the investments we hold and any additional properties that we may acquire, are relatively difficult to sell

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quickly. If our properties do not generate revenue sufficient to meet operating expenses, including debt service and capital expenditures, our income will be reduced.

Our hotel and vacation rental properties are concentrated geographically and our revenues and operating income could be reduced by adverse conditions specific to our property locations.

Our existing hotel properties are located predominately in the southeastern United States. As a result, our business and our financial operating results may be materially affected by adverse economic, weather or business conditions in the Southeast. In addition, our ResortQuest vacation rental business manages properties that are significantly concentrated in beach and island resorts located in Florida and Hawaii and mountain resorts located in Colorado. Adverse events or conditions which affect these areas in particular, such as economic recession, changes in regional travel patterns, extreme weather conditions or natural disasters, may have an adverse impact on our ResortQuest operations. Our ResortQuest operations in the coastal areas of the Southeast have been adversely impacted by hurricanes in recent years, with many units out of service for extended periods, and we may experience a significant impact on our results of operations if future adverse weather conditions occur.

Hospitality companies have been the target of class actions and other lawsuits alleging violations of federal and state law.

Our operating income and profits may be reduced by legal or governmental proceedings brought by or on behalf of our employees or customers. In recent years, a number of hospitality companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and similar matters. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted against us from time to time, and we cannot assure you that we will not incur substantial damages and expenses resulting from lawsuits of this type, which could have a material adverse effect on our business.

Our properties are subject to environmental regulations that could impose significant financial liability on us.

Environmental laws, ordinances and regulations of various federal, state, local and foreign governments regulate certain of our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under or in the properties we currently own or operate or those we previously owned or operated. Those laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real property or to borrow using the real property as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Other laws, ordinances and regulations could require us to manage, abate or remove lead- or asbestos-containing materials. Similarly, the operation and closure of storage tanks are often regulated by federal, state, local and foreign laws. Finally, certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real property.

Any failure to attract, retain and integrate senior and managerial level executives could negatively impact our operations and development of our properties.

Our future performance depends upon our ability to attract qualified senior executives, retain their services and integrate them into our business. Our future financial results also will depend upon our ability to attract and retain highly skilled managerial and marketing personnel in our different areas of operation. Competition for qualified personnel is intense and is likely to increase in the future. We compete for qualified personnel against companies with significantly greater financial resources than ours.

We have certain minority equity interests over which we have no significant control, to or for which we may owe significant obligations and for which there is no readily available market, and these investments may not be profitable.

We have certain minority investments which are not liquid and over which we have little or no rights, or ability, to exercise the direction or control of the respective enterprises. These include our equity interests in Viacom and CBS, Bass Pro, RHAC, LLC (the entity which owns the ResortQuest Waikiki Beach Hotel), and Waipouli Holdings, LLC

(the entity which owns the ResortQuest Kauai Beach Hotel at Makaiwa). When we make these investments, we sometimes extend guarantees related to such investments. The ultimate value of each of these investments will be dependent upon the efforts of others over an extended period of time. The nature of our interests and the absence of a readily available market for those interests restricts our ability to dispose of them. Our lack of control over the management of these businesses and the lack of a readily available market to sell our interest in these businesses may cause us to recognize a loss on our investment in these businesses. See Management's Discussion and Analysis of Financial Condition and Results of Operations. In addition, we may enter into joint venture

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arrangements. These arrangements are subject to uncertainties and risks, including those related to conflicting joint venture partner interests and to our joint venture partners failing to meet their financial or other obligations.

We are subject to risks relating to acts of God, terrorist activity and war.

Our operating income may be reduced by acts of God, such as natural disasters or acts of terror, in locations where we own and/or operate significant properties and areas of the world from which we draw a large number of customers. In January of 2007, the Army Corps of Engineers announced that the Wolf Creek Dam on Lake Cumberland in Kentucky was at high risk for structural failure. A significant portion of our Gaylord Opryland property in Nashville is in the Cumberland river flood plain if the Dam should fail, and the Corps has announced it is taking immediate action to reduce the chances of any type of flood. Some types of losses, such as from flood, earthquake, hurricane, terrorism and environmental hazards, may be either uninsurable or too expensive to justify insuring against. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a hotel, as well as the anticipated future revenue from the hotel. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Similarly, wars (including the potential for war), terrorist activity (including threats of terrorist activity), political unrest and other forms of civil strife as well as geopolitical uncertainty may cause in the future our results to differ materially from anticipated results.

The hospitality industry and the vacation and property management industry are heavily regulated, including with respect to food and beverage sales, real estate brokerage licensing, employee relations and construction concerns, and compliance with these regulations could increase our costs and reduce our revenues and profits.

Our hotel operations are subject to numerous laws, including those relating to the preparation and sale of food and beverages, liquor service and health and safety of premises. Our vacation rental operations are also subject to licensing requirements applicable to real estate operations, laws and regulations relating to consumer protection and local ordinances. We are also subject to laws regulating our relationship with our employees in areas such as hiring and firing, minimum wage and maximum working hours, overtime and working conditions. Although no employees at our hotels are currently represented by labor unions, labor union organizing activities may take place at any new hotel property we open. Additionally, we may in the future experience attempts to unionize employees at our existing hotels. A lengthy strike or other work stoppage at one of our hotels, or the threat of such activity, could have an adverse effect on our business and results of operations. The success of expanding our hotel operations also depends upon our obtaining necessary building permits and zoning variances from local authorities. Compliance with these laws is time intensive and costly and may reduce our revenues and operating income.

If vacation rental property owners do not renew a significant number of property management contracts, revenues and operating income from our ResortQuest vacation rental business would be reduced.

Through our ResortQuest vacation rental business, we provide rental and property management services to property owners pursuant to management contracts, which generally have one-year terms. The majority of such contracts contain automatic renewal provisions but also allow property owners to terminate the contract at any time. If property owners do not renew a significant number of management contracts or if we are unable to attract additional property owners, revenues and operating income for our ResortQuest business may be reduced. In addition, although most of its contracts are exclusive, industry standards in certain geographic markets dictate that rental services be provided on a non-exclusive basis.

Our substantial debt could reduce our cash flow and limit our business activities.

We currently have a significant amount of debt. As of December 31, 2006, we had \$755.6 million of total debt, exclusive of our \$613.1 million secured forward exchange contract, and stockholders' equity of \$798.0 million. Our substantial amount of debt could have important consequences. For example, it could:

increase our vulnerability to general adverse economic and industry conditions;

require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to fund future capital expenditures, working capital and other general corporate requirements;

limit our flexibility in planning for, or reacting to, changes in our business and the hospitality industry, which may place us at a competitive disadvantage compared with competitors that are less leveraged;

increase our vulnerability to general adverse economic and industry conditions; and

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limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity. In addition, the terms of our \$600 million credit facility and the indentures governing our 8% senior notes and our 6.75% senior notes allow us to incur substantial amounts of additional debt subject to certain limitations. Any such additional debt could increase the risks associated with our substantial leverage. Our substantial leverage is evidenced by our earnings being insufficient to cover fixed charges by \$104.2 million and \$47.9 million for the years ended December 31, 2006 and 2005, respectively. At the time any principal amount of our indebtedness is due, we may not have cash available to pay this amount, and we may not be able to refinance this indebtedness on favorable terms, or at all. We may incur additional debt in connection with our planned expansion of the Gaylord National hotel project or any additional hotel development.

The agreements governing our debt, including our 8% senior notes, our 6.75% senior notes and our \$600 million credit facility, contain various covenants that limit our discretion in the operation of our business and could lead to acceleration of debt.

Our existing financial agreements, including our \$600 million credit facility and the senior notes, impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities. These restrictions require us to comply with or maintain certain financial tests and ratios, including minimum consolidated net worth, minimum interest coverage ratio and maximum leverage ratios, and limit or prohibit our ability to, among other things:

incur additional debt and issue preferred stock;

create liens;

redeem and/or prepay certain debt;

pay dividends on our stock to our stockholders or repurchase our stock;

make certain investments;

enter new lines of business;

engage in consolidations, mergers and acquisitions;

make certain capital expenditures; and

pay dividends and make other distributions from our subsidiaries to us.

These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities. Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the notes. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing.

Fluctuations in our operating results and other factors may result in decreases in our stock price.

In recent periods, the market price for our common stock has fluctuated substantially. From time to time, there may be significant volatility in the market price of our common stock. We believe that the current market price of our common stock reflects expectations that we will be able to continue to operate our existing hotels profitably and to develop new hotel properties profitably. If we are unable to accomplish this, investors could sell shares of our

common stock at or after the time that it becomes apparent that the expectations of the market may not be realized, resulting in a decrease in the market price of our common stock. In addition to our operating results, the operating results of other hospitality companies, changes in financial estimates or recommendations by analysts, adverse weather conditions, increased construction costs, increased labor and other costs, changes in general conditions in the economy or the financial markets or other developments affecting us or our industry, such as the recent terrorist attacks, could cause the market price of our common stock to fluctuate substantially. In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance.

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To service our debt and pay other obligations, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, including any future debt we may incur, and to fund planned capital expenditures will depend largely upon our future operating performance and our ability to generate cash from operations. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt will depend on the satisfaction of the covenants and financial ratios in our \$600 million credit facility and our other debt agreements, including the indentures governing our 6.75% senior notes and our 8% senior notes and other agreements we may enter into in the future. At the expiration of the secured forward exchange contract relating to shares of Viacom and CBS stock we own, we will be required to incur additional debt or use any cash on hand to pay the estimated \$141.5 million deferred tax payable at that time, which we anticipate will be reduced by approximately one third to one-half through the application of the Company's Federal and state income tax net operating loss carryforwards and Federal income tax credit carryforwards. Our business may not generate sufficient cash flow from operations or we may not have future borrowings available to us under our \$600 million credit facility or from other sources in an amount sufficient to enable us to pay our debt, to fund our tax liability or to fund our other liquidity needs.

Our certificate of incorporation and bylaws and Delaware law could make it difficult for a third party to acquire our company.

The Delaware General Corporation Law and our certificate of incorporation and bylaws contain provisions that could delay, deter or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. These provisions:

authorize us to issue blank check preferred stock, which is preferred stock that can be created and issued by our board of directors, without stockholder approval, with rights senior to those of common stock;

provide that directors may only be removed with cause by the affirmative vote of at least a majority of the votes of shares entitled to vote thereon;

establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at meeting;

provide that special meetings of stockholders may be called only by our chairman or by majority of the members of our board of directors;

impose restrictions on ownership of our common stock by non-United States persons due to our ownership of a radio station; and

prohibit stockholder actions taken on written consent.

We are also subject to anti-takeover provisions under Delaware law, which could also delay or prevent a change of control. Together, these provisions of our certificate of incorporation and bylaws and Delaware law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for publicly traded equity securities, and also could limit the price that investors are willing to pay in the future for shares of our publicly traded equity securities. We have considered other measures such as adoption of a stockholder rights plan. Although we have not adopted such a plan to date, we may do so in the future.

Our issuance of preferred stock could adversely affect holders of our common stock and discourage a takeover.

Our board of directors has the power to issue up to 100.0 million shares of preferred stock without any action on the part of our stockholders. As of February 1, 2007, we had no shares of preferred stock outstanding. Our board of directors also has the power, without stockholder approval, to set the terms of any new series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends

or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue additional shares of preferred stock in the future that have preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to

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issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and prevent a transaction favorable to our stockholders.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Corporate and Other

We own our executive offices and headquarters located at One Gaylord Drive, Nashville, Tennessee, which consists of a five-story office building comprising approximately 80,000 square feet. We also own our shared services center located within the Opryland complex, which contains approximately 84,000 square feet of space. We believe that these facilities and the facilities described below utilized for each of our business segments are generally well maintained.

Hospitality

We own our Opryland complex in Nashville, Tennessee, which includes the site of Gaylord Opryland (approximately 172 acres). We also own the 6.5 acre site of the Radisson Hotel at Opryland, which is located near the Opryland complex. We have leased a 65-acre tract in Osceola County, Florida, on which the Gaylord Palms is located, pursuant to a 75-year ground lease with a 24-year renewal option. We acquired approximately 100 acres in Grapevine, Texas, through ownership (approximately 75 acres) and ground lease (approximately 25 acres), on which the Gaylord Texan is located. During 2006, we acquired an additional 25 acres of property adjacent to the Gaylord Texan. We acquired approximately 42 acres on the Potomac River in Prince George's County, Maryland, on which we are developing our Gaylord National Resort & Convention Center. All properties secure our \$600 million credit facility, as described in the Liquidity and Capital Resources section of Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

ResortQuest

ResortQuest currently has approximately 171 properties in 10 states in the U.S. and one province in Canada. These properties consist principally of offices and maintenance, laundry and storage facilities. We own approximately 27 of these facilities and lease approximately 144 properties. We consider all of these owned and leased properties to be suitable and adequate for the conduct of our business.

Opry and Attractions Group

We own the General Jackson Showboat's docking facility and the Opry House, both of which are located within the Opryland complex. We also own the Gaylord Springs Golf Links, an 18-hole golf course situated on over 200 acres, which is located near the Opryland complex. In downtown Nashville, we own the Ryman Auditorium and the Wildhorse Saloon dance hall and production facility. We own WSM Radio's offices and studios, which are also located within the Opryland complex.

Item 3. Legal Proceedings

We and various of our subsidiaries are involved in lawsuits incidental to the ordinary course of our businesses, such as personal injury actions by guests and employees and complaints alleging employee discrimination. We maintain various insurance policies, including general liability and property damage insurance, as well as workers compensation, business interruption, and other policies, which we believe provide adequate coverage for the risks associated with our range of operations. We believe that we are adequately insured against these claims by our existing insurance policies and that the outcome of any pending claims or proceedings will not have a material adverse effect on our financial position or results of operations.

We may have potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (CERCLA or Superfund), for response costs at two Superfund sites. The liability relates to properties formerly owned by our predecessor. In 1991, Oklahoma Publishing Company, or OPUBCO, assumed these liabilities and agreed to indemnify us for any losses, damages, or other liabilities incurred by it in connection with these matters. We believe that OPUBCO's indemnification will fully cover our Superfund liabilities, if any, and that, based on our current estimates of these liabilities, OPUBCO has sufficient financial resources to fulfill its indemnification obligations.

Table of Contents**Item 4. Submission of Matters to a Vote of Security Holders**

None.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The Company's common stock is listed on the New York Stock Exchange under the symbol GET. The following table sets forth, for the calendar quarters indicated, the high and low sales prices for our common stock as reported by the NYSE for the last two years:

	2006		2005	
	High	Low	High	Low
First Quarter	\$46.18	\$40.00	\$44.19	\$38.27
Second Quarter	48.56	40.21	47.19	38.20
Third Quarter	45.95	36.93	48.97	42.12
Fourth Quarter	51.83	42.83	48.80	38.50

There were approximately 2,941 record holders of our common stock as of February 1, 2007.

We have not paid dividends on our common stock during the 2006 or 2005 fiscal years. We do not presently intend to declare any cash dividends. We intend to retain our earnings to fund the operation of our business, to service and repay our debt, and to make strategic investments as they arise. Moreover, the terms of our debt contain financial covenants that restrict our ability to pay dividends. Our Board of Directors may reevaluate this dividend policy in the future in light of our results of operations, financial condition, cash requirements, future prospects, loan agreements and other factors deemed relevant by our Board.

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Item 6. *Selected Financial Data*

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
SELECTED FINANCIAL DATA**

The following selected historical financial information of Gaylord and its subsidiaries as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 was derived from our audited consolidated financial statements included herein. The selected financial information as of December 31, 2004, 2003 and 2002 and for each of the two years in the period ended December 31, 2003 was derived from previously issued audited consolidated financial statements adjusted for unaudited revisions for discontinued operations. The information in the following table should be read in conjunction with Management's Discussion of Financial Condition and Results of Operations and our consolidated financial statements and related notes as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 included herein. We acquired ResortQuest on November 20, 2003, and the results of operations of ResortQuest are included in our results since November 20, 2003.

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	Years Ended December 31,				
	2006	2005	2004	2003	2002
	(in thousands, except per share amounts)				
Income Statement Data:					
Revenues:					
Hospitality	\$ 645,437	\$ 576,927	\$ 473,051	\$ 369,263	\$ 339,380
Opry and Attractions	76,580	67,097	66,565	61,433	65,600
ResortQuest	225,650	222,003	188,619	16,228	
Corporate and Other	255	512	388	184	272
Total revenues	947,922	866,539	728,623	447,108	405,252
Operating expenses:					
Operating costs	618,455	571,494	478,224	275,799	254,583
Selling, general and administrative	194,189	186,203	171,660	116,729	108,732
Preopening costs(1)	7,174	5,005	14,205	11,562	8,913
Gain on sale of assets(2)					(30,529)
Impairment and other charges	110,710(4)		1,212(4)	856(4)	
Restructuring charges			196(5)		(17) (5)
Depreciation and amortization:					
Hospitality	64,502	63,188	58,521	46,536	44,924
Opry and Attractions	5,663	5,347	5,215	5,129	5,778
ResortQuest	10,772	10,619	9,170	1,154	
Corporate and Other	4,903	4,049	4,737	6,099	5,778
Total depreciation and amortization	85,840	83,203	77,643	58,918	56,480
Total operating expenses	1,016,368	845,905	743,140	463,864	398,162
Operating (loss) income:					
Hospitality	99,087	72,705	43,525	42,347	25,972
Opry and Attractions	5,014	1,889	1,548	(600)	1,596
ResortQuest	(1,331)	(7,689)	(226)	(2,689)	
Corporate and Other	(53,332)	(41,266)	(43,751)	(43,396)	(42,111)
Preopening costs(1)	(7,174)	(5,005)	(14,205)	(11,562)	(8,913)
Gain on sale of assets(2)					30,529
Impairment and other charges	(110,710) (4)		(1,212) (4)	(856) (4)	
Restructuring charges			(196) (5)		17(5)
Total operating (loss) income	(68,446)	20,634	(14,517)	(16,756)	7,090
Interest expense, net of amounts capitalized	(71,719)	(73,169)	(55,064)	(52,804)	(46,960)
Interest income	3,135	2,478	1,501	2,461	2,808
Unrealized gain (loss) on Viacom stock and CBS stock	38,337	(41,554)	(87,914)	39,831	(37,300)
Unrealized (loss) gain on derivatives, net	(16,618)	35,705	56,533	(33,228)	86,476
Income from unconsolidated companies	10,565	2,169	3,825	2,340	3,058
Other gains and (losses)	9,469	6,660	1,089	2,209	1,163

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(Loss) income from continuing operations before income taxes	(95,277)	(47,077)	(94,547)	(55,947)	16,335
(Benefit) provision for income taxes	(12,445)	(15,284)	(39,956)	(23,786)	2,509
(Loss) income from continuing operations	(82,832)	(31,793)	(54,591)	(32,161)	13,826
Gain (loss) from discontinued operations, net of taxes(3)	3,397	(2,157)	953	34,413	85,757
Cumulative effect of accounting change, net of taxes					(2,572) (6)
Net (loss) income	\$ (79,435)	\$ (33,950)	\$ (53,638)	\$ 2,252	\$ 97,011
(Loss) Income Per Share:					
(Loss) income from continuing operations	\$ (2.04)	\$ (0.79)	\$ (1.38)	\$ (0.93)	\$ 0.41
Gain (loss) from discontinued operations, net of taxes	0.08	(0.06)	0.03	1.00	2.54
Cumulative effect of accounting change, net of taxes					(0.08)
Net (loss) income	\$ (1.96)	\$ (0.85)	\$ (1.35)	\$ 0.07	\$ 2.87
(Loss) Income Per Share Assuming Dilution:					
(Loss) income from continuing operations	\$ (2.04)	\$ (0.79)	\$ (1.38)	\$ (0.93)	\$ 0.41
Gain (loss) from discontinued operations, net of taxes	0.08	(0.06)	0.03	1.00	2.54
Cumulative effect of accounting change, net of taxes					(0.08)
Net (loss) income	\$ (1.96)	\$ (0.85)	\$ (1.35)	\$ 0.07	\$ 2.87

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	2006	As of December 31,		2003	2002
		2005	2004		
		(in thousands)			
Balance Sheet Data:					
Total assets	\$2,632,519(7)	\$2,532,590(7)	\$2,521,045(7)	\$2,581,010(7)	\$2,180,098(7)
Total debt	755,606(8)	600,300(8)	576,409(8)	548,759(8)	340,638(8)
Secured forward exchange contract	613,054(7)	613,054(7)	613,054(7)	613,054(7)	613,054(7)
Total stockholders equity	798,026	848,567	869,601	906,793	788,437

(1) Preopening costs are related to the Gaylord Palms, the Gaylord Texan and our Gaylord National hotel project in the Washington, D.C. area. Gaylord Palms opened in January 2002 and the Gaylord Texan opened in April 2004. The Gaylord National hotel is expected to open in 2008.

(2) During 2002, we sold our one-third interest in the Opry Mills Shopping Center in Nashville, Tennessee and the related land lease interest between the Company and the Mills Corporation.

- (3) In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets . In accordance with the provisions of SFAS No. 144, we have presented the operating results and financial position of the following businesses as discontinued operations: ResortQuest Discontinued Markets; WSM-FM and WWTN(FM); Word Entertainment; Acuff-Rose Music Publishing; GET Management, our artist management business; Oklahoma RedHawks; our international cable networks; the businesses sold to affiliates of The Oklahoma Publishing Company consisting of Pandora Films, Gaylord Films, Gaylord Sports

Management,
Gaylord Event
Television and
Gaylord
Production
Company; and
our water taxis.

- (4) Reflects the divestiture of certain businesses and reduction in the carrying values of certain assets. The components of the impairment and other charges related to continuing operations are as follows:

	2006	2004 (in thousands)	2003
Goodwill	\$ 85,736	\$	\$
Trade name	12,085		
Management agreements	263		
Software developed for internal use	12,626		
Programming, film and other content		1,212	856
Total impairment and other charges	\$110,710	\$1,212	\$856

- (5) Related primarily to employee severance and contract termination costs.

- (6) Reflects the cumulative effect of the change in accounting method related to adopting the provisions of

SFAS No. 142.
We recorded an impairment loss related to impairment of the goodwill of the Radisson Hotel at Opryland. The impairment loss was \$4.2 million, less taxes of \$1.6 million.

- (7) In 1999 we recognized a pretax gain of \$459.3 million as a result of the divestiture of television station KTVT in Dallas-Ft. Worth in exchange for CBS Series B preferred stock, which was later converted into 11,003,000 shares of Viacom, Inc. Class B common stock, \$4.2 million of cash and other consideration. During 2000, we entered into a seven-year forward exchange contract for a notional amount of \$613.1 million with respect to 10,937,900 shares of the Viacom, Inc.

Class B
common stock.

As further
discussed in
Note 8 to our
consolidated
financial
statements for
the year ended
December 31,
2006 included
herewith, we
exchanged the
10,937,900
shares of
Viacom, Inc.

Class B
common stock
for 5,468,950
shares of
Viacom Stock
and 5,468,950
shares of CBS
Stock effective
January 3, 2006.
The CBS Stock
and Viacom
Stock were
included in total
assets at their
market values of
\$394.9 million,
\$356.6 million,
\$400.4 million,
\$488.3 million,
and
\$448.5 million
at December 31,
2006,

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2005, 2004,
2003 and 2002,
respectively.
Prepaid interest
related to the
secured forward
exchange
contract of
\$10.5 million,
\$37.3 million,
\$64.3 million,
\$91.2 million
and
\$118.1 million,
respectively,
was included in
total assets at
December 31,
2006, 2005,
2004, 2003 and
2002,
respectively.

- (8) Related
primarily to the
construction of
the Gaylord
Palms, the
Gaylord Texan
and the Gaylord
National.

Table of Contents**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**
Our Current Operations

Our ongoing operations are organized into three principal business segments:

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

ResortQuest, consisting of our vacation rental property management business.

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

Corporate and Other, consisting of our ownership interests in certain entities and our corporate expenses. For the years ended December 31, our total revenues were divided among these business segments as follows:

Segment	2006	2005	2004
Hospitality	68%	66%	65%
ResortQuest	24%	26%	26%
Opry and Attractions	8%	8%	9%
Corporate and Other	0%	0%	0%

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

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

Key Performance Indicators

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

hotel occupancy (volume indicator)

average daily rate (ADR) (price indicator)

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

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

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

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

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

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

occupancy rate of units available for rental (volume indicator)

average daily rate (price indicator)

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

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

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

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

Overall Outlook

Hospitality Segment. We have invested heavily in our operations in the years ended December 31, 2006, 2005 and 2004, primarily in connection with the continued construction and ultimate opening of the Gaylord Texan in 2003 and 2004 and the beginning of construction of our Gaylord National hotel project in 2005 and 2006, which is described in more detail below. Our investments in 2007 will consist primarily of ongoing capital improvements for our existing properties and the continued construction of the Gaylord National.

On February 23, 2005, we acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland (located in the Washington D.C. area) for approximately \$29 million on which we are developing a hotel to be known as the Gaylord National Resort & Convention Center. Approximately \$17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. The project was originally planned to include a 1,500 room hotel; however, we have expanded the planned hotel to a total of 2,000 rooms. We currently expect to open the hotel in 2008.

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Prince George's County, Maryland has approved three bond issues related to the development of our hotel project. The first bond issuance, in the amount of \$65 million, was issued by Prince George's County, Maryland in April 2005 to support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of \$95 million, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until completion of the convention center and 1,500 rooms within the hotel, at which time the bonds will be released to us. In addition, on July 18, 2006 Prince George's County, Maryland approved an additional \$50 million of bonds, which will be issued to us upon completion of the entire project. We will initially hold the \$95 million and \$50 million bond issuances and receive the debt service thereon, which is payable from tax increment, hotel tax and special hotel rental taxes generated from our development.

We have entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. The agreement with the general contractor (the Perini/Tompkins Joint Venture) is with our wholly-owned subsidiary, Gaylord National, LLC, and provides for the construction of a portion of the Gaylord National hotel project in a guaranteed maximum price format. As of December 31, 2006, we had committed to pay \$475.9 million under this agreement and the other agreements for construction services and supplies and other construction related costs (\$202.1 million of which was outstanding). Construction costs to date have exceeded our initial estimates from 2004. These increased costs are attributable to: (a) construction materials price escalation that has occurred over the past three years; (b) increased cost of construction labor in the Washington, D.C. marketplace due to historically low unemployment and a high degree of construction activity; (c) our 500-room expansion and related additional meeting space, and the acceleration of its construction so that the expansion will open concurrently with the original project; and (d) enhancements to the project design. We currently estimate that the total cost of the project will be approximately \$870 million, which includes the estimated construction costs for the expanded 2,000 room facility and excludes approximately \$57 million in capitalized interest, approximately \$41 million in pre-opening costs and the governmental economic incentives. As of December 31, 2006, we have spent approximately \$262 million (excluding capitalized interest and pre-opening costs) on the project. We intend to use proceeds of our \$600 million credit facility, cash flow from operations, and after completion, the proceeds of tax increment payments on the \$145 million in government bonds described above, as well as the sale of certain non-core assets or additional debt financing, to fund the development and construction.

On July 25, 2006, the Unified Port of San Diego Board of Commissioners and the City of Chula Vista approved a non-binding letter of intent with us, outlining the general terms of our development of a 1,500 to 2,000 room convention hotel in Chula Vista, California. We are also considering other potential hotel sites throughout the country. The timing and extent of any of these development projects is uncertain, and we have not made any commitments, received any government approvals or made any financing plans in connection with Chula Vista or other potential sites.

ResortQuest Segment. On February 13, 2007, we announced that we were in the process of evaluating strategic alternatives for ResortQuest. Depending on the results of this analysis and process, we may sell all or a portion of this business.

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The following table contains our selected financial information for each of the three years ended December 31, 2006, 2005 and 2004. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues.

	Years Ended December 31,					
	2006	%	2005	%	2004	%
(in thousands, except percentages)						
Income Statement						
Data:						
REVENUES:						
Hospitality	\$ 645,437	68.1%	\$ 576,927	66.6%	\$ 473,051	64.9%
Opry and Attractions	76,580	8.1%	67,097	7.7%	66,565	9.1%
ResortQuest	225,650	23.8%	222,003	25.7%	188,619	26.0%
Corporate and Other	255	0.0%	512	0.0%	388	0.0%
Total revenues	947,922	100.0%	866,539	100.0%	728,623	100.0%
OPERATING EXPENSES:						
Operating costs	618,455	65.2%	571,494	66.0%	478,224	65.6%
Selling, general and administrative	194,189	20.5%	186,203	21.5%	171,660	23.6%
Preopening costs	7,174	0.8%	5,005	0.6%	14,205	1.9%
Impairment and other charges	110,710	11.7%		0.0%	1,212	0.2%
Restructuring charges		0.0%		0.0%	196	0.0%
Depreciation and amortization:						
Hospitality	64,502	6.8%	63,188	7.3%	58,521	8.0%
Opry and Attractions	5,663	0.6%	5,347	0.6%	5,215	0.7%
ResortQuest	10,772	1.1%	10,619	1.2%	9,170	1.3%
Corporate and Other	4,903	0.5%	4,049	0.5%	4,737	0.7%
Total depreciation and amortization	85,840	9.1%	83,203	9.6%	77,643	10.7%
Total operating expenses	1,016,368	107.2%	845,905	97.6%	743,140	102.0%
OPERATING (LOSS) INCOME:						
Hospitality	99,087	15.4%	72,705	12.6%	43,525	9.2%
Opry and Attractions	5,014	6.5%	1,889	2.8%	1,548	2.3%
ResortQuest	(1,331)	-0.6%	(7,689)	-3.5%	(226)	-0.1%
Corporate and Other	(53,332)	(A)	(41,266)	(A)	(43,751)	(A)
Preopening costs	(7,174)	(B)	(5,005)	(B)	(14,205)	(B)
Impairment and other charges	(110,710)	(B)		(B)	(1,212)	(B)

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Restructuring charges		(B)		(B)	(196)	(B)
Total operating (loss) income	(68,446)	-7.2%	20,634	2.4%	(14,517)	-2.0%
Interest expense, net of amounts capitalized	(71,719)	(C)	(73,169)	(C)	(55,064)	(C)
Interest income	3,135	(C)	2,478	(C)	1,501	(C)
Unrealized gain (loss) on Viacom stock and CBS stock and derivatives, net	21,719	(C)	(5,849)	(C)	(31,381)	(C)
Income from unconsolidated companies	10,565	(C)	2,169	(C)	3,825	(C)
Other gains and (losses)	9,469	(C)	6,660	(C)	1,089	(C)
Benefit for income taxes	12,445	(C)	15,284	(C)	39,956	(C)
Gain (loss) from discontinued operations, net of taxes	3,397	(C)	(2,157)	(C)	953	(C)
Net (loss) income	\$ (79,435)	(C)	\$ (33,950)	(C)	\$ (53,638)	(C)

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

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

(C)

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

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

The following table summarizes our financial results for the years ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
(in thousands, except percentages and per share data)					
Total revenues	\$ 947,922	9.39%	\$ 866,539	18.93%	\$ 728,623
Total operating expenses	1,016,368	20.15%	845,905	13.83%	743,140
Operating income (loss)	(68,446)	-431.71%	20,634	242.14%	(14,517)
Net (loss) income	(79,435)	133.98%	(33,950)	36.71%	(53,638)
Net (loss) income per share fully diluted	(1.96)	130.59%	(0.85)	37.04%	(1.35)

2006 Results As Compared to 2005 Results

The \$81.4 million increase in our total revenues in 2006, as compared to 2005, was primarily due to improved Hospitality segment revenues (an increase of \$68.5 million), as well as increased revenues at our Opry and Attractions segment (an increase of \$9.5 million), each as described more fully below. The \$170.5 million increase in our operating expenses in 2006, as compared to 2005, is primarily attributable to the \$110.7 million impairment charge incurred in 2006 related to ResortQuest, described more fully below. Increases in our total operating costs (an increase of \$47.0 million in 2006 from 2005) and our total selling, general and administrative expenses (an increase of \$8.0 million in 2006 from 2005), which are described more fully below, also contributed to the increase in our operating expenses in 2006.

The increased costs described above resulted in an operating loss of \$68.4 million for 2006, as compared to operating income of \$20.6 million in 2005. While our operating loss in 2006 was primarily responsible for the \$45.5 million increase in our net loss in 2006 (as compared to 2005), the following factors, each as described more fully below, served to reduce the size of our net loss in 2006:

The recognition of a net unrealized gain on our investment in Viacom and CBS stock and the related secured forward exchange contract of \$21.7 million in 2006, as compared to a net unrealized loss of \$5.8 million in 2005.

Income from unconsolidated companies of \$10.6 million in 2006, as compared to income from unconsolidated companies of \$2.2 million in 2005, reflecting our equity in earnings from our minority investments in Bass Pro and our two Hawaii hotel joint ventures.

A gain on discontinued operations of \$3.4 million in 2006, as compared to a loss on discontinued operations of \$2.2 million in 2005, described more fully in Gain (Loss) from Discontinued Operations, Net of Taxes below.

2005 Results As Compared to 2004 Results

The increase in our total revenues and total operating expenses in 2005, as compared to 2004, was due to improved Hospitality operating segment performance and the related increase in operating expenses necessary to service this revenue, a full year of operations for the Gaylord Texan and increased revenues and operating expenses at our ResortQuest segment. Hospitality segment results, along with a \$9.2 million reduction in preopening costs in 2005 as compared to 2004, were primarily responsible for our operating income in 2005, as compared to our operating loss in 2004. However, the ResortQuest segment's operating loss of \$7.7 million in 2005, as compared to an operating loss of \$0.2 million in 2004, served to decrease the amount of our operating income in 2005.

Our operating income in 2005 was responsible in part for the reduction in size of our net loss in 2005, as compared to 2004, although the following factors, among others, also impacted our net loss for 2005:

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The recognition of a net unrealized loss on our investment in Viacom stock and the related secured forward exchange contract of \$5.8 million in 2005, as compared to a net unrealized loss of \$31.4 million in 2004.

An increase in interest expense, net of amounts capitalized, of approximately \$18.1 million in 2005, as compared to 2004.

A \$24.7 million reduction in the amount of our benefit for income taxes in 2005, as compared to 2004.

A \$5.6 million increase in our other gains and losses, net, in 2005, as compared to 2004.

Factors and Trends Contributing to Operating Performance

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

Improved system-wide Hospitality segment occupancy rates and ADR in 2006 and 2005, described more fully below, which resulted in improved Hospitality RevPAR as compared to prior periods.

Improved banquet and catering and other ancillary services revenue at our hotels for 2006 and 2005, described more fully below, which positively impacted Hospitality Total RevPAR as compared to prior periods.

Approximately \$110.7 million of impairment charges relating to our ResortQuest operations, described more fully below, which negatively impacted our operating performance in 2006.

Recently Adopted Accounting Standards

Prior to January 1, 2006, we accounted for stock options under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. No stock-based employee compensation cost was recognized in the accompanying condensed consolidated statement of operations related to stock options for the twelve months ended December 31, 2005 and 2004, as all options granted by us had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, we adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Results for prior periods have not been restated.

As a result of adopting Statement 123(R) on January 1, 2006, our net loss for the year ended December 31, 2006 is \$4.0 million higher than if we had continued to account for share-based compensation under APB Opinion No. 25. Our diluted loss per share for the year ended December 31, 2006 is \$0.10 higher than if we had continued to account for share-based compensation under APB Opinion No. 25. As of December 31, 2006, there was \$16.3 million of total unrecognized compensation cost related to stock options, restricted stock and restricted stock units granted by us. That cost is expected to be recognized over a weighted-average period of 2.2 years.

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

Total Segment Results. The following presents the financial results of our Hospitality segment for the years ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	%	2005	%	2004
	(in thousands, except percentages and performance metrics)				
Hospitality revenue (1)	\$ 645,437	11.87%	\$ 576,927	21.96%	\$ 473,051
Hospitality operating expenses:					
Operating costs	385,817	11.45%	346,179	21.07%	285,930
Selling, general and administrative	96,031	1.24%	94,855	11.50%	85,075
Depreciation and amortization	64,502	2.08%	63,188	7.97%	58,521
 Total Hospitality operating expenses	 546,350	 8.36%	 504,222	 17.39%	 429,526
 Hospitality operating income (2)	 \$ 99,087	 36.29%	 \$ 72,705	 67.04%	 \$ 43,525
 Hospitality performance metrics:					
Occupancy (6)	78.0%	5.55%	73.9%	4.38%	70.8%
ADR	\$ 155.01	3.53%	\$ 149.73	4.96%	\$ 142.65
RevPAR (3) (6)	\$ 120.93	9.29%	\$ 110.65	9.57%	\$ 100.99
Total RevPAR (4) (6)	\$ 292.47	11.35%	\$ 262.65	16.26%	\$ 225.91
Net Definite Room Nights Booked (5)	1,670,000	-9.24%	1,840,000	16.46%	1,580,000

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

(2) Hospitality operating income does not

include the effect of preopening costs. See the discussion of preopening costs set forth below.

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

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

(5) Net Definite Room Nights

Booked included 347,000, 434,000 and 113,000 room nights for the years ended December 31, 2006, 2005 and 2004, respectively, related to Gaylord National, which we expect to open in 2008.

- (6) Excludes 20,048 and 29,551 room nights that were taken out of service during the years ended December 31, 2006 and 2005, respectively, as a result of a continued multi-year rooms renovation program at Gaylord Opryland.

The increase in total Hospitality segment revenue and RevPAR for the year ended December 31, 2006, as compared to the same period in 2005, was due to improved performance in the segment, primarily attributable to increased system-wide occupancy and average daily rate. Although all of our properties experienced improved occupancy during 2006, the increase in system-wide occupancy was primarily driven by the increase in occupancy at Gaylord Opryland, described more fully below. The increase in total Hospitality segment revenue and RevPAR for the year ended December 31, 2005, as compared to the same period in 2004, was due to improved performance in the segment and a full year of results at the Gaylord Texan. Additionally, improved system-wide catering and other ancillary revenues served to supplement the impact of the improved RevPAR upon our Total RevPAR in both 2006 and 2005. 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 for both the year ended December 31, 2006 and

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the year ended December 31, 2005, as compared to prior periods, is attributable to an increase in Hospitality segment operating costs, Hospitality segment selling, general and administrative expenses and Hospitality segment depreciation and amortization expense, each as described more fully below.

Hospitality operating costs which consist of direct costs associated with the daily operations of our hotels (primarily room, food and beverage and convention costs), increased in 2006, as compared to 2005, due to additional costs necessary to service the additional occupancy and the other ancillary revenues. Operating costs at Gaylord Opryland, described more fully below, were a primary driver of this increase. Hospitality segment operating costs increased in the year ended December 31, 2005, as compared to 2004, due primarily to the additional costs necessary to service the additional occupancy and the other ancillary revenues and a full year of operations at the Gaylord Texan.

Total Hospitality segment selling, general and administrative expenses, consisting of administrative and overhead costs, increased only slightly in the year ended December 31, 2006, as compared to the same period in 2005, as increases at Gaylord Opryland and at Gaylord Texan were offset by a decrease at Gaylord Palms, as described below.

The increase in Hospitality selling, general and administrative expenses in the year ended December 31, 2005, as compared to the same period in 2004, is due to additional marketing and sales expenditures during the period at Gaylord Opryland, as well as a full year of operations at the Gaylord Texan.

Hospitality depreciation and amortization expense for the year ended December 31, 2006, as compared to the same period in 2005, remained relatively stable. Total Hospitality depreciation and amortization expense increased in the year ended December 31, 2005, as compared to the same period in 2004, due to a full year of depreciation and amortization at the Gaylord Texan.

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Property-Level Results. The following presents the property-level financial results for Gaylord Opryland, Gaylord Palms and Gaylord Texan for the years ended December 31, 2006, 2005 and 2004:

Gaylord Opryland Results. The results of Gaylord Opryland for the years ended December 31, 2006, 2005 and 2004 are as follows:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages and performance metrics)				
Total revenues	\$281,224	17.9%	\$238,495	14.4%	\$208,410
Operating expense data:					
Operating costs	172,627	17.5%	146,955	16.6%	126,079
Selling, general and administrative	38,273	4.4%	36,674	15.2%	31,825
Hospitality performance metrics:					
Occupancy (1)	80.9%	7.3%	75.4%	7.0%	70.5%
ADR	\$ 145.87	4.6%	\$ 139.43	0.3%	\$ 139.04
RevPAR (1)	\$ 118.06	12.3%	\$ 105.14	7.2%	\$ 98.06
Total RevPAR (1)	\$ 272.63	16.8%	\$ 233.36	18.1%	\$ 197.65

(1) Excludes 20,048 and 29,551 room nights that were taken out of service during the years ended December 31, 2006 and 2005, respectively, as a result of a continued multi-year rooms renovation program at Gaylord Opryland.

The increase in Gaylord Opryland revenue, RevPAR and Total RevPAR in the year ended December 31, 2006, as compared to the same period in 2005, was due to increased occupancy at the hotel combined with an increased ADR (resulting from higher room rates as compared to the prior period). The increase in occupancy was driven by more group business at the hotel combined with improved transient business in 2006 as compared to 2005. Improved food and beverage and other ancillary revenues, driven primarily by improved catering revenues associated with the hotel's group business, served to further increase the hotel's Total RevPAR. Gaylord Opryland's revenues and operating performance metrics in 2006 were also impacted by the continued multi-year rooms renovation program.

The increase in Gaylord Opryland revenue, RevPAR and Total RevPAR in the year ended December 31, 2005, as compared to the same period in 2004, was due to increased occupancy at the hotel combined with a relatively stable ADR in 2005 (as compared to the prior period). The increase in occupancy was driven by more group business at the hotel and improved transient business (driven by greater consumer response to changes in the hotel's holiday events) in the fourth quarter of 2005, as compared to 2004. Gaylord Opryland's revenues and operating performance metrics in

2005 were also impacted by the continued multi-year rooms renovation program.

The increase in operating costs at Gaylord Opryland in 2006, as compared to 2005, was due to the increased labor and other variable costs associated with the higher occupancy levels described above, as well as the additional cost of sales associated with increased food and beverage and other ancillary revenues. The increase in operating costs at Gaylord Opryland in 2005, as compared to 2004, was due to the increased levels of occupancy, and corresponding increase in variable expenses, at the hotel during 2005.

The increase in selling, general and administrative expenses at Gaylord Opryland in 2006, as compared to the same period 2005, was due to additional compensation expense and increased sales and marketing costs. The increase in selling, general and administrative expenses at Gaylord Opryland in 2005, as compared to the same period in 2004, was due to sales and marketing efforts and additional expenses associated with events designed to attract transient guests in the summer and winter months.

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Gaylord Palms Results. The results of Gaylord Palms for the years ended December 31, 2006, 2005 and 2004 are as follows:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages and performance metrics)				
Total revenues	\$ 176,634	6.7%	\$ 165,547	6.7%	\$ 155,116
Operating expense data:					
Operating costs	101,257	9.3%	92,618	7.9%	85,805
Selling, general and administrative	32,055	-6.0%	34,086	-1.0%	34,413
Hospitality performance metrics:					
Occupancy	77.0%	3.9%	74.1%	0.3%	73.9%
ADR	\$ 175.90	3.2%	\$ 170.48	3.6%	\$ 164.61
RevPAR	\$ 135.42	7.2%	\$ 126.32	3.8%	\$ 121.69
Total RevPAR	\$ 344.19	6.7%	\$ 322.58	7.0%	\$ 301.43

The increase in Gaylord Palms revenue, RevPAR and Total RevPAR in the year ended December 31, 2006, as compared to the same period in 2005, was due to a combination of increased occupancy and ADR for the period, driven by higher-paying group meetings and conventions at the hotel during the period. Improved food and beverage and other ancillary revenues, driven primarily by the increased occupancy, served to further increase the hotel's Total RevPAR. The increase in Gaylord Palms revenue, RevPAR and Total RevPAR in the year ended December 31, 2005, as compared to the same period in 2004, was due to relatively stable occupancy, combined with a higher ADR, during the period as a result of higher-paying group meetings and conventions at the hotel during the period.

Operating costs at Gaylord Palms in the years ended December 31, 2006 and 2005, as compared to prior periods, increased due to increases in variable expenses at the hotel, including expenses associated with servicing the increased occupancy and food and beverage revenues during the periods.

The hotel's selling, general and administrative expenses for the year ended December 31, 2006, as compared to the same period in 2005, decreased due to lower administrative costs in 2006. Selling, general and administrative expenses for the year ended December 31, 2005 remained stable as compared to the same period in 2004.

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Gaylord Texan Results. The results of Gaylord Texan for the years ended December 31, 2006 and 2005, and for the period from April 2, 2004, its date of opening, to December 31, 2004 are as follows:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
(in thousands, except percentages and performance metrics)					
Total revenues	\$ 178,641	8.3%	\$ 165,015	61.7%	\$ 102,063
Operating expense data:					
Operating costs	107,734	4.4%	103,211	46.9%	70,281
Selling, general and administrative	23,887	7.8%	22,149	28.1%	17,286
Hospitality performance metrics:					
Occupancy	74.4%	3.8%	71.7%	4.7%	68.5%
ADR	\$ 165.99	2.4%	\$ 162.03	17.3%	\$ 138.19
RevPAR	\$ 123.50	6.3%	\$ 116.20	22.7%	\$ 94.70
Total RevPAR	\$ 323.91	8.3%	\$ 299.20	21.4%	\$ 246.52

The increase in Gaylord Texan revenue, RevPAR and Total RevPAR in the year ended December 31, 2006, as compared to the same period in 2005, was due to a combination of higher occupancy and ADR for the period as a result of increased group business. Improved food and beverage and other ancillary revenues, driven primarily by the increased occupancy and the opening of the Glass Cactus entertainment complex in September 2006, served to further increase the hotel's Total RevPAR. The increase in Gaylord Texan revenue in the year ended December 31, 2005, as compared to the same period in 2004, was due in part to a full year of operations in 2005. The hotel's maturing operations, higher occupancy and a mix of higher-paying customers led to increased ADR, RevPAR and Total RevPAR in 2005, which also contributed to the increase in revenues.

The increase in operating costs at the Gaylord Texan in the year ended December 31, 2006, as compared to the same period in 2005, is due to the increased labor and other variable costs associated with the higher occupancy levels described above, the additional cost of sales from increased food and beverage and other ancillary revenues, and increased property tax expense. The increase in operating costs at the Gaylord Texan in the year ended December 31, 2005, as compared to the same period in 2004, is due to the hotel's full year of operations and increased costs necessary to service the increased occupancy.

The increase in the hotel's selling, general and administrative expense for the year ended December 31, 2006, as compared to the same period in 2005, was due primarily to an increase in compensation expense as a result of stock option expense, increased incentive compensation expense, and certain management positions which were vacant during portions of 2005 being filled in 2006. The increase in the hotel's selling, general and administrative expense for the year ended December 31, 2005, as compared to the same period in 2004, was due primarily to the hotel's full year of operations in 2005.

Table of Contents**ResortQuest Segment**

Total Segment Results. The following presents the financial results of our ResortQuest segment for the years ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	%	2005	%	2004
(in thousands, except percentages and performance metrics)					
Total revenues	\$ 225,650	1.6%	\$ 222,003	17.7%	\$ 188,619
Operating expense data:					
Operating costs	175,776	-0.1%	176,033	23.8%	142,172
Selling, general and administrative	40,433	-6.1%	43,040	14.8%	37,503
Depreciation and amortization	10,772	1.4%	10,619	15.8%	9,170
Operating loss (1)	\$ (1,331)	-82.7%	\$ (7,689)	-3302.2%	\$ (226)
ResortQuest performance metrics:					
Occupancy	50.9%	-4.1%	53.1%	-2.4%	54.4%
ADR	\$ 169.81	8.0%	\$ 157.26	5.8%	\$ 148.64
RevPAR (2)	\$ 86.39	3.4%	\$ 83.56	3.4%	\$ 80.82
Total Units Under Management	14,530	-11.1%	16,353	6.5%	15,358

(1) ResortQuest operating loss for the year ended December 31, 2006 excludes the effects of an impairment charge of \$110.7 million recorded during 2006. See the discussion of impairment and other charges set forth below.

(2) We calculate ResortQuest RevPAR by dividing gross lodging revenue for properties under exclusive rental management contracts by net

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

Revenues. Our ResortQuest segment earns revenues primarily as a result of property management fees and service fees recognized over the time during which our guests stay at our properties. Property management fees paid to us are generally a designated percentage of the rental price of the vacation property, plus certain incremental fees, all of which are based upon the type of services provided by us to the property owner and the type of rental units managed. We also recognize other revenues primarily related to real estate broker commissions. The increase in ResortQuest revenues for the year ended December 31, 2006, as compared to the same period in 2005, is due primarily to the net recovery, in the third quarter of 2006, of \$4.9 million from our business interruption claim relating to Hurricanes Ivan, Dennis, and Charley, which was offset by lower revenues from our Florida operations and from our real estate brokerage business. The increase in ResortQuest revenues for the year ended December 31, 2005, as compared to the same period in 2004, is due primarily to the addition of units associated with the acquisition of certain units from East West Resorts on January 1, 2005 and of Whistler Lodging Company on February 1, 2005, as well as higher average daily rates, offset by slightly lower occupancy rates.

Operating Expenses. ResortQuest operating expenses primarily consist of operating costs, selling, general and administrative expenses and depreciation and amortization expense. Operating costs of ResortQuest are comprised of payroll expenses, credit card transaction fees, travel agency fees, advertising, payroll for managed entities and various other direct operating costs. Selling, general and administrative expenses of ResortQuest are comprised of payroll expenses, rent, utilities and various other general and administrative costs. ResortQuest operating costs for the year ended December 31, 2006, as compared to the same period in 2005, remained stable. The decrease in ResortQuest

selling, general and administrative expenses for the year ended December 31, 2006, as compared to the same period in 2005, is due to certain non-recurring brand-building expenses incurred in 2005 described below. The increase in ResortQuest operating costs, selling, general and administrative expenses, and depreciation and amortization expense for the year ended December 31, 2005, as compared to the same period in 2004, is due to the addition of units and general and administrative expenses associated with the East-West and Whistler acquisitions and as a result of our investment in brand-building initiatives such as technology, marketing and organizational improvements.

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

Opry and Attractions Segment

The following presents the financial results of our Opry and Attractions segment for the years ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages)				
Total revenues	\$ 76,580	14.1%	\$ 67,097	0.8%	\$ 66,565
Operating expense data:					
Operating costs	47,944	13.4%	42,263	1.0%	41,837
Selling, general and administrative	17,959	2.1%	17,598	-2.0%	17,965
Depreciation and amortization	5,663	5.9%	5,347	2.5%	5,215
Operating income (1)	\$ 5,014	165.4%	\$ 1,889	22.0%	\$ 1,548

(1) Opry and Attractions operating income for 2004 excludes the effects of an impairment charge of \$1.2 million recorded during 2004. See the discussion of impairment and other charges set forth below.

The increase in revenues in the Opry and Attractions segment for the year ended December 31, 2006, as compared to the same period in 2005, was primarily due to increased revenues at the Grand Ole Opry caused by a combination of increased attendance and ticket prices, increased sales of Grand Ole Opry-related merchandise and increased revenues from our Ryman Auditorium concert series and Corporate Magic event planning business. Opry and Attractions segment revenues for the year ended December 31, 2005, as compared to the same period in 2004, remained stable. The increase in Opry and Attractions operating costs for the year ended December 31, 2006, as compared to the prior period, was due primarily to additional labor and other variable costs, including cost of sales, related to the increased revenues described above. Opry and Attractions operating costs for the year ended December 31, 2005, as compared to the prior period, remained stable.

Opry and Attractions selling, general and administrative expenses remained stable in 2006 and 2005, as compared to prior periods.

Corporate and Other Segment

The following presents the financial results of our Corporate and Other segment for the year ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages and performance metrics)				
Total revenues	\$ 255	-50.2%	\$ 512	32.0%	\$ 388
Operating expense data:					
Operating costs	8,918	27.1%	7,019	-15.3%	8,285
Selling, general and administrative	39,766	29.5%	30,710	-1.3%	31,117
Depreciation and amortization	4,903	21.1%	4,049	-14.5%	4,737
Operating loss (1)	\$ (53,332)	29.2%	\$ (41,266)	-5.7%	\$ (43,751)

(1) Corporate and Other operating loss for 2004 excludes the effects of an adjustment to restructuring charges of \$0.2 million recorded during 2004. See the discussion of impairment and other charges and restructuring charges set forth below.

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

Corporate and Other operating expenses consist of operating costs, selling, general and administrative expenses, and depreciation and amortization expense. Corporate and Other operating costs, which consist primarily of costs associated with information technology, increased in the year ended December 31, 2006, as compared to the same period in 2005, primarily due to an increase in contract service costs and consulting fees related to information technology initiatives. Corporate and Other selling, general and administrative expenses, which consist of the Gaylord Entertainment Center naming rights agreement (prior to its termination on February 22, 2005), senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, increased in the year ended December 31, 2006, as compared to the same period in 2005, due primarily to stock option expense that was recorded in 2006 that was not recorded in 2005 as a result of our adoption of Statement 123(R), *Share-Based Payment*, effective January 1, 2006, as well as increases in other employment-related expenses. Corporate and Other selling, general and administrative expenses during 2005 were also impacted by the net reversal of \$2.4 million of expense previously accrued under the naming rights agreement as a result of the settlement of litigation in connection with that agreement, the effect of which was largely offset by the contribution by us of \$2.3 million of Viacom stock to a newly formed Gaylord charitable foundation in the first quarter of 2005. Corporate and Other depreciation and amortization expense, which is primarily related to information technology equipment and capitalized electronic data processing software costs, increased in the year ended December 31, 2006, as compared to the same period in 2005, due to an increase in information technology equipment and capitalized electronic data processing software costs placed in service.

Corporate and Other operating costs decreased in 2005, as compared to 2004, due to a reduction in contract service costs and consulting fees related to information technology initiatives. Corporate and Other selling, general and administrative expenses remained relatively stable in 2005, as compared to 2004, driven by the naming rights agreement settlement and the contribution of stock to the Gaylord charitable foundation described above. Corporate and Other depreciation and amortization expense decreased in 2005, as compared to the same period in 2004, due to the retirement of certain depreciable assets.

Operating Results - Preopening costs

In accordance with AICPA SOP 98-5, *Reporting on the Costs of Start-Up Activities*, we expense the costs associated with start-up activities and organization costs of our hotel development activities as incurred. Preopening costs for the twelve months ended December 31, 2006 were \$7.2 million, of which \$6.4 million was related to the construction of the Gaylord National and \$0.8 million was related to the construction of the new Glass Cactus entertainment complex at the Gaylord Texan.

Preopening costs decreased in 2005, as compared to 2004, due to the opening of the Gaylord Texan in April 2004. In 2004 preopening costs related to the Gaylord Texan were \$13.7 million.

Operating Results - Impairment and other charges

During 2006, we incurred total impairment charges of \$110.7 million related to goodwill and other long-lived assets of ResortQuest as further discussed below.

We evaluated our goodwill and intangible assets with indefinite useful lives for impairment as of December 31, 2006 as described in Note 1 to the consolidated financial statements included herewith. In connection with this impairment test, we determined that the fair value of the ResortQuest trade name, which is an intangible asset with an indefinite useful life, was less than its carrying value. In accordance with SFAS No. 142, we recorded an impairment charge of \$12.1 million to write down the carrying value of the ResortQuest trade name to its fair value. Also in connection with the annual impairment test, we determined that the fair values of certain reporting units of ResortQuest were less than the carrying values of those reporting units, which indicated the goodwill related to those reporting units was impaired. Therefore, we measured the impairment of goodwill as described in Note 1 to the consolidated financial statements included herewith and recorded an impairment charge of \$85.0 million to write down the carrying values of goodwill at the impaired reporting units to their implied fair values.

During 2005 and 2006, we were developing a new enterprise property management system for ResortQuest named ReQuest. We indefinitely suspended the development of ReQuest during the fourth quarter of 2006. As a result of this decision, we determined that there had been a significant change in the extent or manner in which the system was

expected to be used and it was no longer probable that ReQuest would be completed and placed in service, both of which are indicators that the carrying value of the asset may not be recoverable under SFAS No. 144 and SOP 98-1. In accordance with SFAS No. 144, we determined that the carrying value of ReQuest was not recoverable and recorded an impairment charge of \$12.6 million to write off the carrying value of ReQuest. Also in accordance with SFAS No. 144, we determined that the management contracts at a certain market of ResortQuest

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were not recoverable and recorded an impairment charge of \$0.2 million to write down the carrying values of those management contracts to their fair value.

As a result of a significant adverse change in the business climate at one of the markets of its ResortQuest business during the third quarter of 2006, we assessed the recoverability of the carrying value of certain long lived assets in this market and recorded an impairment loss of \$0.8 million related to goodwill and \$0.1 million related to certain intangible assets. These impairment charges reflect the amounts by which the carrying values of the related reporting unit or intangible asset exceeded their estimated fair values.

We began production of an IMAX movie during 2000 to portray the history of country music. In the third quarter of 2003, based on the revenues generated by the theatrical release of the IMAX movie, the asset was reevaluated on the basis of estimated future cash flows. As a result, an impairment charge of \$0.9 million was recorded in the third quarter of 2003. During the second quarter of 2004, due to a continued decline in the revenues generated by the film, we again evaluated the carrying value of the IMAX film asset based on current estimates of future cash flows. As a result, an impairment charge of \$1.2 million was recorded during the second quarter of 2004 to write off the remaining carrying value of the film.

Operating Results Restructuring charges

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

During 2001, we recognized net pretax restructuring charges from continuing operations of \$5.8 million related to streamlining operations and reducing layers of management. During the second quarter of 2002, we entered into two subleases to lease certain office space we previously had recorded in the 2001 restructuring charges. As a result, we reversed \$0.9 million of the 2001 restructuring charges during 2002. Also during the second quarter of 2002, we evaluated the 2001 restructuring accrual and determined certain severance benefits and outplacement agreements had expired and adjusted the previously recorded amounts by \$0.2 million. During the second quarter of 2004, we evaluated the 2001 restructuring accrual and determined that the remaining sublease payments we were scheduled to receive were less than originally estimated. During the fourth quarter of 2004, we again evaluated the 2001 restructuring accrual due to a continued decline in the creditworthiness of a sublessee and determined that the remaining sublease payments that we would collect were less than estimated during the second quarter of 2004. As a result of these evaluations, we increased the 2001 restructuring charge by \$0.3 million during 2004 related to continuing operations.

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

The following table summarizes the other factors which affected our net (loss) income for the years ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages and performance metrics)				
Interest expense, net of amounts capitalized	\$(71,719)	-2.0%	\$(73,169)	32.9%	\$(55,064)
Interest income	3,135	26.5%	2,478	65.1%	1,501
Unrealized gain (loss) on Viacom stock and derivatives, net	21,719	-471.3%	(5,849)	-81.4%	(31,381)

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Income from unconsolidated companies	10,565	387.1%	2,169	-43.3%	3,825
Other gains and (losses)	9,469	42.2%	6,660	511.6%	1,089
Benefit for income taxes	(12,445)	-18.6%	(15,284)	-61.7%	(39,956)
Gain (loss) from discontinued operations, net of taxes	3,397	-257.5%	(2,157)	-326.3%	953
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Table of Contents*Interest Expense, Net of Amounts Capitalized*

Interest expense, net of amounts capitalized, decreased \$1.5 million to \$71.7 million (net of capitalized interest of \$10.7 million) in 2006, due primarily to an \$8.0 million increase in capitalized interest, the effect of which was partially offset by the impact of higher average debt balances during 2006. The increase in capitalized interest was primarily related to the construction of the Gaylord National. Our weighted average interest rate on our borrowings, including the interest expense associated with the secured forward exchange contract but excluding the write-off of deferred financing costs during the period, was 6.5 % in 2006 as compared to 6.3% in 2005.

Interest expense, net of amounts capitalized, increased \$18.1 million to \$73.2 million (net of capitalized interest of \$2.7 million) in 2005 as compared to 2004, due primarily to higher average debt balances during 2005, the write-off of \$0.5 million of deferred financing costs in 2005 in connection with the replacement of our \$100.0 million credit facility, and a \$2.8 million decrease in capitalized interest. Capitalized interest decreased from \$5.5 million during 2004 to \$2.7 million during 2005 as a result of the opening of the Gaylord Texan in April 2004. Our weighted average interest rate on our borrowings, including the interest expense associated with the secured forward exchange contract but excluding the write-off of deferred financing costs during the period, was 6.3% in 2005 as compared to 5.2% in 2004.

As further discussed in Note 9 to our consolidated financial statements for the year ended December 31, 2006 included herewith, the secured forward exchange contract related to our Viacom Stock and CBS Stock investments resulted in non-cash interest expense of \$26.9 million, \$26.9 million and \$27.0 million for the years ended December 31, 2006, 2005 and 2004, respectively.

Interest Income

The increase in interest income during the year ended December 31, 2006, as compared to the same period in 2005, is due to higher cash balances invested in interest-bearing accounts and increased interest rates. The increase in interest income during the year ended December 31, 2005, as compared to the same period in 2004, is due to higher cash balances invested in interest-bearing accounts and increased interest rates.

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

In 2000 we entered into a seven-year secured forward exchange contract with an affiliate of Credit Suisse First Boston with respect to 10,937,900 shares of Viacom, Inc. Class B common stock. Effective January 1, 2001, we adopted the provisions of SFAS No. 133, as amended. Components of the secured forward exchange contract are considered derivatives as defined by SFAS No. 133.

Effective January 3, 2006, Viacom, Inc. completed a transaction to separate Viacom, Inc. into two publicly traded companies named Viacom, Inc. and CBS Corporation by converting (i) each outstanding share of Viacom Class A common stock into 0.5 shares of Viacom, Inc. Class A common stock and 0.5 shares of CBS Corporation Class A common stock and (ii) each outstanding share of Viacom Class B common stock into 0.5 shares of Viacom, Inc. Class B common stock and 0.5 shares of CBS Corporation Class B common stock. As a result of this transaction, the Company exchanged its 10,937,900 shares of Viacom Class B common stock for 5,468,950 shares of Viacom, Inc. Class B common stock and 5,468,950 shares of CBS Corporation Class B common stock effective January 3, 2006. For the year ended December 31, 2006, we recorded net pretax gains of \$38.3 million related to the increase in fair value of the Viacom and CBS stock. For the year ended December 31, 2006, we recorded net pretax losses of \$16.6 million related to the decrease in fair value of the derivatives associated with the secured forward exchange contract.

For the year ended December 31, 2005, we recorded net pretax losses of \$41.6 million related to the decrease in fair value of the Viacom stock. For the year ended December 31, 2005, we recorded net pretax gains of \$35.7 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract.

For the year ended December 31, 2004, we recorded net pretax losses of \$87.9 million related to the decrease in fair value of the Viacom stock. For the year ended December 31, 2004, we recorded net pretax gains of \$56.5 million related to the increase in fair value of the derivatives associated with the secured forward exchange contract.

Table of Contents*Income From Unconsolidated Companies*

We account for our investments in Bass Pro, RHAC Holdings, LLC (the joint venture entity which owns the Aston Waikiki Beach Hotel), and Waipouli Holdings, LLC (the joint venture entity which owns the ResortQuest Kauai Beach at Makaiwa Hotel) under the equity method of accounting. Income from unconsolidated companies for the years ended December 31, 2006, 2005 and 2004 consisted of equity method income (loss) from these investments as follows:

	Years Ended December 31,				
	2006	% Change	2005	% Change	2004
	(in thousands, except percentages and performance metrics)				
Bass Pro	\$ 12,252	508.9%	\$ 2,012	-47.4%	\$ 3,825
RHAC Holdings, LLC	(835)	-631.8%	157	n/a	
Waipouli Holdings, LLC	(852)	n/a		n/a	
Total	\$ 10,565	387.1%	\$ 2,169	-43.3%	\$ 3,825

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

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

RHAC Holdings, LLC (ResortQuest Waikiki Beach Hotel). On May 31, 2005, we, through a wholly-owned subsidiary, RHAC, LLC, entered into an agreement to purchase the 716-room Aston Waikiki Beach Hotel and related assets located in Honolulu, Hawaii (the Waikiki Hotel) for an aggregate purchase price of \$107.0 million. Simultaneously with this purchase, G.O. IB-SIV US, a private real estate fund managed by DB Real Estate Opportunities Group (IB-SIV), acquired an 80.1% ownership interest in the parent company of RHAC, LLC, RHAC Holdings, LLC, in exchange for its capital contribution of \$19.1 million to RHAC Holdings, LLC. As a part of this transaction, we entered into a joint venture arrangement with IB-SIV and retained a 19.9% ownership interest in RHAC Holdings, LLC in exchange for our \$4.7 million capital contribution to RHAC Holdings, LLC. RHAC, LLC financed the purchase of the Waikiki Hotel by entering into a series of loan transactions with Greenwich Capital Financial Products, Inc. consisting of a \$70.0 million loan secured by the Waikiki Hotel and a \$16.3 million mezzanine loan secured by the ownership interest of RHAC, LLC. IB-SIV is the managing member of RHAC Holdings, LLC, but certain actions of RHAC Holdings, LLC initiated by IB-SIV require our approval as a member. In addition, under the joint venture arrangement, our ResortQuest subsidiary secured a 20-year hotel management agreement from RHAC, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest is responsible for the day-to-day operations of the Waikiki Hotel in accordance with RHAC, LLC's business plan. We account for our investment in RHAC Holdings, LLC under the equity method of accounting.

For the year ended December 31, 2006 and the period June 1, 2005 to December 31, 2005, ResortQuest earned total fees of \$1.9 million and \$1.5 million, respectively, from its management agreement with RHAC, LLC. Subsequent to its purchase by RHAC, LLC, the Waikiki Hotel was renamed the ResortQuest Waikiki Beach Hotel. During December 2005, RHAC, LLC sold the Mauka Tower, a 72-room hotel adjacent to the Waikiki Hotel. The Company received a cash distribution of \$2.3 million from RHAC Holdings, LLC for its share of the proceeds from the sale. On September 29, 2006, RHAC, LLC refinanced the Waikiki Hotel loans with Greenwich Capital Financial Products, Inc., which resulted in the mezzanine loan increasing from \$16.3 million to \$34.9 million. RHAC, LLC used the proceeds from this refinancing primarily to fund a renovation project at the Waikiki Hotel.

Waipouli Holdings, LLC (ResortQuest Kauai Beach at Makaiwa Hotel). On June 20, 2006, we entered into a joint venture with RREEF Global Opportunities Fund II, LLC, a private real estate fund managed by DB Real Estate Opportunities Group (RREEF),

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and acquired a 19.9% ownership interest in the joint venture, Waipouli Holdings, LLC, in exchange for our capital contribution of \$3.8 million to Waipouli Holdings, LLC. On June 20, 2006, through a wholly-owned subsidiary named Waipouli Owner, LLC, Waipouli Holdings, LLC acquired the 311-room ResortQuest Kauai Beach at Makaiwai Hotel and related assets located in Kapaa, Hawaii (the Kauai Hotel) for an aggregate purchase price of \$68.8 million. Waipouli Owner, LLC financed the purchase of the Kauai Hotel by entering into a series of loan transactions with Morgan Stanley Mortgage Capital, Inc. consisting of a \$52.0 senior loan secured by the Kauai Hotel, and an \$8.2 million junior mezzanine loan secured by the ownership interest of Waipouli Owner, LLC. RREEF is the managing member of Waipouli Holdings, LLC, but certain actions initiated by RREEF require our approval as a member. In addition, under the joint venture arrangement, our ResortQuest subsidiary secured a five-year hotel management agreement from Waipouli Owner, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest is responsible for the day-to-day operations of the Kauai Hotel in accordance with Waipouli Owner LLC's business plan. We account for our investment in RHAC Holdings, LLC under the equity method of accounting. For the period June 21, 2006 to December 31, 2006, ResortQuest earned total fees of \$0.6 million from its management agreement with Waipouli Owner, LLC. In October 2006, Waipouli Owner, LLC requested RREEF and us to make an additional capital contribution of \$1.7 million to Waipouli Holdings, LLC to fund the purchase of the land on which the Kauai Hotel is built. We elected not to make the requested capital contribution, which diluted our ownership interest in Waipouli Holdings, LLC from 19.9% to 18.1% as of December 31, 2006.

Other Gains and (Losses)

Our other gains and (losses) for the year ended December 31, 2006 primarily consisted of the receipt of a dividend distribution related to our investment in CBS stock, a gain which resulted from the collection of a note receivable previously considered uncollectible, as more fully described below, and other miscellaneous income and expenses. During 1998, ResortQuest recorded a note receivable of \$4.0 million as a result of cash advances made to a primary stockholder (Debtor) of the predecessor company who is no longer an affiliate of ResortQuest. The note was collateralized by a third mortgage on residential real estate owned by the Debtor. Due to the failure to make interest payments, the note receivable was in default. We accelerated the note and demanded payment in full. We also contracted an independent external third party to appraise the property by which the note was secured, confirm the outstanding senior claims on the property and assess the associated credit risk. Based on this assessment, we assigned no value to the note receivable in the purchase price allocation associated with the ResortQuest acquisition. On January 23, 2006, the bankruptcy court approved a plan to restructure the note receivable, and we received \$5.7 million in cash and a secured administrative claim of \$0.5 million in full settlement of the note receivable, accrued interest and other related amounts due to us. Because we assigned no value to this note receivable as part of the ResortQuest purchase price allocation, the recovery of this note receivable resulted in a net gain of \$5.4 million during the first quarter of 2006. In July 2006, we received \$0.5 million in cash in full settlement of the secured administrative claim, which resulted in a gain of \$0.5 million during the third quarter of 2006.

Our other gains and (losses) for the year ended December 31, 2005 primarily consisted of a gain resulting from the settlement of certain litigation, the receipt of dividend distributions from our investment in Viacom stock, a gain on the sale of an internet domain name, a \$2.1 million gain on the sale of the Ryman Auditorium parking lot, gains and losses on the sales of certain other fixed assets and other miscellaneous income and expenses. Our other gains and (losses) for the year ended December 31, 2004 primarily consisted of the receipt of dividend distributions from our investment in Viacom stock, offset by a loss of \$1.8 million on the sale of our First Resort Software, Inc. business, and other miscellaneous income and expenses.

Table of Contents*Benefit for Income Taxes*

The effective tax rate as applied to pretax loss from continuing operations differed from the statutory federal rate due to the following:

	Years Ended December 31,		
	2006	2005	2004
U.S. federal statutory rate	35%	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	7%	-1%	8%
Tax effect of goodwill impairment charge	-27%	0%	0%
Other	-2%	-2%	-1%
	13%	32%	42%

The decrease in our effective tax rate for the year ended December 31, 2006, as compared to our effective tax rate for the same period in 2005, was due primarily to a benefit resulting from a change in tax rates used to value prior year state tax deferred tax assets due to realignment of legal entities and the tax effect of non-deductible impairment charges.

The decrease in our effective tax rate for the year ended December 31, 2005, as compared to our effective tax rate for the same period in 2004, was due primarily to a change in the rate used to value certain prior year state deferred tax assets.

Gain (Loss) from Discontinued Operations, Net of Taxes

We reflected the following businesses as discontinued operations in our financial results for the years ended December 31, 2006, 2005 and 2004, consistent with the provisions of SFAS No. 144. The results of operations, net of taxes (prior to their disposal where applicable), and the estimated fair value of the assets and liabilities of these businesses have been reflected in our consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

ResortQuest Discontinued Markets. During the third quarter of 2005, we committed to a plan of disposal of certain markets of our ResortQuest business that were considered to be inconsistent with our long term growth strategy. In connection with this plan of disposal, we recorded pre-tax restructuring charges of \$44,000 and \$0.8 million during 2006 and 2005, respectively, related to employee severance benefits in the discontinued markets. Based on its decision to dispose of these markets, we also recorded pre-tax impairment charges of \$2.8 million during 2005. Included in this charge are the impairment of goodwill of \$2.3 million, the impairment of fixed assets of \$0.4 million, and the impairment of intangible assets of \$0.1 million. In order to determine the impairment losses related to goodwill, fixed assets, and intangible assets of these markets, we determined the fair value of each market or long-lived asset based on current negotiations of sales prices with potential buyers of each market.

We completed the sale of four of these markets during the fourth quarter of 2005 for approximately \$1.4 million in cash. We recognized a pretax loss of \$0.4 million during the fourth quarter of 2005 related to these sales, which is recorded in income from discontinued operations in the consolidated statement of operations. The pre-tax loss on these sales included the writeoff of \$1.0 million in goodwill related to the markets sold. We completed the sale of two more of these markets during the first quarter of 2006. In exchange for the assets associated with these two markets, the buyers of these markets assumed \$0.9 million in liabilities associated with the markets and we paid the buyers \$0.7 million in cash. We recognized a pretax loss of \$0.3 million during the first quarter of 2006 related to these two sales, which is recorded in income from discontinued operations in the consolidated statement of operations. We completed the sale of the remaining two markets in the second quarter of 2006. In exchange for the assets associated with these two markets, the buyers of these markets assumed \$0.3 million in liabilities associated with the markets and we paid the buyer \$0.2 million in cash. We recognized a pretax loss of \$0.5 million during the second quarter of 2006 related to these sales, which is recorded in income from discontinued operations in the consolidated statement of operations.

During the second quarter of 2006, we completed the sale of one additional market of our ResortQuest business that was not included in the plan of disposal described above, but was later determined to be inconsistent with our long term growth strategy, for approximately \$1.5 million in cash. We recognized a pretax gain of \$0.7 million during the second quarter of 2006 related to this sale, which is recorded in income from discontinued operations in the consolidated statement of operations. The pre-tax gain on this sale included the write-off of \$0.5 million in goodwill related to the market sold. We did not record any restructuring charges in connection with the sale of this market.

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WSM-FM and WWTN(FM). During the first quarter of 2003, we committed to a plan of disposal of WSM-FM and WWTN(FM) (Radio Operations). Subsequent to committing to a plan of disposal, we, through a wholly-owned subsidiary, entered into an agreement to sell the assets primarily used in the operations of the Radio Operations to Cumulus Broadcasting, Inc. (Cumulus) in exchange for approximately \$62.5 million in cash. In connection with this agreement, we also entered into a local marketing agreement with Cumulus pursuant to which, from April 21, 2003 until the closing of the sale of the assets, we, for a fee, made available to Cumulus substantially all of the broadcast time on WSM-FM and WWTN(FM). In turn, Cumulus provided programming to be broadcast during such broadcast time and collected revenues from the advertising that it sold for broadcast during this programming time. On July 22, 2003, we finalized the sale of the Radio Operations for approximately \$62.5 million, at which time, net proceeds of approximately \$50 million were placed in an escrow account for completion of the Gaylord Texan. Concurrently, we also entered into a joint sales agreement with Cumulus for WSM-AM in exchange for \$2.5 million in cash. We continue to own and operate WSM-AM, and under the terms of the joint sales agreement with Cumulus, Cumulus is responsible for all sales of commercial advertising on WSM-AM and provides certain sales promotion, billing and collection services relating to WSM-AM, all for a specified commission. The joint sales agreement has a term of five years.

During the third quarter of 2005, due to the expiration and resolution of certain claims and indemnifications in the sales contract, a previously established indemnification reserve of \$0.1 million was reversed and is included in income from discontinued operations in the consolidated statement of operations.

Acuff-Rose Music Publishing. During the second quarter of 2002, we committed to a plan of disposal of our Acuff-Rose Music Publishing catalog entity. During the third quarter of 2002, we finalized the sale of the Acuff-Rose Music Publishing entity to Sony/ ATV Music Publishing for approximately \$157.0 million in cash. We recognized a pretax gain of \$130.6 million during the third quarter of 2002 related to the sale. Proceeds of \$25.0 million were used to reduce our outstanding indebtedness.

During the third quarter of 2004, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of \$1.0 million was reversed and is included in income from discontinued operations in the consolidated statement of operations.

Word Entertainment. During 2001, we committed to a plan to sell Word Entertainment. As a result of the decision to sell Word Entertainment, we reduced the carrying value of Word Entertainment to its estimated fair value by recognizing a pretax charge of \$30.4 million in discontinued operations during 2001. The estimated fair value of Word Entertainment's net assets was determined based upon ongoing negotiations with potential buyers. Related to the decision to sell Word Entertainment, a pretax restructuring charge of \$1.5 million was recorded in discontinued operations in 2001. The restructuring charge consisted of \$0.9 million related to lease termination costs and \$0.6 million related to severance costs. In addition, we recorded a reversal of \$0.1 million of restructuring charges originally recorded during 2000. During the first quarter of 2002, we sold Word Entertainment's domestic operations to an affiliate of Warner Music Group for \$84.1 million in cash. We recognized a pretax gain of \$0.5 million in discontinued operations during the first quarter of 2002 related to the sale of Word Entertainment. Proceeds from the sale of \$80.0 million were used to reduce outstanding indebtedness.

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

In December 2001, we made the decision to cease funding of our cable networks in Asia and Brazil as well as our partnerships in Argentina if a sale had not been completed by February 28, 2002. At that time we recorded pretax restructuring charges of \$1.9 million consisting of \$1.0 million of severance and \$0.9 million of contract termination costs related to the networks. Also during 2001, we negotiated reductions in the contract termination costs with several vendors that resulted in a reversal of \$0.3 million of restructuring charges originally recorded during 2000.

Based on the status of our efforts to sell our international cable networks at the end of 2001, we recorded pretax impairment and other charges of \$23.3 million during 2001. Included in this charge are the impairment of an investment in the two Argentina-based music channels totaling \$10.9 million, the impairment of fixed assets, including capital leases associated with certain transponders leased by us, of \$6.9 million, the impairment of a receivable of \$3.0 million from the Argentina-based channels, current assets of \$1.5 million, and intangible assets of \$1.0 million.

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

The following table reflects the results of operations of businesses accounted for as discontinued operations for the years-ended December 31, 2006, 2005 and 2004:

	Years Ended December 31,		
	2006	2005	2004
REVENUES:			
ResortQuest Discontinued Markets	\$ 2,320	\$18,212	\$20,830
OPERATING (LOSS) INCOME:			
ResortQuest Discontinued Markets	\$ (641)	\$ (1,022)	\$ 514
International Cable Networks	6		
Acuff-Rose Music Publishing			1
Word Entertainment			40
Impairment charges		(2,749)	
Restructuring charges	(44)	(840)	
Total operating (loss) income	(679)	(4,611)	555
INTEREST EXPENSE			
INTEREST INCOME	11	34	20
OTHER GAINS AND (LOSSES)			
ResortQuest Discontinued Markets	(115)	(397)	
Word Entertainment	235		
International Cable Networks	(19)		
Radio Operations		136	
Acuff-Rose Music Publishing			1,015
Total other gains and (losses)	101	(261)	1,015
(Loss) income before (benefit) provision for income taxes	(567)	(4,838)	1,590
(BENEFIT) PROVISION FOR INCOME TAXES	(3,964)	(2,681)	637
Gain (loss) from discontinued operations	\$ 3,397	\$ (2,157)	\$ 953

Included in other gains and (losses) in 2006 is a pre-tax loss of \$17,000 on the sale of certain ResortQuest Discontinued Markets. The remaining gains and (losses) in 2006 are primarily comprised of gains and losses recognized on the resolution of various contingent items subsequent to the sale of the ResortQuest Discontinued Markets, as well as miscellaneous income and expense. Included in other gains and (losses) in 2005 is a pre-tax loss of \$0.4 million on the sale of certain ResortQuest Discontinued Markets. The remaining gains and (losses) in 2005 and 2004 are primarily comprised of gains and losses on the sale of fixed assets and the subsequent reversal of liabilities accrued at the time of disposal of these businesses for various contingent items. The benefit for income taxes for 2006 primarily results from us settling certain ResortQuest issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest, as well as the writeoff of taxable goodwill associated with the ResortQuest Discontinued Markets sold in these periods.

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

Our cash flows consisted of the following during the years ended December 31 (in thousands):

	2006	2005	2004
Operating Cash Flows:			
Net cash flows provided by operating activities – continuing operations	\$ 114,312	\$ 80,743	\$ 56,674
Net cash flows used in operating activities – discontinued operations	(3,453)	(478)	(1,271)
Net cash flows provided by operating activities	110,859	80,265	55,403
Investing Cash Flows:			
Purchases of property and equipment	(294,947)	(129,540)	(127,527)
Other	(11,404)	19,447	32,381
Net cash flows used in investing activities – continuing operations	(306,351)	(110,093)	(95,146)
Net cash flows provided by (used in) investing activities – discontinued operations	541	1,195	(292)
Net cash flows used in investing activities	(305,810)	(108,898)	(95,438)
Financing Cash Flows:			
Repayment of long-term debt	(1,000)		(199,181)
Proceeds from issuance of long-term debt	155,000	20,000	225,000
Other	18,500	26,487	(1,459)
Net cash flows provided by financing activities – continuing operations	172,500	46,487	24,360
Net cash flows provided by (used in) financing activities – discontinued operations	4,294	(2,142)	(82)
Net cash flows provided by financing activities	176,794	44,345	24,278
Net change in cash and cash equivalents	\$ (18,157)	\$ 15,712	\$ (15,757)

Cash Flow 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 2006, our net cash flows provided by our operating activities – continuing operations were \$114.3 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, impairment and other charges, income tax benefit, interest expense, gain on the Viacom stock and CBS stock and related derivatives, stock-based compensation expense, excess tax benefits from stock-based compensation, income from unconsolidated companies, dividends received from unconsolidated companies, and losses on sales of certain fixed assets of approximately \$110.3 million, as well as favorable changes in working capital of approximately

\$4.0 million. The favorable changes in working capital primarily resulted from the timing of payment of various liabilities, including accounts payable, interest, taxes, incentive compensation, and other compensation. These favorable changes in working capital were partially offset by an increase in trade receivables due to a change in the timing of guest lodging versus payments received, as well as a decrease in receipts of deposits on advance bookings of the beach vacation properties managed by ResortQuest. The decrease in receipts of deposits on advance bookings of beach vacation properties is the result of a decrease in the number of beach units managed by ResortQuest and a decline in the pace of advance bookings at these properties during 2006 as compared to 2005. However, this decrease in receipts of deposits on advance bookings of beach vacation properties was partially offset by an increase in deposits received on advance bookings of mountain vacation properties managed by ResortQuest as a result of an increase in the pace of advance bookings at these properties.

During 2005, our net cash flows provided by our operating activities – continuing operations were \$80.7 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, income tax benefit, interest expense, loss on the Viacom stock and related derivatives, income from unconsolidated companies, dividends received from unconsolidated companies, and gains on sales of certain fixed assets of approximately \$67.4 million, as well as favorable changes in working capital

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of approximately \$13.4 million. The favorable changes in working capital primarily resulted from the timing of payment of various liabilities, including accrued interest, taxes, incentive compensation, utilities, and expenses associated with the Christmas show at Gaylord Opryland, as well as an increase in receipts of deposits on advance bookings of hotel rooms (primarily related to the timing of advanced bookings and deposits received by the Gaylord Opryland and Gaylord Texan). These favorable changes in working capital were partially offset by an increase in trade receivables due to a change in the timing of guest lodging versus payments received at Gaylord Opryland and ResortQuest, as well as the payment of a portion of the accrued advertising expenses associated with the Naming Rights Agreement pursuant to the settlement of litigation associated with that agreement.

During 2004, our net cash flows provided by operating activities – continuing operations were \$56.7 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, income tax benefit, interest expense, loss on the Viacom stock and related derivatives, impairment charges, income from unconsolidated companies, and loss on sale of First Resort Software assets of approximately \$43.0 million, as well as favorable changes in working capital of approximately \$13.7 million. The favorable changes in working capital primarily resulted from the timing of payment of various liabilities, including accrued interest, taxes, advertising expenses, and other accrued expenses, as well as an increase in receipts of deposits on advance bookings of hotel rooms (primarily related to advance bookings at the recently constructed Gaylord Texan which opened in April 2004 and the timing of deposits received by the Gaylord Palms). These favorable changes in working capital were partially offset by an increase in trade receivables due to the opening of the Gaylord Texan, as well as a slight decrease in receipts of deposits on advance bookings of vacation properties at ResortQuest.

Cash Flows From Investing Activities. During 2006, our primary uses of funds and investing activities were the purchase of property and equipment totaling \$294.9 million. Our capital expenditures during 2006 included construction at Gaylord National of \$208.3 million, approximately \$26.8 million at Gaylord Texan primarily related to the construction of the new Glass Cactus entertainment complex and the acquisition of a parcel of land adjacent to the hotel, approximately \$26.0 million at Gaylord Opryland primarily related to a room refurbishment project, and approximately \$13.0 million related to ResortQuest.

During 2005, our primary uses of funds and investing activities were the purchase of property and equipment totaling \$129.5 million and the purchases of two businesses (Whistler Lodging Company, Ltd. and East West Resorts), which totaled \$20.2 million. Our capital expenditures during 2005 included construction at Gaylord National of \$58.2 million, continuing construction at the Gaylord Texan of \$17.9 million, approximately \$25.8 million at Gaylord Opryland primarily related to the construction of a new spa facility and a room refurbishment project, and approximately \$15.2 million related to ResortQuest. We also collected a \$7.5 million note receivable from Bass Pro and received proceeds from the sale of assets totaling approximately \$10.5 million in 2005.

During 2004, our primary uses of funds and investing activities were the purchases of property and equipment which totaled \$127.5 million. These capital expenditures included continued construction at the Gaylord Texan of \$96.1 million, approximately \$4.4 million related to the development of the Gaylord National hotel and approximately \$12.2 million related to Gaylord Opryland.

Cash Flows From Financing Activities. The Company's cash flows from financing activities reflect primarily the issuance of debt and the repayment of long-term debt. During 2006, the Company's net cash flows provided by financing activities – continuing operations were \$172.5, reflecting \$155.0 million of borrowings under the \$600.0 million credit facility, \$13.0 million in proceeds received from the exercise of stock options, and a \$4.0 million decrease in restricted cash and cash equivalents. During 2005, the Company's net cash flows provided by financing activities – continuing operations of \$46.5 million reflected primarily a \$20.0 million borrowing under the new \$600.0 million credit facility, a \$26.6 million decrease in restricted cash and cash equivalents, and \$9.0 million in proceeds received from the exercise of stock options, partially offset by the payment of \$8.5 million of deferred financing costs in connection with our entering into a new \$600.0 million credit facility. During 2004, the Company's net cash flows provided by financing activities – continuing operations were \$24.4 million, primarily reflecting the issuance of \$225.0 million in 6.75% Senior Notes and the repayment of \$199.2 million in debt outstanding under the Nashville Hotel Loan, described below.

Working Capital

As of December 31, 2006, we had total current assets of \$737.7 million and total current liabilities of \$895.0 million, which resulted in a working capital deficit of \$157.3 million. A significant portion of our current liabilities consist of deferred revenues, which primarily represent deposits received on advance bookings of hotel rooms and vacation properties. These deferred revenue liabilities do not require future cash payments by us.

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Also, the secured forward exchange contract relating to the Viacom stock and CBS stock owned by us matures in May 2007. We have classified the debt and derivative liability associated with the secured forward exchange contract as current liabilities and the investments in Viacom stock and CBS stock and the derivative asset associated with the secured forward exchange contract as current assets in the accompanying condensed consolidated balance sheet as of December 31, 2006. However, at expiration, we may elect to settle the obligation associated with the secured forward exchange contract by delivering all or a portion of the Viacom Stock and CBS Stock, so this obligation should also not require future cash payments by us. A complete description of the secured forward exchange contract is contained in Note 9 to our consolidated financial statements included herewith.

At the expiration of the secured forward exchange contract, we will also be required to pay the deferred taxes relating thereto. This deferred tax liability, which is classified as a current liability in the accompanying condensed consolidated balance sheet as of December 31, 2006, is estimated to be \$141 million, which we anticipate will be reduced by approximately one-third to one-half through the application of our federal and state income tax net operating loss carryforwards and federal income tax credit carryforwards. We intend to finance the payment of this obligation through the use of internally generated funds, corporate borrowings and/or the sale of non-core assets. We believe our current assets, cash flows from operating activities, cash generated from the sale of non-core assets, and availability under our \$600.0 million credit facility will be sufficient to repay our current liabilities as they become due.

Principal Debt Agreements

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

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

The credit facility is (i) secured by a first mortgage and lien on the real property and related personal and intellectual property of our Gaylord Opryland hotel, Gaylord Texan hotel, Gaylord Palms hotel and Gaylord National hotel (to be constructed) and pledges of equity interests in the entities that own such properties and (ii) guaranteed by each of the four wholly owned subsidiaries that own the four hotels as well as ResortQuest International, Inc. Advances are subject to a 60% borrowing base, based on the appraisal value of the hotel properties (reducing to 50% in the event a hotel property is sold). Our former \$100.0 million revolving credit facility has been paid in full and the related mortgages and liens have been released.

In addition, the 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 credit facility are as follows:

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

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

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

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

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

As of December 31, 2006, we were in compliance with the foregoing covenants. As of December 31, 2006, \$175 million in borrowings were outstanding under the revolving credit facility, and the lending banks had issued \$12.2 million of letters of credit under the revolving credit facility for us. The revolving credit facility is cross-defaulted to our other indebtedness.

8% Senior Notes. We have outstanding \$350 million in aggregate principal amount of senior notes bearing an interest rate of 8% (the 8% Senior Notes). We have also entered into interest rate swaps with respect to \$125 million principal amount of the 8% Senior Notes which results in an effective interest rate of LIBOR plus 2.95% with respect to that portion of the notes. The 8% Senior Notes, which mature on November 15, 2013, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2004. The 8% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2008 at a designated redemption amount, plus accrued and unpaid interest. The 8% Senior Notes rank equally in right of payment with our other unsecured unsubordinated debt, but are effectively subordinated to all of our secured debt to the extent of the assets securing such debt. The 8% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of our active domestic subsidiaries. In connection with the offering and subsequent registration of the 8% Senior Notes, we paid approximately \$10.1 million in deferred financing costs. In addition, the 8% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 8% Senior Notes are cross-defaulted to our other indebtedness.

6.75% Senior Notes. We also have outstanding \$225 million in aggregate principal amount of senior notes bearing an interest rate of 6.75% (the 6.75% Senior Notes). The 6.75% Senior Notes, which mature on November 15, 2014, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year, starting on May 15, 2005. The 6.75% Senior Notes are redeemable, in whole or in part, at any time on or after November 15, 2009 at a designated redemption amount, plus accrued and unpaid interest. In addition, we may redeem up to 35% of the 6.75% Senior Notes before November 15, 2007 with the net cash proceeds from certain equity offerings. The 6.75% Senior Notes rank equally in right of payment with our other unsecured unsubordinated debt, but are effectively subordinated to all of our secured debt to the extent of the assets securing such debt. The 6.75% Senior Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by generally all of our active domestic subsidiaries. In connection with the offering of the 6.75% Senior Notes, we paid approximately \$4.2 million in deferred financing costs. In addition, the 6.75% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 6.75% Senior Notes are cross-defaulted to our other indebtedness.

Future Developments

As more fully described in Overall Outlook above, we are currently developing the Gaylord National Resort & Convention Center in Prince George's County, Maryland. Also, as described in Overall Outlook above, we are considering other potential hotel sites throughout the country, including Chula Vista, California.

Table of Contents*Commitments and Contractual Obligations*

The following table summarizes our significant contractual obligations as of December 31, 2006, including long-term debt and operating and capital lease commitments (amounts in thousands):

	Total amounts committed	Less than 1 year	1-3 years	3-5 years	After 5 years
Contractual obligations					
Long-term debt	\$ 750,000	\$	\$	\$175,000	\$ 575,000
Capital leases	3,926	1,034	1,570	1,322	
Promissory note payable to Nashville Predators	4,000	1,000	2,000	1,000	
Construction commitments	218,855	218,855			
Operating leases (1)	705,338	12,055	19,408	13,542	660,333
Other	525	175	350		
Total contractual obligations	\$1,682,644	\$233,119	\$23,328	\$190,864	\$1,235,333

(1) The total operating lease commitments of \$705.3 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, capital lease obligations, and promissory note payable to Nashville Predators. See

Supplemental Cash Flow Information in Note 1 to our consolidated financial statements for the year ended December 31, 2006 included herewith for a discussion of the interest we paid during 2006, 2005 and 2004.

The cash obligations in the table above also do not include obligations to pay deferred taxes on our secured forward exchange contract relating to the Viacom stock and CBS stock owned by us. At the expiration of the secured forward exchange contract relating to the Viacom stock and CBS stock owned by us, which is scheduled for May 2007, we will be required to pay the deferred taxes relating thereto. This deferred tax liability is estimated to be \$141 million, which we anticipate will be reduced by approximately one third to one-half through the application of the Company's Federal and state income tax net operating loss carryforwards and Federal income tax credit carryforwards. We intend to finance the payment of this obligation through the use of internally generated funds, corporate borrowings and/or the sale of non-core assets. A complete description of the secured forward exchange contract is contained in Note 9 to our consolidated financial statements for the year-ended December 31, 2006 included herewith.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting

principles. Accounting estimates are an integral part of the preparation of the consolidated financial statements and the financial reporting process and are based upon current judgments. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from our current judgments and estimates.

This listing of critical accounting policies is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management's judgment regarding accounting policy. We believe that of our significant accounting policies, which are

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discussed in Note 1 to the consolidated financial statements included herein, the following may involve a higher degree of judgment and complexity.

Revenue recognition. We recognize revenue from our hotel rooms as earned on the close of business each day that a stay occurs. Revenues from concessions and food and beverage sales are recognized at the time of the sale. We recognize revenues from the Opry and Attractions segment when services are provided or goods are shipped, as applicable.

We earn revenues from ResortQuest through property management fees, service fees and other sources. We receive property management fees when the properties are rented, which are generally a percentage of the rental price of the vacation property. Management fees range from approximately 3% to over 40% of gross lodging revenues collected based upon the type of services provided to the property owner and the type of rental units managed. Revenues are recognized ratably over the rental period based on our proportionate share of the total rental price of the vacation condominium or home. We provide or arrange through third parties certain services for property owners or guests. Service fees include reservations, housekeeping, long-distance telephone, ski rentals, lift tickets, beach equipment and pool cleaning. Internally provided services are recognized as service fee revenue when the service is provided. Services provided by third parties are generally billed directly to property owners and are not included in the accompanying consolidated financial statements. We recognize other revenues primarily related to real estate broker commissions. We recognize revenues on real estate sales when the transactions are complete, and such revenue is recorded net of the related agent commissions. Prior to the sale of First Resort Software, Inc. in December 2004, we also sold an integrated software package specifically designed for the vacation property management business, along with ongoing service contracts. Software and maintenance revenues were recognized when the systems were installed and ratably over the service period, respectively, in accordance with SOP 97-2, Software Revenue Recognition. Provision for returns and other adjustments are provided for in the same period the revenue was recognized. We defer revenues related to deposits on advance bookings of rooms and vacation properties and advance ticket sales at our tourism properties.

Impairment of long-lived assets and goodwill. In accounting for our long-lived assets other than goodwill, we apply the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Under SFAS No. 144, we assess our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets carrying amount and their fair value, based on the best information available, including market prices or discounted cash flow analysis.

Effective January 1, 2002, we adopted SFAS No. 142, Goodwill and Other Intangible Assets. Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually and whenever events or circumstances occur indicating that these intangibles may be impaired. We perform our review of goodwill for impairment by comparing the carrying value of the applicable reporting unit to the fair value of the reporting unit. If the fair value is less than the carrying value then we measure potential impairment by allocating the fair value of the reporting unit to the tangible assets and liabilities of the reporting unit in a manner similar to a business combination purchase price allocation. The remaining fair value of the reporting unit after assigning fair values to all of the reporting unit's assets and liabilities represents the implied fair value of goodwill of the reporting unit. The impairment is measured by the difference between the carrying value of goodwill and the implied fair value of goodwill.

The key assumptions used to determine the fair value of our ResortQuest reporting units for purposes of evaluating goodwill for impairment included (a) a perpetuity cash flow period, (b) a nominal terminal value, (c) a discount rate of approximately 16%, which was based on our weighted average cost of capital adjusted for the risks associated with the operations of ResortQuest, (d) a tax rate of 39%, and (e) a terminal cash flow growth rate of 2.0% for reporting units located in the United States Mainland and 3.0% for reporting units located in Hawaii. The key assumptions used to determine the fair value of our Corporate Magic reporting unit for purposes of evaluating goodwill for impairment

included (a) a perpetuity cash flow period, (b) a nominal terminal value, (c) a discount rate of approximately 13%, which was based on our weighted average cost of capital adjusted for the risks associated with the operations of Corporate Magic where applicable, (d) a tax rate of 38%, and (e) a terminal cash flow growth rate of 3.0%. These assumptions and judgments are subject to change, which could cause a different conclusion regarding impairment or a different calculation of an impairment loss.

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As more fully described in *Operating Results* *Impairment and other charges* above, we recorded impairment charges of \$110.7 million during 2006 to write down the carrying value of the trade name, management contracts, property management system, and goodwill related to ResortQuest in accordance with SFAS No. 144 and SFAS No. 142.

Restructuring charges. We have recognized restructuring charges in accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* and Emerging Issues Task Force (EITF) Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)* , in our consolidated financial statements. Restructuring charges are based upon certain estimates of liabilities related to costs to exit an activity. Liability estimates may change as a result of future events, including negotiation of reductions in contract termination liabilities and expiration of outplacement agreements.

Derivative financial instruments. We utilize derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of certain owned marketable securities and the prices at which we purchase natural gas and electricity for our hotels. We record derivatives in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* , which was subsequently amended by SFAS No. 138. SFAS No. 133, as amended, established accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. Changes in the fair value of those instruments will be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting.

We obtain valuations of our derivative assets and liabilities from counterparties and record changes in the derivative assets and liabilities based on those valuations. The derivative assets and liabilities held by us at December 31, 2006 include a secured forward exchange contract with respect to 5,468,950 shares of Viacom stock and 5,468,950 shares of CBS stock, a fixed to variable interest rate swap, and ten fixed to variable natural gas price swaps. The measurement of these derivatives' fair values requires the use of estimates and assumptions.

The key assumption used to determine the fair value of our secured forward exchange contract was the underlying value of the Viacom stock and CBS stock. Changes in this assumption could materially impact the determination of the fair value of the secured forward exchange contract and the related net gain or loss on the investment in Viacom stock and CBS stock and related derivatives. For example, a 5% increase in the combined fair market value of the Viacom stock and CBS stock at December 31, 2006 would have resulted in an increase of \$4,000 in the 2006 net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives. Likewise, a 5% decrease in the combined fair market value of the Viacom stock and CBS stock at December 31, 2006 would have resulted in a decrease of \$0.1 million in the 2006 net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives. The key assumption used to determine the fair value of our fixed to variable interest rate swap was changes in LIBOR interest rates. Changes in this assumption could materially impact the determination of the fair value of this derivative and the related charge to 2006 interest expense. For example, if LIBOR rates were to increase by 100 basis points each, our annual net interest cost on debt amounts associated with this interest rate swap would increase by approximately \$1.3 million. The key assumption used to determine the fair value of our fixed to variable natural gas price swaps was the forward price of natural gas futures contracts for delivery at the Henry Hub as of December 31, 2006 as quoted on the New York Mercantile Exchange. Changes in this assumption could materially impact the determination of the fair value of this derivative and the related charge to other comprehensive income and operating costs. For example, if the forward price of natural gas futures contracts for delivery at the Henry Hub as of December 31, 2006 as quoted on the New York Mercantile Exchange was to increase or decrease by 5%, the derivative liability associated with the fair value of our natural gas swaps outstanding as of December 31, 2006 would have decreased or increased by \$0.1 million.

Income taxes. We account for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under SFAS 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, the provision for taxes is increased by recording a reserve, in the form of a valuation allowance, against the estimated deferred tax assets that will not ultimately be recoverable.

We have federal and state net operating loss and tax credit carryforwards for which management believes it is more-likely-than-not that future taxable income will be sufficient to realize the recorded deferred tax assets. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies, which involve estimates and uncertainties, in making this assessment. Projected future taxable income is based on management's forecast of our operating results. Management

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periodically reviews such forecasts in comparison with actual results and expected trends. We have established valuation allowances for deferred tax assets primarily associated with certain subsidiaries with state operating loss carryforwards and tax credit carryforwards. At December 31, 2006, we had federal net operating loss carryforwards of \$172.8 million, federal tax credits of \$7.3 million, state net operating loss carryforwards of \$437.2 million and foreign net operating loss carryforwards of \$15.0 million. A valuation allowance of \$16.3 million has been provided for certain state and foreign deferred tax assets, including loss carryforwards, as of December 31, 2006. In the event management determines that sufficient future taxable income, in light of tax planning strategies, may not be generated to fully recover net deferred tax assets, we will be required to adjust our deferred tax valuation allowance in the period in which we determine recovery is not probable.

In addition, we must deal with uncertainties in the application of complex tax regulations in the calculation of tax liabilities and are subject to routine income tax audits. We estimate the contingent income tax liabilities that may result from these audits based on our assessment of potential income tax-related exposures and the relative probabilities of those exposures translating into actual future liabilities. Probabilities are estimated based on the likelihood that the taxing authority will disagree with a tax position that will negatively affect the amount of taxes previously paid or currently due. If payment of the accrued amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in either the recognition of tax benefits or an adjustment to goodwill in the period when we determine the liabilities are no longer necessary. If our estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to our tax provision or an adjustment to goodwill would result.

Retirement and postretirement benefits other than pension plans. The costs and obligations of our retirement and postretirement benefits other than pension plans recognized in our consolidated financial statements are determined from actuarial valuations, which are dependent on significant assumptions, judgments, and estimates. These assumptions, judgments, and estimates, which include discount rates at which the liabilities could be settled at the measurement date (September 30), expected return on plan assets, mortality rates, and health care cost trend rates, are evaluated at each annual measurement date. In accordance with generally accepted accounting principles, actual results that differ from these assumptions, judgments, and estimates are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods.

The discount rate utilized for determining future benefit obligations is based on the market rate of a broad-based index of high-quality bonds receiving an AA- or better rating from a recognized rating agency on our annual measurement date that is matched to the future expected cash flows of the benefit plans by annual periods. The resulting discount rate increased from 5.50% at September 30, 2005 to 5.75% at September 30, 2006 for the retirement and postretirement benefit other than pension plans.

We determine the expected return on plan assets based on our estimate of the return that plan assets will provide over the period that benefits are expected to be paid out. In preparing this estimate, we assess the rates of return on each targeted allocation of plan assets, return premiums generated by portfolio management, and by a comparison to rates used by other companies. The expected return on plan assets is a long-term assumption and generally does not change annually. The expected return on plan assets assumption used for determining net periodic pension expense for 2006 and 2005 was 8.0%. Our historical actual return averaged 7.9% for the ten-year period ended December 31, 2006.

The mortality rate assumption used for determining future benefit obligations as of September 30, 2006 and 2005 was based on the RP 2000 Combined Mortality Tables. The mortality rate assumption used for determining future benefit obligations as of September 30, 2004 was based on the 1983 Group Annuity Mortality Tables. We changed the basis for our mortality rate assumption in 2005 because we believe the RP 2000 Mortality Tables provides more current data on mortality rates. In estimating the health care cost trend rate, we consider our actual health care cost experience, industry trends, and advice from our third-party actuary. We assume that the relative increase in health care costs will generally trend downward over the next several years, reflecting assumed increases in efficiency in the health care system and industry-wide cost containment initiatives.

While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and postretirement benefit obligations and expense. For example, holding all other assumptions constant, a 1% increase or decrease in the assumed discount rate related to the retirement plan

would decrease or increase 2006 net period pension expense by approximately \$1.0 million. Likewise, a 1% increase or decrease in the assumed rate of return on plan assets would decrease or increase, respectively, 2006 net periodic pension expense by approximately \$0.5 million.

A 1% increase or decrease in the assumed discount rate related to the postretirement benefit plan would increase or decrease, respectively, the aggregate of the service and interest cost components of 2006 net postretirement benefit expense by approximately \$33,000 and \$61,000, respectively. Finally, a 1% increase in the assumed health care cost trend rate each year would increase the aggregate of the service and interest cost components of 2006 net postretirement benefit expense by \$0.1 million. Conversely, a 1%

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decrease in the assumed health care cost trend rate each year would decrease the aggregate of the service and interest cost components of 2006 net postretirement benefit expense by approximately \$0.1 million.

Recently Issued Accounting Standards

In June 2006, the Financial Accounting Standards Board issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FAS 109*, to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We will adopt FIN 48 as of January 1, 2007, as required. The cumulative effect of adopting FIN 48 will be recorded in retained earnings and other applicable accounts. We do not expect that the adoption will have a significant impact on our financial position and results of operation. The adoption of FIN 48 could result in greater volatility in the effective tax rate and balance sheet classification in future financial statements due to measurement of uncertain tax positions relating to new federal and state guidance and court decisions.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, to define fair value, establish a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We will adopt the provisions of this statement beginning in the first quarter of 2008. We are assessing the impact the adoption of SFAS No. 157 will have on our financial position and results of operations.

In September 2006, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, an amendment of FASB Statements No 87, 88, 106, and 132(R) (Statement 158). Statement 158 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On December 31, 2006, we adopted the recognition and disclosure provisions of Statement 158. The effect of adopting Statement 158 on our financial condition at December 31, 2006 has been included in the accompanying consolidated financial statements. Statement 158 did not have an effect on our consolidated financial condition at December 31, 2005 or 2004. Statement 158 s provisions regarding the change in the measurement date of postretirement benefit plans is effective for fiscal years ending after December 15, 2008. We will adopt the measurement date provision in the fiscal year ending December 31, 2008. We are assessing the impact the adoption of the measurement date provision will have on its consolidated financial position and results of operations.

Market Risk

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

Risk Related to a Change in Value of our Investment in Viacom Stock and CBS Stock

Prior to January 3, 2006, we held an investment of 10.9 million shares of Viacom Class B common stock, which was received as the result of the sale of television station KTVT to CBS in 1999 and the subsequent acquisition of CBS by Viacom in 2000.

We entered into a secured forward exchange contract related to 10.9 million shares of the Viacom stock in 2000. Effective January 3, 2006, Viacom completed a transaction to separate Viacom into two publicly traded companies named Viacom, Inc. and CBS Corporation by converting (i) each outstanding share of Viacom Class A common stock into 0.5 shares of Viacom, Inc. Class A common stock and 0.5 shares of CBS Corporation Class A common stock and (ii) each outstanding share of Viacom Class B common stock into 0.5 shares of Viacom, Inc. Class B common stock and 0.5 shares of CBS Corporation Class B common stock. As a result of this transaction, we exchanged our 10,937,900 shares of Viacom Class B common stock for 5,468,950 shares of Viacom, Inc. Class B common stock and 5,468,950 shares of CBS Corporation Class B common stock effective January 3, 2006.

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The secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom stock and CBS stock, while providing for participation in increases in the combined fair market value. At December 31, 2006, the fair market value of our investment in the 5.5 million shares of Viacom stock was \$224.4 million, or \$41.03 per share, and the fair market value of our investment in the 5.5 million shares of CBS stock was \$170.5 million, or \$31.18 per share. The secured forward exchange contract protects us against decreases in the combined fair market value of the Viacom stock and CBS stock below \$56.05 per share by way of a put option; the secured forward exchange contract also provides for participation in the increases in the combined fair market value of the Viacom stock and CBS stock in that we receive 100% of the appreciation between \$56.05 and \$64.45 per share and, by way of a call option, 25.93% of the appreciation above \$64.45 per share, as of December 31, 2006.

Changes in the market price of the Viacom stock and CBS stock could have a significant impact on future earnings. For example, a 5% increase in the combined fair market value of the Viacom stock and CBS stock at December 31, 2006 would have resulted in an increase of \$4,000 in the net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives for 2006. Likewise, a 5% decrease in the combined fair market value of the Viacom stock and CBS stock at December 31, 2006 would have resulted in a decrease of \$0.1 million in the net pre-tax gain on the investment in Viacom stock and CBS stock and related derivatives for 2006.

Risk Related to Changes in Interest Rates

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

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

Borrowings outstanding under our \$600 million credit facility bear interest at an annual rate at our election of either LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on our financial performance. If LIBOR were to increase by 100 basis points, our annual interest cost on borrowings outstanding under our \$600.0 million credit facility as of December 31, 2006 would increase by approximately \$1.8 million.

Cash Balances. Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at December 31, 2006. As a result, the interest rate market risk implicit in these investments at December 31, 2006, if any, is low.

Risk Related to Changes in Natural Gas Prices

As of December 31, 2006, we held ten fixed to variable natural gas price swaps with respect to the purchase of 197,000 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 terms of up to five months, effectively adjust the price on that volume of purchases of natural gas to a weighted average price of \$7.78 per dekatherm. These natural gas price swaps are deemed effective and therefore the hedges have been treated as an effective cash flow hedge under SFAS No. 133. If the forward price of natural gas futures contracts for delivery at the Henry Hub as of December 31, 2006 as quoted on the New York Mercantile Exchange was to increase or decrease by 5%, the derivative liability associated with the fair value of our natural gas swaps outstanding as of December 31, 2006 would have decreased or increased by \$0.1 million.

Risks Related to Foreign Currency Exchange Rates

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

Table of Contents*Summary*

Based upon our overall market risk exposures at December 31, 2006, we believe that the effects of changes in the stock price of our Viacom stock and CBS stock, interest rates and natural gas prices could be material to our consolidated financial position, results of operations or cash flows. However, we believe that the effects of fluctuations in foreign currency exchange rates on our consolidated financial position, results of operations or cash flows would not be material.

Forward-Looking Statements

This report contains statements with respect to the Company's beliefs and expectations of the outcomes of future events that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties, including, without limitation, the factors set forth under the caption Risk Factors. Forward-looking statements include discussions regarding the Company's operating strategy, strategic plan, hotel development strategy, industry and economic conditions, financial condition, liquidity and capital resources, and results of operations. You can identify these statements by forward-looking words such as expects, anticipates, intends, plans, believes, estimates, projects, and similar expressions. Although we believe our plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve uncertainties and risks, and we cannot assure you that our plans, objectives, expectations and prospects will be achieved. Our actual results could differ materially from the results anticipated by the forward-looking statements as a result of many known and unknown factors, including, but not limited to, those contained in Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this report. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. The Company does not undertake any obligation to update or to release publicly any revisions to forward-looking statements contained in this report to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The information called for by this Item is provided under the caption Market Risk under Management's Discussion and Analysis of Financial Condition and Results of Operations and incorporated by reference herein.

Item 8. Financial Statements and Supplementary Data

Information with respect to this Item is contained in the Company's consolidated financial statements included in the Index beginning on page F-1 of this Annual Report on Form 10-K and incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Annual Report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Annual Report, to ensure that information is recorded, processed, summarized and reported in a manner to allow appropriate and timely decisions regarding required disclosures by the Exchange Act within the time period specified in the rules and forms of the Securities and Exchange Commission.

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2006. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework.

Based on management's assessment and those criteria, management believes that, as of December 31, 2006, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on management's assessment of the Company's internal control over financial reporting. That report begins on page F-3 and is incorporated by reference herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information about our Board of Directors required by Item 401 of Regulation S-K is incorporated herein by reference to the discussion under the heading "Election of Directors" in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission. Information regarding procedures for stockholder nominations to our Board of Directors required by Item 407(c) (3) of Regulation S-K is incorporated by reference to the discussion under the heading "Stockholder Nominations of Candidates for Board Membership" in our Proxy Statement for the 2007 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission.

Information required by Item 405 of Regulation S-K is incorporated herein by reference to the discussion under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

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Certain other information concerning executive officers and certain other officers of the Company is included in Part I of this Annual Report on Form 10-K under the caption Executive Officers of the Registrant.

The Company has a separately designated audit committee of the board of directors established in accordance with the Exchange Act. Michael Bender, Robert P. Bowen, E.K. Gaylord II, and R. Brad Martin currently serve as members of the Audit Committee. Our Board of Directors has determined that Robert P. Bowen is an audit committee financial expert as defined by the SEC and is independent, as that term is defined in the Exchange Act listing standards of the New York Stock Exchange.

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to the members of our Board of Directors and our officers, including our Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. In addition, the Board of Directors has adopted Corporate Governance Guidelines and restated charters for our Audit Committee, Human Resources Committee, and Nominating and Corporate Governance Committee. You can access our Code of Business Conduct and Ethics, Corporate Governance Guidelines and current committee charters on our website at www.gaylordentertainment.com or request a copy of any of the foregoing by writing to the following address: Gaylord Entertainment Company, Attention: Secretary, One Gaylord Drive, Nashville, Tennessee 37214. The Company will make any legally required disclosures regarding amendments to, or waivers of, provisions of the Code of Business Conduct and Ethics, Corporate Governance Guidelines or current committee charters on its website. In accordance with the corporate governance listing standards of the New York Stock Exchange, the Company has designated Mr. Ralph Horn as the lead director at all meetings of non-management directors, which meetings will be held on a regular basis. Stockholders, employees and other interested parties may communicate with Mr. Horn, individual non-management directors, or the non-management directors as a group, by email at boardofdirectors@gaylordentertainment.com.

Item 11. Executive Compensation

The information required by this Item is incorporated herein by reference to the discussions under the headings Compensation Discussion and Analysis, Summary Compensation Table, Grants of Plan-Based Awards for Fiscal Year End December 31, 2006, Outstanding Equity Awards at Fiscal Year End December 31, 2006, Option Exercises and Stock Vested as of Fiscal Year End December 31, 2006, Pension Benefits, Nonqualified Deferred Compensation, Potential Payouts on Termination or Change in Control, Election of Directors Compensation Committee Interlocks and Insider Participation, Election of Directors Compensation of Directors and Compensation Committee Report in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated herein by reference to the discussions under the headings Security Ownership of Certain Beneficial Owners and Management and Option Exercises and Stock Vested as of Fiscal Year End December 31, 2006 in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference to the discussions under the headings Election of Directors Independence of Directors and Certain Relationships and Related Transactions in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated herein by reference to the discussion under the heading Public Accounting Firm in our Proxy Statement for the 2007 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

PART IV**Item 15. Exhibits, Financial Statement Schedules****(a)(1) Financial Statements**

The accompanying index to financial statements on page F-1 of this Annual Report on Form 10-K is provided in response to this Item.

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(a)(2) Financial Statement Schedules

The following financial statement schedules are filed as a part of this report, with reference to the applicable pages of this Annual Report on Form 10-K:

Schedule II	Valuation and Qualifying Accounts for the Year Ended December 31, 2006	S-2
Schedule II	Valuation and Qualifying Accounts for the Year Ended December 31, 2005	S-3
Schedule II	Valuation and Qualifying Accounts for the Year Ended December 31, 2004	S-4

All other financial statement schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(a)(3) Exhibits

See Index to Exhibits.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

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

February 28, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Colin V. Reed Colin V. Reed	Chairman of the Board of Directors, President and Chief Executive Officer	February 28, 2007
/s/ Michael J. Bender Michael J. Bender	Director	February 28, 2007
/s/ Robert P. Bowen Robert P. Bowen	Director	February 28, 2007
/s/ E.K. Gaylord, II E.K. Gaylord, II	Director	February 28, 2007
/s/ E. Gordon Gee E. Gordon Gee	Director	February 28, 2007
/s/ Ralph Horn Ralph Horn	Director	February 28, 2007
/s/ Ellen Levine Ellen Levine	Director	February 28, 2007
/s/ R. Brad Martin R. Brad Martin	Director	February 28, 2007

/s/ Michael D. Rose Director February 28, 2007

Michael D. Rose

/s/ Michael I. Roth Director February 28, 2007

Michael I. Roth

/s/ David C. Kloeppe Executive Vice President and February 28, 2007
Chief Financial Officer

David C. Kloeppe (Principal Financial Officer)

/s/ Rod Connor Senior Vice President and Chief February 28, 2007
Administrative Officer

Rod Connor (Principal Accounting Officer)

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Gaylord Entertainment Company and Subsidiaries Audited Consolidated Financial Statements as of December 31, 2006 and 2005 and for Each of the Three Years in the Period Ended December 31, 2006	
<u>Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements</u>	F-2
<u>Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting</u>	F-3
<u>Consolidated Statements of Operations for the Years ended December 31, 2006, 2005, and 2004</u>	F-4
<u>Consolidated Balance Sheets as of December 31, 2006 and 2005</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years ended December 31, 2006, 2005, and 2004</u>	F-6
<u>Consolidated Statements of Stockholders' Equity for the Years ended December 31, 2006, 2005, and 2004</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-8

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON THE CONSOLIDATED FINANCIAL STATEMENTS**

To the Board of Directors and Stockholders of Gaylord Entertainment Company

We have audited the accompanying consolidated balance sheets of Gaylord Entertainment Company and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gaylord Entertainment Company and subsidiaries at December 31, 2006 and 2005, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for share-based payments as well as its method of accounting for defined benefit pension and other postretirement benefit plans.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Gaylord Entertainment Company's internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 28, 2007 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
February 28, 2007

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Board of Directors and Stockholders of Gaylord Entertainment Company

We have audited management's assessment, included in Management's Report on Internal Control Over Financial Reporting included in this Annual Report, that Gaylord Entertainment Company maintained effective internal control over financial reporting as of December 31, 2006, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Gaylord Entertainment Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Gaylord Entertainment Company maintained effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Gaylord Entertainment Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2006, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Gaylord Entertainment Company as of December 31, 2006 and 2005, and the related consolidated statements of operations, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2006, and our report dated February 28, 2007 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
February 28, 2007

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Table of Contents**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2006, 2005 and 2004****(Amounts in thousands, except per share data)**

	2006	2005	2004
REVENUES	\$947,922	\$ 866,539	\$ 728,623
OPERATING EXPENSES:			
Operating costs	618,455	571,494	478,224
Selling, general and administrative	194,189	186,203	171,660
Preopening costs	7,174	5,005	14,205
Impairment and other charges	110,710		1,212
Restructuring charges			196
Depreciation	75,176	72,620	68,728
Amortization	10,664	10,583	8,915
Operating (loss) income	(68,446)	20,634	(14,517)
INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED	(71,719)	(73,169)	(55,064)
INTEREST INCOME	3,135	2,478	1,501
UNREALIZED GAIN (LOSS) ON VIACOM STOCK	38,337	(41,554)	(87,914)
UNREALIZED (LOSS) GAIN ON DERIVATIVES	(16,618)	35,705	56,533
INCOME FROM UNCONSOLIDATED COMPANIES	10,565	2,169	3,825
OTHER GAINS AND (LOSSES)	9,469	6,660	1,089
Loss before benefit for income taxes and discontinued operations	(95,277)	(47,077)	(94,547)
BENEFIT FOR INCOME TAXES	(12,445)	(15,284)	(39,956)
Loss from continuing operations	(82,832)	(31,793)	(54,591)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES	3,397	(2,157)	953
Net loss	\$ (79,435)	\$ (33,950)	\$ (53,638)
(LOSS) INCOME PER SHARE:			
Loss from continuing operations	\$ (2.04)	\$ (0.79)	\$ (1.38)
Gain (loss) from discontinued operations, net of taxes	0.08	(0.06)	0.03
Net loss	\$ (1.96)	\$ (0.85)	\$ (1.35)
(LOSS) INCOME PER SHARE ASSUMING DILUTION:			
Loss from continuing operations	\$ (2.04)	\$ (0.79)	\$ (1.38)
Gain (loss) from discontinued operations, net of taxes	0.08	(0.06)	0.03

Net loss	\$ (1.96)	\$ (0.85)	\$ (1.35)
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The accompanying notes are an integral part of these consolidated financial statements.

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Table of Contents**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS****December 31, 2006 and 2005****(Amounts in thousands, except per share data)**

	December 31, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents unrestricted	\$ 40,562	\$ 58,719
Cash and cash equivalents restricted	15,715	19,688
Short term investments	394,913	
Trade receivables, less allowance of \$1,342 and \$2,471, respectively	39,458	37,154
Estimated fair value of derivative assets	207,428	
Deferred financing costs	10,461	26,865
Deferred income taxes		8,861
Other current assets	29,106	29,276
Current assets of discontinued operations	28	7,726
Total current assets	737,671	188,289
Property and equipment, net of accumulated depreciation	1,638,443	1,404,211
Intangible assets, net of accumulated amortization	22,688	27,768
Goodwill	87,331	177,556
Indefinite lived intangible assets	28,254	40,315
Investments	84,488	429,295
Estimated fair value of derivative assets		220,430
Long-term deferred financing costs	15,579	29,144
Other long-term assets	18,065	14,135
Long-term assets of discontinued operations		1,447
Total assets	\$ 2,632,519	\$ 2,532,590
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 2,034	\$ 1,825
Secured forward exchange contract	613,054	
Accounts payable and accrued liabilities	222,717	186,540
Deferred income taxes	56,628	
Current liabilities of discontinued operations	578	7,802
Total current liabilities	895,011	196,167
Secured forward exchange contract		613,054
Long-term debt and capital lease obligations, net of current portion	753,572	598,475

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Deferred income taxes	96,537	177,652
Estimated fair value of derivative liabilities	2,610	1,994
Other long-term liabilities	86,525	96,488
Long-term liabilities of discontinued operations	238	193
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 100,000 shares authorized, no shares issued or outstanding		
Common stock, \$.01 par value, 150,000 shares authorized, 40,804 and 40,307 shares issued and outstanding, respectively	408	403
Additional paid-in capital	694,941	670,828
Retained earnings	118,885	198,320
Unearned compensation		(1,673)
Accumulated other comprehensive loss	(16,208)	(19,311)
Total stockholders' equity	798,026	848,567
Total liabilities and stockholders' equity	\$ 2,632,519	\$ 2,532,590

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2006, 2005 and 2004
(Amounts in thousands)

	2006	2005	2004
Cash Flows from Operating Activities:			
Net loss	\$ (79,435)	\$ (33,950)	\$ (53,638)
Amounts to reconcile net loss to net cash flows provided by operating activities:			
(Gain) loss from discontinued operations, net of taxes	(3,397)	2,157	(953)
Income from unconsolidated companies	(10,565)	(2,169)	(3,825)
Unrealized (gain) loss on Viacom stock and CBS stock and related derivatives	(21,719)	5,849	31,381
Impairment and other charges	110,710		1,212
Benefit for deferred income taxes	(12,445)	(15,284)	(39,937)
Depreciation and amortization	85,840	83,203	77,643
Amortization of deferred financing costs	29,969	29,724	29,269
Stock-based compensation expense	9,321		
Excess tax benefit from stock-based compensation	(2,771)		
Loss (gain) on sales of assets	1,676	(2,607)	1,817
Dividends received from investments in unconsolidated companies	3,155	455	
Changes in (net of acquisitions and divestitures):			
Trade receivables	(2,304)	(5,420)	(10,091)
Accounts payable and accrued liabilities	6,194	8,698	20,346
Other assets and liabilities	83	10,087	3,450
Net cash flows provided by operating activities continuing operations	114,312	80,743	56,674
Net cash flows used in operating activities discontinued operations	(3,453)	(478)	(1,271)
Net cash flows provided by operating activities	110,859	80,265	55,403
Cash Flows from Investing Activities:			
Purchases of property and equipment	(294,947)	(129,540)	(127,527)
Acquisition of businesses, net of cash acquired		(20,223)	
Investments in unconsolidated companies	(6,587)	(5,225)	
Returns of investment in unconsolidated companies	2,228	2,389	
Proceeds from sales of assets	763	10,478	1,450
Collection of note receivable	381	7,500	
Purchases of short-term investments		(15,000)	(130,850)
Proceeds from sale of short term investments		42,000	165,850
Other investing activities	(8,189)	(2,472)	(4,069)
Net cash flows used in investing activities continuing operations	(306,351)	(110,093)	(95,146)
Net cash flows provided by (used in) investing activities discontinued operations	541	1,195	(292)

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Net cash flows used in investing activities	(305,810)	(108,898)	(95,438)
Cash Flows from Financing Activities:			
Proceeds from issuance of long-term debt			225,000
Repayment of long-term debt	(1,000)		(199,181)
Borrowings under credit facility	155,000	20,000	
Deferred financing costs paid		(8,479)	(4,951)
Decrease (increase) in restricted cash and cash equivalents	3,973	26,554	(7,344)
Proceeds from exercise of stock option and purchase plans	13,028	9,040	11,529
Excess tax benefit from stock-based compensation	2,771		
Other financing activities, net	(1,272)	(628)	(693)
Net cash flows provided by financing activities continuing operations	172,500	46,487	24,360
Net cash flows provided by (used in) financing activities discontinued operations	4,294	(2,142)	(82)
Net cash flows provided by financing activities	176,794	44,345	24,278
Net change in cash and cash equivalents	(18,157)	15,712	(15,757)
Cash and cash equivalents unrestricted, beginning of period	58,719	43,007	58,764
Cash and cash equivalents unrestricted, end of period	\$ 40,562	\$ 58,719	\$ 43,007

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

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**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
For the Years Ended December 31, 2006, 2005 and 2004
(Amounts in thousands)**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Unearned Compensation	Other Comprehensive Income (Loss)	Total Stockholders Equity
BALANCE, December 31, 2003	\$ 394	\$ 639,839	\$ 285,908	\$ (2,704)	\$ (16,644)	\$ 906,793
COMPREHENSIVE LOSS:						
Net loss			(53,638)			(53,638)
Unrealized loss on interest rate derivatives, net of deferred income taxes					(105)	(105)
Minimum pension liability, net of deferred income taxes					(187)	(187)
Foreign currency translation, net of deferred income taxes					95	95
Comprehensive loss						(53,835)
Exercise of stock options	5	11,207				11,212
Tax benefit on stock options		1,575				1,575
Employee stock plan purchases		306				306
Shares issued to employees		11				11
Issuance of restricted stock		935		(935)		
Cancellation of restricted stock		(209)		209		
Compensation expense		2,988		2,093		5,081
Adjustment to stock options of acquired business		(1,542)				(1,542)
BALANCE, December 31, 2004	\$ 399	\$ 655,110	\$ 232,270	\$ (1,337)	\$ (16,841)	\$ 869,601
COMPREHENSIVE LOSS:						
Net loss			(33,950)			(33,950)
Unrealized loss on interest rate derivatives, net of deferred income taxes					(19)	(19)
					(2,403)	(2,403)

Minimum pension liability, net of deferred income taxes						(48)	(48)
Foreign currency translation, net of deferred income taxes							
Comprehensive loss							(36,420)
Exercise of stock options	4	8,602					8,606
Tax benefit on stock options		2,185					2,185
Employee stock plan purchases		434					434
Shares issued to employees		17					17
Issuance of restricted stock		1,689		(1,689)			
Cancellation of restricted stock		(200)		200			
Compensation expense		3,099		1,153			4,252
Restricted stock shares surrendered		(108)					(108)
BALANCE, December 31, 2005	\$ 403	\$ 670,828	\$ 198,320	\$ (1,673)	\$ (19,311)	\$ (19,311)	\$ 848,567
COMPREHENSIVE LOSS:							
Net loss			(79,435)				(79,435)
Unrealized loss on natural gas derivatives, net of deferred income taxes					(185)	(185)	(185)
Minimum pension liability, net of deferred income taxes					3,145	3,145	3,145
Foreign currency translation, net of deferred income taxes					576	576	576
Comprehensive loss							(75,899)
Exercise of stock options	5	12,504					12,509
Tax benefit on stock options		3,699					3,699
Employee stock plan purchases		519					519
Restricted stock shares surrendered		(257)					(257)
Compensation expense		9,321					9,321
Reclassification of unearned compensation to additional paid in capital		(1,673)		1,673			
Adjustment to initially apply SFAS No. 158, net					(433)	(433)	(433)

of deferred income taxes

**BALANCE, December 31,
2006**

\$ 408	\$ 694,941	\$ 118,885	\$	\$ (16,208)	\$ 798,026
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The accompanying notes are an integral part of these consolidated financial statements.

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Table of Contents**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Description of the Business and Summary of Significant Accounting Policies**

Gaylord Entertainment Company (the Company) is a diversified hospitality and entertainment company operating, through its subsidiaries, principally in four business segments: Hospitality; ResortQuest; Opry and Attractions; and Corporate and Other.

During the third quarter of 2005, the Company committed to a plan of disposal of certain markets of its ResortQuest business that were considered to be inconsistent with the Company's long term growth strategy. During the second quarter of 2006, the Company completed the sale of one additional market of its ResortQuest business that was not included in the original plan of disposal, but was later determined to be inconsistent with the Company's long term growth strategy (collectively, the ResortQuest Discontinued Markets). The ResortQuest Discontinued Markets, along with other businesses with respect to which the Company pursued plans of disposal in prior periods, have been presented as discontinued operations, net of taxes, for all periods presented.

Business Segments*Hospitality*

The Hospitality segment includes the operations of Gaylord Hotels branded hotels and the Radisson Hotel at Opryland. At December 31, 2006, the Company owns and operates the Gaylord Opryland Resort and Convention Center (Gaylord Opryland and formerly known as the Opryland Hotel Nashville), the Gaylord Palms Resort and Convention Center (Gaylord Palms), the Gaylord Texan Resort and Convention Center (Gaylord Texan) and the Radisson Hotel at Opryland. Gaylord Opryland and the Radisson Hotel at Opryland are both located in Nashville, Tennessee. The Gaylord Palms in Kissimmee, Florida opened in January 2002. The Gaylord Texan in Grapevine, Texas opened in April 2004. The Company is also developing a hotel known as the Gaylord National Resort & Convention Center (Gaylord National) located on property the Company acquired on February 23, 2005 on the Potomac River in Prince George's County, Maryland (in the Washington, D.C. market).

ResortQuest

The ResortQuest segment includes the operations of our vacation property management services subsidiaries. This branded network of vacation properties currently offers management services to approximately 15,000 properties in premier beach, mountain, and tropical resort locations in the United States and Canada. The acquisition of ResortQuest International, Inc. (ResortQuest) was completed on November 20, 2003 as further discussed in Note 6. The results of operations of ResortQuest from November 20, 2003 are included in these consolidated financial statements.

Opry and Attractions

The Opry and Attractions segment includes all of the Company's Nashville-based tourist attractions. At December 31, 2006, these include the Grand Ole Opry, the General Jackson Showboat, the Wildhorse Saloon, the Ryman Auditorium and the Gaylord Springs Golf Links, among others. The Opry and Attractions segment also includes Corporate Magic, which specializes in the production of creative events in the corporate entertainment marketplace, and WSM-AM.

Corporate and Other

Corporate and Other includes salaries and benefits of the Company's executive and administrative personnel and various other overhead costs. This segment also includes the expenses and activities associated with the Company's ownership of various investments, including Bass Pro. The Company owns a minority interest in Bass Pro, a leading retailer of premium outdoor sporting goods and fishing products. Until the first quarter of 2005, the Company owned a minority interest in the Nashville Predators, a National Hockey League professional team. On February 22, 2005, the Company disposed of its investment in the Nashville Predators and reached an agreement to exit the related naming rights agreement upon the terms and conditions described in Note 15.

Table of Contents**Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. The Company's investments in non-controlled entities in which it has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method. The Company's investments in other entities are accounted for using the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents Unrestricted

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Cash and Cash Equivalents Restricted

Restricted cash and cash equivalents represent guest advance deposits held in escrow for lodging reservations and deposits held on real estate transactions.

Supplemental Cash Flow Information

Cash paid for interest for the years ended December 31 was comprised of (amounts in thousands):

	2006	2005	2004
Debt interest paid	\$ 50,323	\$43,467	\$29,926
Deferred financing costs paid		8,479	4,951
Capitalized interest	(10,749)	(2,703)	(5,464)
Cash paid for interest, net of capitalized interest	\$ 39,574	\$49,243	\$29,413

Net cash (payments) refunds of income taxes were (\$1.6) million, \$0.3 million, and (\$0.7) million for the years ended December 31, 2006, 2005, and 2004, respectively.

Certain transactions have been reflected as non-cash activities in the accompanying consolidated statements of cash flows for 2006, 2005 and 2004 as further discussed below.

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

In connection with the settlement of litigation with the Nashville Hockey Club Limited Partnership (NHC) on February 22, 2005, as further discussed in Note 15, the Company issued to NHC a 5-year, \$5 million promissory note. Because the Company continued to accrue expense under the naming rights agreement throughout the course of this litigation, the issuance of this promissory note resulted in an increase in long term debt and capital lease obligations and a decrease in accounts payable and accrued liabilities in the accompanying consolidated balance sheet and statement of cash flows.

The Company's net cash flows provided by investing activities discontinued operations in 2006 and 2005 primarily consist of cash proceeds received from the sale of discontinued operations.

Short-Term Investments

As of December 31, 2006, short-term investments consisted of 5,468,950 shares of Viacom, Inc. Class B common stock and 5,468,950 shares of CBS Corporation Class B common stock held by the Company. These securities are classified as trading under the provisions of Statement of Financial Accounting Standards (SFAS) No. 115, Accounting for Certain Investments in Debt and Equity Securities.

Table of Contents**Accounts Receivable**

The Company's accounts receivable are primarily generated by meetings and convention attendees' room nights, as well as vacation rental property management fees. Receivables arising from these sales are not collateralized. Credit risk associated with the accounts receivable is minimized due to the large and diverse nature of the customer base. No customers accounted for more than 10% of the Company's trade receivables at December 31, 2006.

Allowance for Doubtful Accounts

The Company provides allowances for doubtful accounts based upon a percentage of revenue and periodic evaluations of the aging of accounts receivable.

Deferred Financing Costs

Deferred financing costs consist of prepaid interest, loan fees and other costs of financing that are amortized over the term of the related financing agreements, using the effective interest method. For the years ended December 31, 2006, 2005 and 2004, deferred financing costs of \$30.0 million, \$29.7 million and \$29.3 million, respectively, were amortized and recorded as interest expense in the accompanying consolidated statements of operations. The current portion of deferred financing costs at December 31, 2006 represents the amount of prepaid contract payments related to the secured forward exchange contract discussed in Note 9 that will be amortized in the coming year.

Property and Equipment

Property and equipment are stated at cost. Improvements and significant renovations that extend the lives of existing assets are capitalized. Interest on funds borrowed to finance the construction of major capital additions is included in the cost of the applicable capital addition. Maintenance and repairs are charged to expense as incurred. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Attractions-related equipment	16 years
Furniture, fixtures and equipment	3-8 years
Leasehold improvements	The shorter of the lease term or useful life

Impairment of Long-Lived Assets

In accounting for the Company's long-lived assets other than goodwill, the Company applies the provisions of SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Under SFAS No. 144, the Company assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets carrying amount and their fair value, based on the best information available, including market prices or discounted cash flow analyses.

Goodwill and Intangibles

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS No. 141 supersedes Accounting Principles Board (APB) Opinion No. 16, Business Combinations, and requires the use of the purchase method of accounting for all business combinations prospectively. SFAS No. 141 also provides guidance on recognition of intangible assets apart from goodwill.

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SFAS No. 142 supercedes APB Opinion No. 17, Intangible Assets, and changes the accounting for goodwill and intangible assets. Under SFAS No. 142, goodwill and other intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually and whenever events or circumstances occur indicating that these intangibles may be impaired. Reporting units of the Company are determined in accordance with SFAS No. 142. The Company allocates goodwill to reporting units by comparing the fair value of each reporting unit identified in an acquired company to the total fair value of the acquired company on the acquisition date. The Company performs its review of goodwill for impairment by comparing the carrying value of the applicable reporting unit to the fair value of the reporting unit. If the fair value is less than the carrying value then the Company measures potential impairment by allocating the fair value of the reporting unit to the tangible assets and liabilities of the reporting unit in a manner similar to a business combination purchase price allocation. The remaining fair value of the reporting unit after assigning fair values to all of the reporting unit's assets and liabilities represents the implied fair value of goodwill of the reporting unit. The impairment is measured by the difference between the carrying value of goodwill and the implied fair value of goodwill. The Company's goodwill and intangibles are discussed further in Note 18.

Leases

The Company is leasing a 65.3 acre site in Osceola County, Florida on which the Gaylord Palms is located, a 25 acre site in Grapevine, Texas on which a portion of the Gaylord Texan is located, and is a lessee under various other leasing arrangements, including leases for office space and office equipment. The Company accounts for lease obligations in accordance with SFAS No. 13, Accounting for Leases, and related interpretations. The Company's leases are discussed further in Note 15.

Long-Term Investments

The Company owns minority interest investments in certain businesses. Generally, non-marketable investments (excluding limited partnerships and limited liability company interests) in which the Company owns less than 20 percent are accounted for using the cost method of accounting and investments in which the Company owns between 20 percent and 50 percent and limited partnerships are accounted for using the equity method of accounting.

Other Assets

Other current and long-term assets of continuing operations at December 31 consist of (amounts in thousands):

	2006	2005
Other current assets:		
Other current receivables	\$ 9,521	\$10,955
Inventories	7,547	7,676
Prepaid expenses	11,089	9,459
Current income tax receivable	10	
Other current assets	939	1,186
Total other current assets	\$29,106	\$29,276
Other long-term assets:		
Notes receivable	\$ 1,976	\$ 35
Deferred software costs, net	12,064	10,699
Other long-term assets	4,025	3,401
Total other long-term assets	\$18,065	\$14,135

Table of Contents*Other Current Assets*

Other current receivables result primarily from non-operating income and are due within one year. Inventories consist primarily of merchandise for resale and are carried at the lower of cost or market. Cost is computed on an average cost basis. Prepaid expenses consist of prepayments for insurance and contracts that will be expensed during the subsequent year.

Other Long-Term Assets

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

The Company capitalizes the costs of computer software developed for internal use in accordance with the American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 98-1, Accounting for the Costs of Computer Software Developed or Obtained for Internal Use . Accordingly, the Company has capitalized the external costs and certain internal payroll costs to acquire and develop computer software. Deferred software costs are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years.

Preopening Costs

In accordance with AICPA SOP 98-5, Reporting on the Costs of Start-Up Activities , the Company expenses the costs associated with preopening expenses related to the construction of new hotels, start-up activities and organization costs as incurred.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities of continuing operations at December 31 consist of (amounts in thousands):

	2006	2005
Trade accounts payable	\$ 24,154	\$ 21,599
Accrued construction in progress	44,250	15,273
Property and other taxes payable	27,816	26,619
Deferred revenues	55,400	59,297
Accrued salaries and benefits	26,918	22,807
Accrued self-insurance reserves	6,180	6,024
Accrued interest payable	8,163	6,456
Other accrued liabilities	29,836	28,465
Total accounts payable and accrued liabilities	\$222,717	\$186,540

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Deferred revenues consist primarily of deposits on advance bookings of rooms and vacation properties and advance ticket sales at the Company's tourism properties. The Company is self-insured up to a stop loss for certain losses relating to workers' compensation claims, employee medical benefits and general liability claims. The Company recognizes self-insured losses based upon estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry or the Company's historical experience.

Income Taxes

In accordance with SFAS No. 109, *Accounting for Income Taxes*, the Company establishes deferred tax assets and liabilities based on the difference between the financial statement and income tax carrying amounts of assets and liabilities using existing tax laws and tax rates. See Note 12 for more detail on the Company's income taxes.

Revenue Recognition

Revenues from hotel rooms are recognized as earned on the close of business each day when a stay occurs. Revenues from concessions and food and beverage sales are recognized at the time of the sale. The Company recognizes revenues from the Opry and Attractions segment when services are provided or goods are shipped, as applicable.

The Company earns revenues from the ResortQuest segment through property management fees, service fees and other sources. The Company receives property management fees when the properties are rented, which are generally a percentage of the rental price of the vacation property. Management fees range from approximately 3% to over 40% of gross lodging revenues collected based upon the type of services provided to the property owner and the type of rental units managed. Revenues are recognized ratably over the rental period based on the Company's proportionate share of the total rental price of the vacation condominium or home. The Company provides or arranges through third parties certain services for property owners or guests. Service fees include reservations, housekeeping, long-distance telephone, ski rentals, lift tickets, beach equipment and pool cleaning. Internally provided services are recognized as service fee revenue when the service is provided. Services provided by third parties are generally billed directly to property owners and are not included in the accompanying consolidated financial statements. The Company recognizes other revenues primarily related to real estate broker commissions and software and maintenance sales. The Company recognizes revenues on real estate sales when the transactions are complete, and such revenue is recorded net of the related agent commissions. Until December 15, 2004, the Company also sold a fully integrated software package, First Resort Software, specifically designed for the vacation property management business, along with ongoing service contracts. The Company disposed of the First Resort Software business on December 15, 2004. Software and maintenance revenues were recognized when the systems were installed and ratably over the service period, respectively, in accordance with SOP 97-2, *Software Revenue Recognition*. Provision for returns and other adjustments are provided for in the same period the revenue was recognized.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2006, 2005 and 2004, advertising costs included in continuing operations were \$34.7 million, \$32.5 million and \$32.5 million, respectively.

Stock-Based Compensation

At December 31, 2006, the Company has one stock-based employee compensation plan, which is described more fully in Note 14. Prior to January 1, 2006, the Company accounted for stock options granted under this plan under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*. No stock-based employee compensation cost was recognized in the accompanying consolidated statements of operations related to stock options granted under this plan for the years ended December 31, 2005 and 2004, as all options granted under this plan had an exercise price equal to the market value of the underlying common stock on the date of grant. Effective January 1, 2006, the Company adopted the fair value recognition provisions of FASB Statement No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Under that transition method, compensation cost recognized in the year ended December 31, 2006 includes: (a) compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of Statement 123, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the

provisions of Statement 123(R). Results for prior periods have not been restated.

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As a result of adopting Statement 123(R) on January 1, 2006, the Company's loss before benefit for income taxes and net loss for the year ended December 31, 2006 are \$6.3 million and \$4.0 million higher, respectively, than if the Company had continued to account for share-based compensation under APB Opinion 25. Basic and diluted loss per share for the year ended December 31, 2006 are \$0.10 higher than if the Company had continued to account for share-based compensation under APB Opinion 25.

Prior to the adoption of Statement 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the condensed consolidated statement of cash flows. Statement 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows. The \$2.8 million excess tax benefit classified as a financing cash inflow in the accompanying consolidated statement of cash flows for the year ended December 31, 2006 would have been classified as an operating cash inflow if the Company had not adopted Statement 123(R).

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

(in thousands, except per share data)	2005	2004
Net loss:		
As reported	\$ (33,950)	\$ (53,638)
Add: Stock option employee compensation expense included in reported net loss, net of related tax effects		
Deduct: Total stock option employee compensation expense determined under fair value based method for all awards, net of related tax effects	(4,329)	(3,952)
Pro forma	\$ (38,279)	\$ (57,590)
Net loss per share:		
As reported	\$ (0.85)	\$ (1.35)
Pro forma	\$ (0.95)	\$ (1.45)
Net loss per share assuming dilution:		
As reported	\$ (0.85)	\$ (1.35)
Pro forma	\$ (0.95)	\$ (1.45)

The Company's stock-based compensation is further described in Note 14.

Discontinued Operations

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 superseded SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of and the accounting and reporting provisions for the disposal of a segment of a business of APB Opinion No. 30, Reporting the Results of Operations Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions.

SFAS No. 144 retained the requirements of SFAS No. 121 for the recognition and measurement of an impairment loss and broadened the presentation of discontinued operations to include a component of an entity (rather than a segment of a business). The Company adopted the provisions of SFAS No. 144 during 2001 with an effective date of

January 1, 2001.

In accordance with the provisions of SFAS No. 144, the Company has presented the operating results, financial position and cash flows of the following businesses as discontinued operations in the accompanying consolidated financial statements as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006: ResortQuest Discontinued Markets, WSM-FM and WWTN(FM); Word Entertainment (Word), the Company's contemporary Christian music business; the Acuff-Rose Music

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Publishing entity; the Company's ownership interest in the Oklahoma RedHawks, a minor league baseball team based in Oklahoma City, Oklahoma; the Company's international cable networks; and the businesses sold to affiliates of The Oklahoma Publishing Company (OPUBCO) in 2001 consisting of Pandora Films, Gaylord Films, Gaylord Sports Management, Gaylord Event Television and Gaylord Production Company. The results of operations of these businesses, including impairment and other charges, restructuring charges and any gain or loss on disposal, have been reflected as discontinued operations, net of taxes, in the accompanying consolidated statements of operations and the assets and liabilities of these businesses are reflected as discontinued operations in the accompanying consolidated balance sheets, as further described in Note 5.

(Loss) Income Per Share

SFAS No. 128, Earnings Per Share, established standards for computing and presenting earnings per share. Under the standards established by SFAS No. 128, earnings per share is measured at two levels: basic earnings per share and diluted earnings per share. Basic earnings per share is computed by dividing net (loss) income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net (loss) income by the weighted average number of common shares outstanding after considering the effect of conversion of dilutive instruments, calculated using the treasury stock method. (Loss) income per share amounts are calculated as follows for the years ended December 31 (income and share amounts in thousands):

	Income	2006 Shares	Per Share
Net income	\$(79,435)	40,569	\$ (1.96)
Effect of dilutive stock options			
Net income assuming dilution	\$(79,435)	\$40,569	\$ (1.96)
	Loss	2005 Shares	Per Share
Net loss	\$(33,950)	40,171	\$ (0.85)
Effect of dilutive stock options			
Net loss assuming dilution	\$(33,950)	40,171	\$ (0.85)
	Loss	2004 Shares	Per Share
Net loss	\$(53,638)	39,654	\$ (1.35)
Effect of dilutive stock options			
Net loss assuming dilution	\$(53,638)	39,654	\$ (1.35)

For the years ended December 31, 2006, 2005 and 2004, the effect of dilutive stock options was the equivalent of approximately 1,078,000, 1,127,000 and 578,000 shares of common stock outstanding, respectively. Because the Company had a loss from continuing operations in the years ended December 31, 2006, 2005 and 2004, these incremental shares were excluded from the computation of diluted earnings per share for those years as the effect of their inclusion would be anti-dilutive.

Comprehensive Income

SFAS No. 130, Reporting Comprehensive Income, requires that changes in the amounts of certain items, including gains and losses on certain securities, be shown in the financial statements as a component of comprehensive income. The Company's comprehensive (loss) income is presented in the accompanying consolidated statements of

stockholders equity.

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The Company has issued \$350.0 million in aggregate principal amount of Senior Notes due 2013 that accrue interest at a fixed rate of 8% (8% Senior Notes). The 8% Senior Notes are discussed further in Note 11. The Company has entered into fixed to variable interest rate swaps with respect to \$125.0 million in aggregate principal amount of the 8% Senior Notes. The carrying value of \$125.0 million of the 8% Senior Notes covered by this interest rate swap approximates fair value based upon the variable nature of this financial instrument s interest rate. However, the \$225.0 million carrying value of the remaining 8% Senior Notes does not approximate fair value. The fair value of this financial instrument, based upon quoted market prices, was \$233.0 million as of December 31, 2006.

The Company has issued \$225.0 million in aggregate principal amount of Senior Notes due 2014 that accrue interest at a fixed rate of 6.75% (6.75% Senior Notes). The 6.75% Senior Notes are discussed further in Note 11. The fair value of the 6.75% Senior Notes, based upon quoted market prices, was \$225.0 million as of December 31, 2006.

Certain of the Company s investments are carried at fair value determined using quoted market prices as discussed further in Note 8. The carrying amount of short-term financial instruments (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.

Derivatives and Hedging Activities

The Company utilizes derivative financial instruments to reduce interest rate risks and to manage risk exposure to changes in the value of certain owned marketable securities and portions of its fixed rate debt, as well as changes in the prices at which the Company purchases natural gas. Effective January 1, 2001, the Company records derivatives in accordance with the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities , which was subsequently amended by SFAS No. 138 and SFAS No. 149. SFAS No. 133, as amended, established accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133, as amended, requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. Changes in the fair value of those instruments are reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting.

Financial exposures are managed as an integral part of the Company s risk management program, which seeks to reduce the potentially adverse effect that the volatility of the marketable securities, interest rate and natural gas commodity markets may have on operating results. The Company does not engage in speculative transactions, nor does it hold or issue financial instruments for trading purposes. The Company formally documents hedging instruments and hedging items, as well as its risk management objective and strategy for undertaking hedged items. This process includes linking all derivatives that are designated as fair value and cash flow hedges to specific assets, liabilities or firm commitments on the consolidated balance sheet or to forecasted transactions. The Company also formally assesses, both at inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective, the derivative expires or is sold or terminated, or the derivative is discontinued because it is unlikely that a forecasted transaction will occur, the Company discontinues hedge accounting prospectively for that specific hedge instrument.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the 2006 financial statement presentation.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Table of Contents**Newly Issued Accounting Standards**

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FAS 109*, to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 as of January 1, 2007, as required. The cumulative effect of adopting FIN 48 will be recorded in retained earnings and other applicable accounts. The Company does not expect that the adoption will have a significant impact on the Company's financial position and results of operation. The adoption of FIN 48 could result in greater volatility in the effective tax rate and balance sheet classification in future financial statements due to measurement of uncertain tax positions relating to new federal and state guidance and court decisions.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, to define fair value, establish a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expand disclosures about fair value measurements. The provisions of SFAS No. 157 are effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company will adopt the provisions of this statement beginning in the first quarter of 2008. The Company is assessing the impact the adoption of SFAS No. 157 will have on its financial position and results of operations.

In September 2006, the FASB issued FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No 87, 88, 106, and 132(R)* (Statement 158). Statement 158 requires plan sponsors of defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. On December 31, 2006, the Company adopted the recognition and disclosure provisions of Statement 158. The effect of adopting Statement 158 on the Company's financial condition at December 31, 2006 has been included in the accompanying consolidated financial statements. Statement 158 did not have an effect on the Company's consolidated financial condition at December 31, 2005 or 2004. Statement 158's provisions regarding the change in the measurement date of postretirement benefit plans is effective for fiscal years ending after December 15, 2008. The Company will adopt the measurement date provision in the fiscal year ending December 31, 2008. The Company is assessing the impact the adoption of the measurement date provision will have on its consolidated financial position and results of operations.

2. Construction Funding Requirements

As of December 31, 2006, the Company had \$40.6 million in unrestricted cash, \$412.8 million available for borrowing under its \$600.0 million credit facility, and the net cash flows from operations to fund its cash requirements including the Company's 2007 construction commitments related to its hotel construction projects.

On February 23, 2005, the Company acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland for approximately \$29 million on which the Company is developing the Gaylord National. Approximately \$17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. The project was originally planned to include a 1,500 room hotel, but the Company has expanded the planned hotel to a total of 2,000 rooms. The Company currently expects to open the hotel in 2008.

Prince George's County, Maryland has approved three bond issues related to the development of this hotel project. The first bond issuance, in the amount of \$65.0 million, was issued by Prince George's County, Maryland in April 2005 to support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of \$95.0 million, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until completion of the convention center and 1,500 rooms within the hotel, at which time the bonds will be released to the Company. In addition, on July 18, 2006, Prince George's County, Maryland approved an additional \$50 million of bonds, which will be issued to the Company upon completion of the entire project. The Company will initially hold the \$95 million and \$50 million bond issuances and receive the debt

service thereon, which is payable from tax increment, hotel tax and special hotel rental taxes generated from the development.

The Company has entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. As of December 31, 2006, the Company had committed to pay \$475.9 million under those agreements

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for construction services and supplies and other construction-related costs (\$202.1 million of which was outstanding). Construction costs to date have exceeded the Company's initial estimates from 2004. These increased costs are attributable to: (a) construction materials price escalation that has occurred over the past three years; (b) increased cost of construction labor in the Washington, D.C. marketplace due to historically low unemployment and a high degree of construction activity; (c) the Company's 500-room expansion and related additional meeting space, and the acceleration of its construction so that the expansion will open concurrently with the original project; and (d) enhancements to the project design. The Company currently estimates that the total cost of the project will be approximately \$870 million, which includes the estimated construction costs for the expanded 2,000 room facility and excludes capitalized interest, pre-opening costs and the governmental economic incentives in connection with the Gaylord National hotel project, of which the Company has spent approximately \$262 million (excluding capitalized interest and preopening costs) as of December 31, 2006.

On July 25, 2006, the Unified Port of San Diego Board of Commissioners and the City of Chula Vista approved a non-binding letter of intent with the Company, outlining the general terms of our development of a 1,500 to 2,000 room convention hotel in Chula Vista, California. The Company is also 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 Chula Vista or other potential sites.

3. Impairment and Other Charges

During 2006, the Company incurred total impairment charges of \$110.7 million related to goodwill and other long-lived assets of ResortQuest as further discussed below.

The Company evaluated its goodwill and other intangible assets with indefinite useful lives for impairment as of December 31, 2006 as described in Note 1. In connection with this impairment test, the Company determined that the fair value of the ResortQuest trade name, which is an intangible asset with an indefinite useful life, was less than its carrying value. In accordance with SFAS No. 142, the Company recorded an impairment charge of \$12.1 million to write down the carrying value of the ResortQuest trade name to its fair value. Also in connection with the annual impairment test, the Company determined that the fair values of certain reporting units of ResortQuest were less than the carrying values of those reporting units, which indicated the goodwill related to those reporting units was impaired. Therefore, the Company measured the impairment of goodwill as described in Note 1 and recorded an impairment charge of \$85.0 million to write down the carrying values of goodwill at the impaired reporting units to their implied fair values. These impairment charges reflect the amounts by which the carrying values of the trade name and impaired reporting units exceeded their estimated fair values determined by their estimated future discounted cash flows.

During 2005 and 2006, the Company was developing a new enterprise property management system for ResortQuest named ReQuest. The Company indefinitely suspended the development of ReQuest during the fourth quarter of 2006. As a result of this decision, the Company determined that there had been a significant change in the extent or manner in which the system was expected to be used and it was no longer probable that ReQuest would be completed and placed in service, both of which are indicators that the carrying value of the asset may be not be recoverable under SFAS No. 144 and SOP 98-1. In accordance with SFAS No. 144, the Company determined that the carrying value of ReQuest was not recoverable and recorded an impairment charge of \$12.6 million to write off the carrying value of ReQuest. The Company determined the fair value of ReQuest based on the fair value of the hardware and software components of ReQuest that could be redeployed to other operations of the Company. Also in accordance with SFAS No. 144, the Company determined that the management contracts at a certain market of ResortQuest were not recoverable and recorded an impairment charge of \$0.2 million to write down the carrying values of those management contracts to their fair values.

As a result of a significant adverse change in the business climate at one of the markets of its ResortQuest business during the third quarter of 2006, the Company assessed the recoverability of the carrying value of certain long lived assets in this market and recorded an impairment loss of \$0.8 million related to goodwill and \$0.1 million related to certain intangible assets. These impairment charges reflect the amounts by which the carrying values of the related reporting unit or intangible asset exceeded their estimated fair values determined by their estimated future discounted

cash flows.

The Company began production of an IMAX movie during 2000 to portray the history of country music. In the third quarter of 2003, based on the revenues generated by the theatrical release of the IMAX movie, the asset was re-evaluated on the basis of estimated future cash flows. As a result, an impairment charge of \$0.9 million was recorded in the third quarter of 2003. In the second quarter of 2004, due to a continued decline in the revenues generated by the film, the Company again re-evaluated the carrying value of the IMAX film asset based on current estimates of future cash flows. As a result, an additional impairment charge of \$1.2 million was recorded in the second quarter of 2004 to write off the remaining carrying value of the film.

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Table of Contents**4. Insurance Recovery**

During the third quarter of 2006, the Company received \$5.3 million in cash in full settlement of its claim under its business interruption insurance policies for profits lost by ResortQuest as a result of hurricanes Ivan, Dennis and Charley. The Company has recorded the net recovery of \$4.9 million as revenue in the accompanying consolidated statements of operations for 2006.

5. Discontinued Operations

As discussed in Note 1, the Company has reflected the following businesses as discontinued operations, consistent with the provisions of SFAS No. 144 and APB No. 30. The results of operations, net of taxes (prior to their disposal, where applicable) and the carrying value of the assets and liabilities of these businesses have been reflected in the accompanying consolidated financial statements as discontinued operations in accordance with SFAS No. 144 for all periods presented.

ResortQuest Discontinued Markets

During the third quarter of 2005, the Company committed to a plan of disposal of certain markets of its ResortQuest business that were considered to be inconsistent with the Company's long term growth strategy. In connection with this plan of disposal, the Company recorded pre-tax restructuring charges of \$44,000 and \$0.8 million during 2006 and 2005, respectively, related to employee severance benefits in the discontinued markets. Based on its decision to dispose of these markets, the Company also recorded pre-tax impairment charges of \$2.8 million during 2005. Included in this charge are the impairment of goodwill of \$2.3 million, the impairment of fixed assets of \$0.4 million, and the impairment of intangible assets of \$0.1 million. In order to determine the impairment losses related to goodwill, fixed assets, and intangible assets of these markets, the Company determined the fair value of each market or long-lived asset based on current negotiations of sales prices with potential buyers of each market.

The Company completed the sale of four of these markets during the fourth quarter of 2005 for approximately \$1.4 million in cash. The Company recognized a pretax loss of \$0.4 million during the fourth quarter of 2005 related to these sales, which is recorded in income from discontinued operations in the consolidated statement of operations. The pre-tax loss on these sales included the writeoff of \$1.0 million in goodwill related to the markets sold. The Company completed the sale of two more of these markets during the first quarter of 2006. In exchange for the assets associated with these two markets, the buyers of these markets assumed \$0.9 million in liabilities associated with the markets and the Company paid the buyers \$0.7 million in cash. The Company recognized a pretax loss of \$0.3 million during the first quarter of 2006 related to these two sales, which is recorded in income from discontinued operations in the consolidated statement of operations. The Company completed the sale of the remaining two markets in the second quarter of 2006. In exchange for the assets associated with these two markets, the buyers of these markets assumed \$0.3 million in liabilities associated with the markets and the Company paid the buyer \$0.2 million in cash. The Company recognized a pretax loss of \$0.5 million during the second quarter of 2006 related to these sales, which is recorded in income from discontinued operations in the consolidated statement of operations.

During the second quarter of 2006, the Company completed the sale of one additional market of its ResortQuest business that was not included in the plan of disposal described above, but was later determined to be inconsistent with the Company's long term growth strategy, for approximately \$1.5 million in cash. The Company recognized a pretax gain of \$0.7 million during the second quarter of 2006 related to this sale, which is recorded in income from discontinued operations in the consolidated statement of operations. The pre-tax gain on this sale included the write-off of \$0.5 million in goodwill related to the market sold. The Company did not record any restructuring charges in connection with the sale of this market.

WSM-FM and WWTN(FM)

During the first quarter of 2003, the Company committed to a plan of disposal of WSM-FM and WWTN(FM) (Radio Operations). Subsequent to committing to a plan of disposal, the Company, through a wholly-owned subsidiary, entered into an agreement to sell the assets primarily used in the operations of the Radio Operations to Cumulus Broadcasting, Inc. (Cumulus) in exchange for approximately \$62.5 million in cash. In connection with this agreement, the Company also entered into a local marketing agreement with Cumulus pursuant to which, from April 21, 2003 until the closing of the sale of the assets, the Company, for a fee, made available to Cumulus substantially all of the broadcast time on WSM-FM and WWTN(FM). In turn, Cumulus provided programming to be

broadcast during such broadcast time and collected revenues from the advertising that it sold for broadcast during this programming time. On July 22, 2003, the Company finalized the sale of the Radio Operations for approximately \$62.5 million, at which time, net proceeds of approximately \$50.0 million were placed in an escrow account for completion of the Gaylord Texan. Concurrently, the Company also entered into a joint sales agreement with Cumulus for WSM-AM in exchange for \$2.5 million in

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cash. The Company continues to own and operate WSM-AM, and under the terms of the joint sales agreement with Cumulus, Cumulus is responsible for all sales of commercial advertising on WSM-AM and provides certain sales promotion, billing and collection services relating to WSM-AM, all for a specified commission. The joint sales agreement has a term of five years.

During the third quarter of 2005, due to the expiration and resolution of certain claims and indemnifications in the sales contract, a previously established indemnification reserve of \$0.1 million was reversed and is included in income from discontinued operations in the consolidated statement of operations.

Acuff-Rose Music Publishing

During the second quarter of 2002, the Company committed to a plan of disposal of its Acuff-Rose Music Publishing catalog entity. During the third quarter of 2002, the Company finalized the sale of the Acuff-Rose Music Publishing entity to Sony/ ATV Music Publishing for approximately \$157.0 million in cash. The Company recognized a pretax gain of \$130.6 million during the third quarter of 2002 related to the sale. Proceeds of \$25.0 million were used to reduce the Company's outstanding indebtedness.

During the third quarter of 2004, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of \$1.0 million was reversed and is included in income from discontinued operations in the consolidated statement of operations.

Word Entertainment

During 2001, the Company committed to a plan to sell Word Entertainment. As a result of the decision to sell Word Entertainment, the Company reduced the carrying value of Word Entertainment to its estimated fair value by recognizing a pretax charge of \$30.4 million in discontinued operations during 2001. The estimated fair value of Word Entertainment's net assets was determined based upon ongoing negotiations with potential buyers. Related to the decision to sell Word Entertainment, a pretax restructuring charge of \$1.5 million was recorded in discontinued operations in 2001. The restructuring charge consisted of \$0.9 million related to lease termination costs and \$0.6 million related to severance costs. In addition, the Company recorded a reversal of \$0.1 million of restructuring charges originally recorded during 2000. During the first quarter of 2002, the Company sold Word Entertainment's domestic operations to an affiliate of Warner Music Group for \$84.1 million in cash. The Company recognized a pretax gain of \$0.5 million in discontinued operations during the first quarter of 2002 related to the sale of Word Entertainment. Proceeds from the sale of \$80.0 million were used to reduce the Company's outstanding indebtedness. During the third quarter of 2003, due to the expiration of certain indemnification periods as specified in the sales contract, a previously established indemnification reserve of \$1.5 million was reversed and is included in income from discontinued operations in the consolidated statement of operations.

International Cable Networks

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

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

\$1.5 million and intangible assets of \$1.0 million.

During the first quarter of 2002, the Company finalized a transaction to sell certain assets of its Asia and Brazil networks, including the assignment of certain transponder leases. Also during the first quarter of 2002, the Company ceased operations based in Argentina.

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The transponder lease assignment required the Company to guarantee lease payments in 2002 from the acquirer of these networks. As such, the Company recorded a lease liability for the amount of the assignee's portion of the transponder lease.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the years ended December 31 (amounts in thousands):

	2006	2005	2004
REVENUES:			
ResortQuest Discontinued Markets	\$ 2,320	\$ 18,212	\$ 20,830
OPERATING (LOSS) INCOME:			
ResortQuest Discontinued Markets	\$ (641)	\$ (1,022)	\$ 514
International Cable Networks	6		
Acuff-Rose Music Publishing			1
Word Entertainment			40
Impairment charges		(2,749)	
Restructuring charges	(44)	(840)	
Total operating (loss) income	(679)	(4,611)	555
INTEREST EXPENSE			
INTEREST INCOME	11	34	20
OTHER GAINS AND (LOSSES)			
ResortQuest Discontinued Markets	(115)	(397)	
Word Entertainment	235		
International Cable Networks	(19)		
Radio Operations		136	
Acuff-Rose Music Publishing			1,015
Total other gains and (losses)	101	(261)	1,015
(Loss) income before (benefit) provision for income taxes	(567)	(4,838)	1,590
(BENEFIT) PROVISION FOR INCOME TAXES	(3,964)	(2,681)	637
Gain (loss) from discontinued operations	\$ 3,397	\$ (2,157)	\$ 953

Included in other gains and (losses) in 2006 is a pre-tax loss of \$17,000 on the sale of certain ResortQuest Discontinued Markets. The remaining gains and (losses) in 2006 are primarily comprised of gains and losses recognized on the resolution of various contingent items subsequent to the sale of the ResortQuest Discontinued Markets, as well as miscellaneous income and expense. Included in other gains and (losses) in 2005 is a pre-tax loss of \$0.4 million on the sale of certain ResortQuest Discontinued Markets. The remaining gains and (losses) in 2005 and 2004 are primarily comprised of gains and losses on the sale of fixed assets and the subsequent reversal of liabilities accrued at the time of disposal of these businesses for various contingent items. The benefit for income taxes for 2006 primarily results from the Company settling certain ResortQuest issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest, as well as the writeoff of taxable goodwill associated with the ResortQuest Discontinued Markets sold in these periods.

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The assets and liabilities of the discontinued operations presented in the accompanying consolidated balance sheets at December 31 are comprised of (amounts in thousands):

	December 31, 2006	December 31, 2005
Current assets:		
Cash and cash equivalents unrestricted	\$ 18	\$ 1,376
Cash and cash equivalents restricted	10	5,490
Trade receivables, net		644
Prepaid expenses		96
Other current assets		120
Total current assets	28	7,726
Property and equipment, net of accumulated depreciation		773
Intangible assets, net of accumulated amortization		139
Goodwill		532
Other long-term assets		3
Total long-term assets		1,447
Total assets	\$ 28	\$ 9,173
Current liabilities:		
Accounts payable and accrued liabilities	\$ 578	\$ 7,802
Total current liabilities	578	7,802
Other long-term liabilities	238	193
Total long-term liabilities	238	193
Total liabilities	\$ 816	\$ 7,995

Table of Contents**6. Acquisitions***Whistler Lodging Company, Ltd.*

On February 1, 2005, the Company acquired 100% of the outstanding common shares of Whistler Lodging Company, Ltd. (Whistler) from O Neill Hotels and Resorts Whistler, Ltd. for an aggregate purchase price of \$0.1 million in cash plus the assumption of Whistler s liabilities as of February 1, 2005 of \$4.9 million. Whistler manages approximately 600 vacation rental units located in Whistler, British Columbia. The results of operations of Whistler have been included in the Company s financial results beginning February 1, 2005. As of December 31, 2006 and 2005, goodwill related to the Whistler acquisition totaled \$3.3 million.

East West Resorts

On January 1, 2005, the Company acquired 100% of the outstanding membership interests of East West Resorts at Summit County, LLC, Aspen Lodging Company, LLC, Great Beach Vacations, LLC, East West Realty Aspen, LLC, and Sand Dollar Management Investors, LLC (collectively, East West Resorts) from East West Resorts, LLC for an aggregate purchase price of \$20.7 million in cash plus the assumption of East West Resorts liabilities as of January 1, 2005 of \$7.8 million. East West Resorts manages approximately 2,000 vacation rental units located in Colorado ski destinations and South Carolina beach destinations. The results of operations of East West Resorts have been included in the Company s financial results beginning January 1, 2005. As of December 31, 2006 and 2005, goodwill related to the East West Resorts acquisition totaled \$11.7 million.

ResortQuest International, Inc.

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

As of December 31, 2006 and 2005, goodwill related to the ResortQuest acquisition in continuing operations totaled \$65.4 million and \$155.6 million, respectively. During 2006, the Company made adjustments to deferred taxes associated with the ResortQuest acquisition as a result of the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest. These adjustments resulted in a net decrease in goodwill of \$4.5 million. Also during 2006, the Company recorded impairment charges of \$85.7 million against goodwill as further discussed in Note 3. As of December 31, 2006, approximately \$54.9 million of this goodwill is expected to be deductible for income tax purposes.

As of November 20, 2003, the Company recorded approximately \$4.0 million of reserves and adjustments related to the Company s plans to consolidate certain support functions, to adjust for employee benefits and to account for outstanding legal claims filed against ResortQuest as an adjustment to the purchase price allocation. The following table summarizes the activity related to these reserves for the years ended December 31, 2006, 2005 and 2004 (amounts in thousands):

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Balance at January 1, 2006	Charges and Adjustments	Payments	Balance at December 31, 2006
\$242	\$-	\$242	\$
Balance at January 1, 2005	Charges and Adjustments	Payments	Balance at December 31, 2005
\$2,950	\$-	\$2,708	\$242
Balance at January 1, 2004	Charges and Adjustments	Payments	Balance at December 31, 2004
\$4,000	\$4,117	\$5,167	\$2,950

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

7. Property and Equipment

Property and equipment of continuing operations at December 31 is recorded at cost and summarized as follows (amounts in thousands):

	2006	2005
Land and land improvements	\$ 166,222	\$ 153,073
Buildings	1,274,054	1,252,740
Furniture, fixtures and equipment	437,457	436,738
Construction in progress	338,835	99,782
	2,216,568	1,942,333
Accumulated depreciation	(578,125)	(538,122)
Property and equipment, net	\$1,638,443	\$1,404,211

The increase in construction in progress during 2006 primarily relates to the construction of Gaylord National, which is expected to open in 2008. Depreciation expense, including amortization of assets under capital lease obligations, of continuing operations for the years ended December 31, 2006, 2005 and 2004 was \$75.2 million, \$72.6 million, and \$68.7 million, respectively. Capitalized interest for the years ended December 31, 2006, 2005 and 2004 was \$10.7 million, \$2.7 million, and \$5.5 million, respectively.

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Investments related to continuing operations at December 31 are summarized as follows (amounts in thousands):

	2006	2005
Short term investments:		
Viacom and CBS Class B non-voting common stock	\$394,913	\$
Long term investments:		
Viacom and CBS Class B non-voting common stock	\$	\$356,576
Bass Pro	79,521	70,181
RHAC Holdings, LLC	1,631	2,538
Waipouli Holdings, LLC	3,336	
Total long-term investments	\$ 84,488	\$429,295

Viacom and CBS Class B Non-Voting Common Stock

The Company acquired CBS Series B convertible preferred stock during 1999 as consideration in the divestiture of television station KTVT. CBS merged with Viacom, Inc. in May 2000. As a result of the merger of CBS and Viacom, Inc., the Company received 11,003,000 shares of Viacom Class B non-voting common stock. On December 31, 2005, Viacom Inc. completed a transaction to separate Viacom Inc. into two publicly traded companies named CBS Corporation and Viacom Inc. by converting (i) each outstanding share of Viacom Class A common stock into 0.5 shares of CBS Corporation Class A common stock and 0.5 shares of Viacom, Inc. Class A common stock and (ii) each outstanding share of Viacom Class B common stock into 0.5 shares of CBS Corporation Class B common stock and 0.5 shares of Viacom, Inc. Class B common stock. As a result of this transaction, the Company exchanged the 10,937,900 shares of Viacom Class B common stock it held on January 3, 2006 for 5,468,950 shares of CBS Corporation Class B Common Stock (CBS Stock) and 5,468,950 shares of Viacom, Inc. Class B common stock (Viacom Stock) effective January 3, 2006. The original carrying value of the CBS Series B convertible preferred stock was \$485.0 million.

At December 31, 2000, the Viacom Stock was classified as available-for-sale as defined by SFAS No. 115, and accordingly, the Viacom Stock was recorded at market value, based upon the quoted market price, with the difference between cost and market value recorded as a component of other comprehensive income, net of deferred income taxes. In connection with the Company's adoption of SFAS No. 133, effective January 1, 2001, the Company recorded a nonrecurring pretax gain of \$29.4 million, related to reclassifying its investment in the Viacom Stock from available-for-sale to trading as defined by SFAS No. 115. This gain, net of taxes of \$11.4 million, had been previously recorded as a component of stockholders' equity. As trading securities, the Viacom Stock and CBS Stock continues to be recorded at market value, but changes in market value are included as gains and losses in the consolidated statements of operations. For the year ended December 31, 2006, the Company recorded net pretax gains \$38.3 million related to the increase in fair value of the Viacom Stock and CBS Stock. For the year ended December 31, 2005, the Company recorded net pretax losses of \$41.6 million related to the decrease in fair value of the Viacom Stock. For the year ended December 31, 2004, the Company recorded net pretax losses of \$87.9 million related to the decrease in fair value of the Viacom Stock.

Bass Pro

From December 31, 1999 to July 8, 2004, the Company owned a 19.0% interest in Bass Pro, and accounted for its investment in Bass Pro under the cost method of accounting. On July 8, 2004, Bass Pro redeemed the approximate 28.5% interest held in Bass Pro by private equity investor, J.W. Childs Associates. As a result, the Company's ownership interest in Bass Pro increased to 26.6% as of the redemption date. Because the Company's ownership interest in Bass Pro increased to a level exceeding 20%, the Company was required by Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, to account for its investment in

Bass Pro under the equity method of accounting beginning in the third quarter of 2004. The equity method of accounting has been applied retroactively to all periods presented. Due to the timing in which the Company receives financial information from Bass Pro, the Company records its equity in the income of Bass Pro one month in arrears.

In the second quarter of 2005, Bass Pro restated its previously issued historical financial statements to reflect certain non-cash changes, which resulted primarily from a change in the manner in which Bass Pro accounts for its long term leases. This restatement resulted in a cumulative reduction in Bass Pro's net income of \$8.6 million through December 31, 2004, which resulted in a pro-rata cumulative reduction in the Company's income from unconsolidated companies of \$1.7 million. The Company determined that the

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impact of the adjustments recorded by Bass Pro is immaterial to the Company's consolidated financial statements in all prior periods. Therefore, the Company reflected its \$1.7 million share of the re-statement adjustments as a one-time adjustment to income from unconsolidated companies during the second quarter of 2005.

On December 14, 2005, the shareholders of Bass Pro, Inc. contributed their equity in Bass Pro, Inc. to a newly formed limited liability company, Bass Pro Group, LLC in exchange for ownership interests in Bass Pro Group, LLC. The majority owner of Bass Pro, Inc. also contributed (simultaneously with the contributions of the Bass Pro, Inc. stock) his equity interest in Tracker Marine, LLC, Tracker Marine Retail, LLC and Big Cedar LLC to Bass Pro Group, LLC. As a result, Bass Pro, Inc., Tracker Marine, LLC, Tracker Marine Retail, LLC and Big Cedar, LLC are all wholly-owned subsidiaries of Bass Pro Shops, LLC. Because the new entity owns these additional businesses, the Company's ownership interest in Bass Pro decreased from 26.6% to 13.0%. However, the Company will continue to account for its investment in Bass Pro under the equity method of accounting in accordance with EITF Issue No. 03-16, *Accounting for Investments in Limited Liability Companies*, American Institute of Certified Public Accountants Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, and EITF Abstracts Topic No. D-46, *Accounting for Limited Partnership Investment*.

As of December 31, 2006, the recorded value of the Company's investment in Bass Pro is \$49.5 million greater than its equity in Bass Pro's underlying net assets. This difference is being accounted for as equity method goodwill.

Summary financial information for Bass Pro from which the Company's equity method income is derived is as follows (in thousands):

	2006	2005	2004
Net sales	\$2,075,865	\$1,090,160	\$932,443
Gross profit	729,775	425,418	344,361
Net income	75,326	5,214	18,579

	2006	2005
Current assets	\$705,676	\$375,192
Noncurrent assets	608,201	280,507
Current liabilities	534,287	233,095
Noncurrent liabilities	548,500	396,052

RHAC Holdings, LLC

On May 31, 2005, the Company, through a wholly-owned subsidiary named RHAC, LLC, entered into an agreement to purchase the 716-room Aston Waikiki Beach Hotel and related assets located in Honolulu, Hawaii (the Waikiki Hotel) for an aggregate purchase price of \$107.0 million. Simultaneously with this purchase, G.O. IB-SIV US, a private real estate fund managed by DB Real Estate Opportunities Group (IB-SIV), acquired an 80.1% ownership interest in the parent company of RHAC, LLC, RHAC Holdings, LLC, in exchange for its capital contribution of \$19.1 million to RHAC Holdings, LLC. As a part of this transaction, the Company entered into a joint venture arrangement with IB-SIV and retained a 19.9% ownership interest in RHAC Holdings, LLC in exchange for its \$4.7 million capital contribution to RHAC Holdings, LLC. Both the Company and IB-SIV will contribute additional funds as needed for their pro-rata share of specified construction costs associated with the redevelopment of the Waikiki Hotel. RHAC, LLC financed the purchase of the Waikiki Hotel by entering into a series of loan transactions with Greenwich Capital Financial Products, Inc. (the Waikiki Hotel Lender) consisting of a \$70.0 million senior loan secured by the Waikiki Hotel and a \$16.3 million mezzanine loan secured by the ownership interest of RHAC, LLC (collectively, the Waikiki Hotel Loans). IB-SIV is the managing member of RHAC Holdings, LLC, but certain actions of RHAC Holdings, LLC initiated by IB-SIV require the approval of the Company as a member. In addition, under the joint venture arrangement, the Company's ResortQuest subsidiary secured a 20-year hotel management agreement from RHAC, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest is responsible for the day-to-day operations of the Waikiki Hotel in accordance with RHAC, LLC's business plan. The Company is accounting for its investment in RHAC Holdings, LLC under the equity method of accounting in accordance with EITF Issue No. 03-16, *Accounting for Investments in Limited Liability Companies*, American

Institute of Certified Public Accountants Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures* , and EITF Abstracts Topic No. D-46, *Accounting for Limited Partnership Investments* . Subsequent to its purchase by RHAC, LLC, the Aston Waikiki Beach Hotel was renamed the ResortQuest Waikiki Beach Hotel.

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For the year ended December 31, 2006 and the period June 1, 2005 to December 31, 2005, ResortQuest earned total fees of \$1.9 million and \$1.5 million, respectively, from its management agreement with RHAC, LLC. During December 2005, RHAC, LLC sold the Mauka Tower, a 72-room hotel adjacent to the Aston Waikiki Beach Hotel. The Company received a cash distribution of \$2.3 million from RHAC Holdings, LLC for its share of the proceeds from the sale. On September 29, 2006, RHAC, LLC refinanced the Waikiki Hotel Loans with the Waikiki Hotel Lender, which resulted in the mezzanine loan increasing from \$16.3 million to \$34.9 million. RHAC, LLC used the proceeds from this refinancing primarily to fund a renovation project at the Waikiki Hotel.

Waipouli Holdings, LLC

On June 20, 2006, the Company entered into a joint venture arrangement with RREEF Global Opportunities Fund II, LLC, a private real estate fund managed by DB Real Estate Opportunities Group (RREEF), and acquired a 19.9% ownership interest in the joint venture, Waipouli Holdings, LLC, in exchange for the Company's capital contribution of \$3.8 million to Waipouli Holdings, LLC. On June 20, 2006, through a wholly-owned subsidiary named Waipouli Owner, LLC, Waipouli Holdings, LLC acquired the 311-room ResortQuest Kauai Beach at Makaiwa Hotel and related assets located in Kapaa, Hawaii (the Kauai Hotel) for an aggregate purchase price of \$68.8 million. Both the Company and RREEF will contribute additional funds as needed for their pro-rata share of specified construction costs associated with the redevelopment of the Kauai Hotel. Waipouli Owner, LLC financed the purchase of the Kauai Hotel by entering into a series of loan transactions with Morgan Stanley Mortgage Capital, Inc. (the Kauai Hotel Lender) consisting of a \$52.0 million senior loan secured by the Kauai Hotel, an \$8.2 million senior mezzanine loan secured by the ownership interest of Waipouli Owner, LLC, and an \$8.2 million junior mezzanine loan secured by the ownership interest of Waipouli Owner, LLC (collectively, the Kauai Hotel Loans). RREEF is the managing member of Waipouli Holdings, LLC, but certain actions initiated by RREEF require the approval of the Company. In addition, under the joint venture arrangement, the Company's ResortQuest subsidiary secured a five year hotel management agreement from Waipouli Owner, LLC. Pursuant to the terms of the hotel management agreement, ResortQuest will be responsible for the day-to-day operations of the Kauai Hotel in accordance with Waipouli Owner LLC's business plan. The Company accounts for its investment in Waipouli Holdings, LLC under the equity method of accounting in accordance with Emerging Issues Task Force (EITF) Issue No. 03-16, *Accounting for Investments in Limited Liability Companies*, American Institute of Certified Public Accountants Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*, and EITF Abstracts Topic No. D-46, *Accounting for Limited Partnership Investment*.

For the period June 21, 2006 to December 31, 2006, ResortQuest earned total fees of \$0.6 million from its management agreement with Waipouli Owner, LLC. In October 2006, Waipouli Owner, LLC requested RREEF and the Company to make an additional capital contribution of \$1.7 million to Waipouli Holdings, LLC to fund the purchase of the land on which the Kauai Hotel is built. The Company elected not to make the requested capital contribution, which diluted its ownership interest in Waipouli Holdings, LLC from 19.9% to 18.1% as of December 31, 2006.

Nashville Predators

During 1997, the Company purchased a 19.9% limited partnership interest in the Nashville Predators for \$12.0 million. Prior to its disposal of this investment on February 22, 2005, the Company accounted for its investment using the equity method as required by EITF Issue No. 02-14, *Whether the Equity Method of Accounting Applies When an Investor Does Not Have an Investment in Voting Stock of an Investee but Exercises Significant Influence through Other Means* . The carrying value of the investment in the Predators was zero at December 31, 2004, 2003, and 2002. The Company did not recognize its share of losses in 2004 and 2003 or reduce its investment below zero as the Company was not obligated to make future contributions to the Predators. As further discussed in Note 15, pursuant to a settlement agreement consummated on February 22, 2005, the Nashville Predators redeemed all of the outstanding limited partnership units in the Nashville Predators owned by the Company, effectively terminating the Company's ownership interest in the Nashville Predators, and cancelled the related naming rights agreement.

9. Secured Forward Exchange Contract

During May 2000, the Company entered into a seven-year secured forward exchange contract (SFEC) with an affiliate of Credit Suisse First Boston with respect to 10,937,900 shares of Viacom, Inc. Class B common stock,

which, as further discussed in Note 8, the Company exchanged for 5,468,950 shares of Viacom Stock and 5,468,950 shares of CBS Stock effective January 3, 2006. The seven-year SFEC has a notional amount of \$613.1 million and required contract payments based upon a stated 5% rate. The SFEC protects the Company against decreases in the combined fair market value of the Viacom Stock and CBS Stock while providing for participation in increases in the combined fair market value, as discussed below. The Company realized cash proceeds from the SFEC of \$506.5 million, net of discounted prepaid contract payments and prepaid interest related to the first 3.25 years of the contract and

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transaction costs totaling \$106.6 million. In October 2000, the Company prepaid the remaining 3.75 years of contract interest payments required by the SFEC of \$83.2 million. As a result of the prepayment, the Company is not required to make any further contract interest payments during the seven-year term of the SFEC. Additionally, as a result of the prepayment, the Company was released from certain covenants of the SFEC, which related to sales of assets, additional indebtedness and liens. The unamortized balances of the prepaid contract interest are classified as current assets of \$10.5 million and \$26.9 million as of December 31, 2006 and 2005, respectively, and long-term assets of \$0 and \$10.5 million as of December 31, 2006 and 2005, respectively, in the accompanying consolidated balance sheets. The Company is recognizing the prepaid contract payments and deferred financing charges associated with the SFEC as interest expense over the seven-year contract period using the effective interest method, which resulted in non-cash interest expense of \$26.9 million, \$26.9 million, and \$27.0 million for 2006, 2005, and 2004, respectively. The Company utilized \$394.1 million of the net proceeds from the SFEC to repay all outstanding indebtedness under a 1997 revolving credit facility, and the 1997 revolving credit facility was terminated.

The Company's obligation under the SFEC is collateralized by a security interest in the Company's Viacom Stock and CBS Stock. At the end of the seven-year contract term, the Company may, at its option, elect to pay in cash rather than by delivery of all or a portion of the Viacom Stock and CBS Stock. The SFEC protects the Company against decreases in the combined fair market value of the Viacom Stock and CBS Stock below \$56.05 per share by way of a put option; the SFEC also provides for participation in the increases in the combined fair market value of the Viacom Stock and CBS Stock in that the Company receives 100% of the appreciation between \$56.05 and \$64.45 per share and, by way of a call option, 25.93% of the appreciation above \$64.45 per share, as of December 31, 2006.

The secured forward exchange contract matures in May 2007. Therefore, the Company has classified the debt, derivative liability, and net deferred tax liability associated with the secured forward exchange contract as current liabilities and the investments in Viacom Stock and CBS Stock and the derivative asset associated with the secured forward exchange contract as current assets in the accompanying consolidated balance sheet as of December 31, 2006.

In accordance with the provisions of SFAS No. 133, as amended, certain components of the secured forward exchange contract are considered derivatives, as discussed in Note 10.

10. Derivative Financial Instruments

The Company utilizes derivative financial instruments to reduce certain of its interest rate risks and to manage risk exposure to changes in the value of its Viacom Stock and CBS Stock and portions of its fixed rate debt, as well as changes in the prices at which the Company purchases natural gas.

Viacom Stock and CBS Stock

The Company adopted the provisions of SFAS No. 133 on January 1, 2001. Upon adoption of SFAS No. 133, the Company valued the SFEC based on pricing provided by a financial institution and reviewed by the Company. The financial institution's market prices are prepared for each quarter close period on a mid-market basis by reference to proprietary models and do not reflect any bid/offer spread. For the years ended December 31, 2006, 2005 and 2004, the Company recorded net pretax (losses) gains in the Company's consolidated statement of operations of (\$16.6) million, \$35.7 million, and \$56.5 million, respectively, related to the (decrease) increase in the fair value of the derivatives associated with the SFEC.

Fixed Rate Debt

Upon issuance of the 8% Senior Notes, the Company entered into two interest rate swap agreements with a notional amount of \$125.0 million to convert the fixed rate on \$125.0 million of the 8% Senior Notes to a variable rate in order to access the lower borrowing costs that were available on floating-rate debt. Under these swap agreements, which mature on November 15, 2013, the Company receives a fixed rate of 8% and pays a variable rate, in arrears, equal to six-month LIBOR plus 2.95%. The terms of the swap agreement mirror the terms of the 8% Senior Notes, including semi-annual settlements on the 15th of May and November each year. Under the provisions of SFAS No. 133, as amended, changes in the fair value of this interest rate swap agreement must be offset against the corresponding change in fair value of the 8% Senior Notes through earnings. The Company has determined that there will not be an ineffective portion of this fair value hedge and therefore, no impact on earnings. As of December 31, 2006, the Company determined that, based upon dealer quotes, the fair value of these interest rate swap agreements was (\$2.3) million. The Company recorded a derivative liability and an offsetting reduction in the balance of the 8%

Senior Notes accordingly. As of December 31,

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

Natural Gas Risk Management

The Company uses fixed to variable natural gas price swap contracts to manage unanticipated changes in natural gas and electricity prices. The contracts are based on forecasted usage of natural gas measured in dekatherms.

The Company has designated the fixed to variable natural gas price swap contracts as cash flow hedges. The Company values the outstanding contracts based on pricing provided by a financial institution and reviewed by the Company, with the offset applied to other comprehensive income, net of applicable income taxes, and earnings for any hedge ineffectiveness. Any gain or loss is reclassified from other comprehensive income and recognized in operating costs in the same period or periods during which the hedged transaction affects earnings.

At December 31, 2006, the Company had fixed to variable natural gas price swap contracts that mature from January 2007 to May 2007 with an aggregate notional amount of approximately 197,000 dekatherms. The fair value of these contracts was (\$0.3) million. The Company recorded a derivative liability and an offsetting decrease in accumulated other comprehensive income, net of applicable income taxes, accordingly. At December 31, 2005, the Company had no fixed to variable natural gas price swap contracts. The ineffective portion of the derivative is recognized in other gains and losses within the accompanying consolidated statement of operations and was not significant for the periods reported. The amount that the Company anticipates that will be reclassified out of accumulated other comprehensive income and into earnings in the next twelve months is a loss of approximately \$0.3 million.

11. Debt

The Company's debt and capital lease obligations related to continuing operations at December 31 consisted of (amounts in thousands):

	2006	2005
\$600.0 Million Credit Facility	\$175,000	\$ 20,000
8% Senior Notes	350,000	350,000
6.75% Senior Notes	225,000	225,000
Fair value derivatives effective for 8% Senior Notes	(2,320)	(1,829)
Nashville Predators Promissory Note	4,000	5,000
Capital lease obligations	3,926	2,129
Total debt	755,606	600,300
Less amounts due within one year	(2,034)	(1,825)
Total long-term debt	\$753,572	\$598,475

Note 15 discusses the Nashville Predators Promissory Note and capital lease obligations in more detail, including annual maturities.

Annual maturities of long-term debt, excluding capital lease obligations and derivatives, are as follows (amounts in thousands).

2007	\$ 1,000
2008	1,000
2009	1,000
2010	176,000
2011	
Years thereafter	575,000

Total

\$ 754,000

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Accrued interest payable at December 31, 2006 and 2005 was \$8.2 million and \$6.5 million, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

8% Senior Notes

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

\$275.5 million was used to repay the \$150 million senior term loan portion and the \$50 million subordinated term loan portion of a senior secured credit facility secured by the Company's Florida and Texas hotel properties, as well as the remaining \$66 million of a mezzanine loan secured by the equity interest in a wholly-owned subsidiary that owned Gaylord Opryland and to pay certain fees and expenses related to the ResortQuest acquisition; and

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

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

6.75% Senior Notes

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

proceeds from the offering of the 6.75% Senior Notes, together with cash on hand, were used to repay a senior loan that was secured by a first mortgage lien on the assets of Gaylord Opryland and to provide capital for growth of the Company's other businesses and other general corporate purposes. In addition, the 6.75% Senior Notes indenture contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, capital expenditures, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The 6.75% Senior Notes are cross-defaulted to the Company's other indebtedness.

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On March 10, 2005, the Company entered into a \$600.0 million credit facility with Bank of America, N.A. acting as the administrative agent. This credit facility, which replaced a \$100.0 million revolving credit facility, consists of the following components: (a) a \$300.0 million senior secured revolving credit facility, which includes a \$50.0 million letter of credit sublimit, and (b) a \$300.0 million senior secured delayed draw term loan facility, which may be drawn on in one or more advances during its term. The credit facility also includes an accordion feature that will allow the Company, on a one-time basis, to increase the credit facilities by a total of up to \$300.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The revolving loan, letters of credit and term loan mature on March 9, 2010. At the Company's election, the revolving loans and the term loans may have an interest rate of LIBOR plus 2% or the lending banks' base rate plus 1%, subject to adjustments based on the Company's financial performance. Interest on the Company's borrowings is payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR rate-based loans. Principal is payable in full at maturity. The Company is required to pay a commitment fee ranging from 0.25% to 0.50% per year of the average unused portion of the credit facility.

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

The credit facility is (i) secured by a first mortgage and lien on the real property and related personal and intellectual property of the Company's Gaylord Opryland hotel, Gaylord Texan hotel, Gaylord Palms hotel and Gaylord National hotel (to be constructed) and pledges of equity interests in the entities that own such properties and (ii) guaranteed by each of the four wholly-owned subsidiaries that own the four hotels as well as ResortQuest International, Inc.

Advances are subject to a 60% borrowing base, based on the appraisal values of the hotel properties (reducing to 50% in the event a hotel property is sold). The Company's 2003 revolving credit facility has been paid in full and the related mortgages and liens have been released.

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

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

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

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

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

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

As of December 31, 2006, the Company was in compliance with all covenants. As of December 31, 2006, \$175.0 million in borrowings were outstanding under the \$600.0 million credit facility, and the lending banks had issued \$12.2 million of letters of credit under the credit facility for the Company. The credit facility is cross-defaulted to the Company's other indebtedness.

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The provision (benefit) for income taxes from continuing operations consists of the following (amounts in thousands):

	2006	2005	2004
CURRENT:			
Federal	\$ 97	\$ (88)	\$ 253
State	82	117	(84)
Foreign	(24)		
Total current provision	155	29	169
DEFERRED:			
Federal	(5,847)	(15,499)	(28,451)
State	(7,152)	186	(11,649)
Foreign			(25)
Total deferred benefit	(12,999)	(15,313)	(40,125)
Effect of tax law change	399		
Total benefit for income taxes	\$(12,445)	\$(15,284)	\$(39,956)

In 2006, Texas House Bill No.3 was passed which amends the Texas Tax Code to revise the existing franchise tax effective for franchise tax reports originally due on or after January 1, 2008. The Company has adjusted all affected deferred tax assets and liabilities for the changes reflected in Texas House Bill No. 3. The effect of the application of these changes is additional tax expense of \$0.4 million as shown above.

The tax benefits associated with the exercise of stock options and vesting of restricted stock during the years 2006, 2005, and 2004 were \$3.6 million, \$2.5 million, and \$2.0 million, respectively, and are reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders' equity, goodwill or deferred tax asset.

In addition to the income tax benefit discussed above, the Company recognized additional income tax (benefit) provision related to discontinued operations as discussed in Note 5 in the amounts of \$(4.0) million, \$(2.7) million, and \$0.6 million for the years ended December 31, 2006, 2005 and 2004, respectively.

The effective tax rate as applied to pretax loss from continuing operations differed from the statutory federal rate due to the following:

	2006	2005	2004
U.S. federal statutory rate	35%	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	7%	-1%	8%
Tax effect of goodwill impairment charge	-27%	0%	0%
Other	-2%	-2%	-1%
	13%	32%	42%

For 2006, the overall state income tax benefit includes tax expense (net of change in valuation allowance) related to current year operations of \$1.0 million (net of federal benefit). At the end of 2006, the Company underwent a realignment of certain legal entities. As a result of this realignment, the Company recorded a state income tax benefit of approximately \$7.7 million (net of federal benefit) related to the net deferred tax liability at the beginning of the

year. In addition, as further discussed in Note 3, the Company recorded an impairment charge of \$85.0 million to write down the carrying value of goodwill. The Company recorded income tax expense of \$25.5 million related to this impairment charge. Beginning in 2005, the Company is required to file additional combined state income tax returns. As a result of this change and other tax filing adjustments, the Company recorded a state income tax expense of approximately \$1.3 million (net of federal benefit) related to the net deferred tax liability at the beginning of 2005. In addition, the state income tax expense for 2005 includes a benefit (net of change in valuation allowance) related to current year operations of \$1.1 million (net of federal benefit). In 2004, the Company began operations in additional tax jurisdictions which caused a change in the overall effective tax rate. As a result of this change, the Company recorded an income tax benefit of approximately \$4.5 million (net

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of federal benefit) related to the net deferred tax liability at the beginning of the year. In addition, the state income tax benefit related to current year operations was \$3.0 million (net of federal benefit).

Provision is made for deferred federal and state income taxes in recognition of certain temporary differences in reporting items of income and expense for financial statement purposes and income tax purposes. Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows (amounts in thousands):

	2006	2005
DEFERRED TAX ASSETS:		
Accounting reserves and accruals	\$ 21,723	\$ 21,826
Defined benefit plan	6,103	8,489
Investments in stock	3,137	3,942
Forward exchange contract	65,058	58,783
Rent escalation and naming rights	13,320	10,565
Federal, state and foreign net operating loss carryforwards	83,730	68,301
Tax credits and other carryforwards	10,472	10,081
Other assets	7,538	6,501
Total deferred tax assets	211,081	188,488
Valuation allowance	(16,268)	(15,245)
Total deferred tax assets, net of valuation allowance	194,813	173,243
DEFERRED TAX LIABILITIES:		
Goodwill and other intangibles	10,609	23,321
Property and equipment, net	124,576	103,521
Investments in stock and derivatives	206,802	211,504
Investments in partnerships	5,991	3,688
Total deferred tax liabilities	347,978	342,034
Net deferred tax liabilities	\$153,165	\$168,791

At December 31, 2006, the Company had federal net operating loss carryforwards of \$172.8 million which will begin to expire in 2021. In addition, the Company had federal minimum tax credits of \$5.6 million that will not expire and other federal tax credits of \$1.7 million that will begin to expire in 2018. The Company has federal net operating losses of \$12.8 million as a result of the acquisition of ResortQuest as described in Note 6. The Company's utilization of this tax attribute will be limited due to the ownership change that resulted from the acquisition. However, management currently believes that this carryforward will ultimately be fully utilized. State net operating loss carryforwards at December 31, 2006 totaled \$437.2 million and will expire between 2007 and 2021. Foreign net operating loss carryforwards at December 31, 2006 totaled \$15.0 million and will begin to expire in 2007. The use of certain state and foreign net operating losses and other state and foreign deferred tax assets are limited to the future taxable earnings of separate legal entities. As a result, a valuation allowance has been provided for certain state and foreign deferred tax assets, including loss carryforwards. The change in valuation allowance was \$1.0 million, \$1.9 million, and \$0.2 million in 2006, 2005 and 2004, respectively. Based on the expectation of future taxable income, management believes that it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets after giving consideration to the valuation allowance. At December 31, 2006, \$0.9 million of the total valuation allowance is related to deferred tax assets for which any subsequently recognized tax benefits will be recorded as a reduction of goodwill.

At December 31, 2006, the deferred tax liability relating to the Viacom Stock and CBS Stock and the related SFEC (see Note 9) was \$141.5 million, which amounts will be payable upon expiration of the SFEC which is scheduled for May 2007.

The IRS has completed and closed its audits of the Company's tax returns through 2001. The Company has considered the tax effect of the settled items and made the appropriate adjustments to the deferred tax assets and liabilities and resulting benefit or expense. The IRS completed and closed the audit of ResortQuest's tax returns related to the pre-acquisition year 2002. The Company has considered the tax effect of the settled items and made the appropriate adjustments to the deferred tax assets and liabilities, goodwill and resulting benefit or expense.

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The Company has estimated and accrued for certain tax assessments and the expected resolution of tax contingencies which arise in the course of business. The ultimate outcome of these tax-related contingencies impact the determination of income tax expense and may not be resolved until several years after the related tax returns have been filed. Predicting the outcome of such tax assessments involves uncertainty; however, the Company believes that recorded tax liabilities adequately account for its analysis of probable outcomes.

13. Stockholders Equity

Holders of common stock are entitled to one vote per share. During 2000, the Company's Board of Directors voted to discontinue the payment of dividends on its common stock.

14. Stock Plans

The Company has adopted, and the Company's shareholders have approved, the 2006 Omnibus Incentive Plan (the Plan) to replace the Company's 1997 Omnibus Stock Option and Incentive Plan. The Plan permits the grant of stock options, restricted stock, and restricted stock units to its directors and employees for up to 2,690,000 shares of common stock, which includes approximately 2,000,000 newly authorized shares and 690,000 shares that were authorized and available for grant under the Company's 1997 plan. The Plan also provides that no more than 1,350,000 of those shares may be granted for awards other than options or stock appreciation rights. The Company believes that such awards better align the interests of its directors and employees with those of its shareholders. Stock option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable after one year from the date of grant, while options granted to employees are exercisable one to four years from the date of grant.

The compensation cost that has been charged against pre-tax income for all of the Company's stock-based compensation plans was \$9.3 million, \$4.3 million, and \$5.1 million for 2006, 2005, and 2004, respectively. The total income tax benefit recognized in the accompanying consolidated statements of operations for all of the Company's stock-based employee compensation plans was \$3.4 million, \$1.6 million, and \$1.9 million for 2006, 2005, and 2004, respectively.

The Company records compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option's vesting period. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing formula that uses the assumptions noted in the following table. Because the Black-Scholes-Merton option pricing formula incorporates ranges of assumptions for inputs, those ranges are disclosed. Expected volatilities are based on the historical volatility of the Company's stock. The Company uses historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	2006	2005	2004
Expected volatility	25.1% - 30.8%	31.7% - 34.9%	34.7% - 36.2%
Weighted-average expected volatility	30.1%	34.6%	35.1%
Expected dividends			
Expected term (in years)	4.1 - 4.6	4.6 - 5.3	4.2 - 4.5
Risk-free rate	4.3% - 5.0%	3.8% - 4.4%	2.9% - 3.7%

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A summary of stock option activity under the Company's equity incentive plans for the years ended December 31 is presented below:

	2006		2005		2004	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	3,757,855	\$28.17	3,586,551	\$25.75	3,743,029	\$24.88
Granted	586,740	43.43	643,520	40.55	559,114	29.50
Exercised	(487,339)	25.49	(348,220)	24.72	(484,730)	23.13
Canceled	(106,700)	37.97	(123,996)	32.17	(230,862)	26.20
Outstanding at end of year	3,750,556	30.75	3,757,855	28.17	3,586,551	25.75
Exercisable at end of year	2,494,723	26.92	2,419,341	26.19	2,033,331	26.49

The weighed average remaining contractual term of options outstanding and exercisable as of December 31, 2006 was 6.0 and 4.8 years, respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2006 was \$75.0 million and \$59.2 million, respectively. The weighted-average grant-date fair value of options granted during 2006, 2005, and 2004 was \$12.49, \$15.15, and \$10.06, respectively. The total intrinsic value of options exercised during 2006, 2005, and 2004 was \$10.0 million, \$6.5 million, and \$4.3 million, respectively.

The Plan also provides for the award of restricted stock and restricted stock units (Restricted Stock Awards). Restricted Stock Awards granted to employees are exercisable one to four years from the date of grant. The fair value of Restricted Stock Awards is determined based on the market price of the Company's stock at the date of grant. The Company records compensation expense equal to the fair value of each Restricted Stock Award granted over the vesting period. The weighted-average grant-date fair value of Restricted Stock Awards granted during 2006, 2005, and 2004 was \$43.99, \$42.61, and \$30.68, respectively. A summary of the status of the Company's Restricted Stock Awards as of December 31, 2006 and changes during the twelve months ended December 31, 2006, is presented below:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value
Nonvested shares at January 1, 2006	74,035	\$33.78
Granted	42,000	43.99
Vested	(26,800)	30.54
Forfeited	(4,335)	36.06
Nonvested shares at December 31, 2006	84,900	38.14

The grant date fair value of all Restricted Stock Awards that vested during the twelve months ended December 31, 2006 was \$0.8 million.

As of December 31, 2006, there was \$13.2 million of total unrecognized compensation cost related to stock options, restricted stock and restricted stock units granted under the Company's equity incentive plans. That cost is

expected to be recognized over a weighted-average period of 2.4 years.

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

The fair value of PARSUP awards are determined based on the market price of the Company's stock at the date of grant. The Company records compensation expense equal to the fair value of each PARSUP award granted on a straight line basis over a period

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beginning on the grant date and ending February 2008. The weighted-average grant-date fair value of PARSUP awards granted during 2006, 2005, and 2004 was \$44.24, \$45.39, and \$29.88, respectively. A summary of the status of the Company's PARSUP awards as of December 31, 2006 and changes during the twelve months ended December 31, 2006, is presented below:

PARSUP Awards	Shares	Weighted Average Grant-Date Fair Value
Nonvested awards at January 1, 2006	583,500	\$22.22
Granted	17,500	44.24
Vested		
Forfeited	(80,000)	22.77
Nonvested awards at December 31, 2006	521,000	22.87

As of December 31, 2006, there was \$3.1 million of total unrecognized compensation cost related to PARSUP awards granted under the Company's equity incentive plans. That cost is expected to be recognized over a weighted-average period of 1.1 years.

Cash received from option exercises under all stock-based employee compensation arrangements for 2006, 2005, and 2004 was \$12.5 million, \$8.6 million, and \$11.2 million, respectively. The actual tax benefit realized from exercise or vesting of the stock-based employee compensation arrangements during 2006, 2005, and 2004 totaled \$3.6 million, \$2.5 million, and \$2.0 million, respectively, and are reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders' equity, goodwill or deferred tax asset.

The Company also has an employee stock purchase plan whereby substantially all employees are eligible to participate in the purchase of designated shares of the Company's common stock. Participants in the plan purchase these shares at a price equal to 95% of the closing price at the end of each quarterly stock purchase period. The Company issued 11,953, 10,289, and 11,722 shares of common stock at an average price per share of \$43.48, \$42.15, and \$26.13 during 2006, 2005, and 2004 respectively.

15. Commitments and Contingencies*Capital Leases*

During 2006, 2005, and 2004, the Company entered into four, four, and two capital leases, respectively. In the accompanying consolidated balance sheets, the following amounts of assets under capitalized lease agreements are included in property and equipment and other long-term assets and the related obligations are included in debt (amounts in thousands):

	2006	2005
Property and equipment	\$ 3,290	\$ 2,596
Other long-term assets	898	2,290
Accumulated depreciation	(2,424)	(2,071)
Net assets under capital leases	\$ 1,764	\$ 2,815
Current lease obligations	\$ 1,034	\$ 825
Long-term lease obligations	2,892	1,304
Capital lease obligations	\$ 3,926	\$ 2,129

Operating Leases

Rental expense related to continuing operations for operating leases was \$22.0 million, \$23.0 million, and \$19.3 million for 2006, 2005 and 2004, respectively. Non-cash lease expense for 2006, 2005, and 2004 was \$6.5 million, \$7.0 million, and \$6.6 million, respectively, as discussed below.

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Future minimum cash lease commitments under all non-cancelable leases in effect for continuing operations at December 31, 2006 are as follows (amounts in thousands):

	Capital Leases	Operating Leases
2007	\$ 1,179	\$ 12,055
2008	1,024	10,579
2009	675	8,829
2010	524	7,151
2011	869	6,391
Years thereafter		660,333
Total minimum lease payments	4,271	\$ 705,338
Less amount representing interest	(345)	
Total present value of minimum payments	3,926	
Less current portion of obligations	(1,034)	
Long-term obligations	\$ 2,892	

The Company entered into a 75-year operating lease agreement during 1999 for 65.3 acres of land located in Osceola County, Florida for the development of Gaylord Palms. The lease requires annual lease payments of approximately \$3.1 million. The lease agreement provides for an annual 3% escalation of base rent beginning in 2007. As required by SFAS No. 13, and related interpretations, the terms of this lease require that the Company recognize lease expense on a straight-line basis, which resulted in an annual base lease expense of approximately \$9.7 million, \$9.2 million, and \$9.8 million for 2006, 2005, and 2004, respectively. This rent included approximately \$6.3 million, \$6.5 million, and \$6.6 million of non-cash expenses during 2006, 2005, and 2004, respectively. At the end of the 75-year lease term, the Company may extend the operating lease to January 31, 2101, at which point the buildings and fixtures will be transferred to the lessor. The Company also records contingent rentals based upon net revenues associated with the Gaylord Palms operations. The Company recorded \$1.3 million, \$0.8 million, and \$0.8 million of contingent rentals related to the Gaylord Palms in 2006, 2005, and 2004, respectively.

Other Commitments and Contingencies

On February 22, 2005, the Company concluded the settlement of litigation with NHC, which owns the Nashville Predators NHL hockey team, over (i) NHC's obligation to redeem the Company's ownership interest, and (ii) the Company's obligations under the Nashville Arena Naming Rights Agreement dated November 24, 1999. Under the Naming Rights Agreement, which had a 20-year term through 2018, the Company was required to make annual payments to NHC, beginning at \$2,050,000 in 1999 and with a 5% escalation each year thereafter, and to purchase a minimum number of tickets to Predators games each year. At the closing of the settlement, NHC redeemed all of the Company's outstanding limited partnership units in the Predators pursuant to a Purchase Agreement dated February 22, 2005 effectively terminating the Company's ownership interest in the Predators. In addition, the Naming Rights Agreement was cancelled pursuant to the Acknowledgment of Termination of Naming Rights Agreement. As a part of the settlement, the Company made a one-time cash payment to NHC of \$4 million and issued to NHC a 5-year, \$5 million promissory note bearing interest at 6% per annum. The note is payable at \$1 million per year for 5 years, and the first payment was made on October 5, 2006. The Company's obligation to pay the outstanding amount under the note shall terminate immediately if, at any time before the note is paid in full, the Predators cease to be an NHL team playing their home games in Nashville, Tennessee. In addition, if the Predators cease to be an NHL team playing its home games in Nashville after the first payment but prior to the second payment under the note (October 5, 2007), then in addition to the note being cancelled, the Predators will pay the Company \$2 million. In addition, pursuant to a

Consent Agreement among the Company, the National Hockey League and owners of NHC, the Company's guaranty described below has been limited as described below. The Company continued to recognize the expense under the Naming Rights Agreement throughout the course of this litigation. As a result, the net effect of the settlement resulted in the Company reversing \$2.4 million of expense previously accrued under the Naming Rights Agreement during 2005.

In connection with the Company's execution of the Agreement of Limited Partnership of NHC on June 25, 1997, the Company, its subsidiary CCK, Inc., Craig Leipold, Helen Johnson-Leipold (Mr. Leipold's wife) and Samuel C. Johnson (Mr. Leipold's father-in-law) entered into a guaranty agreement executed in favor of the National Hockey League (NHL). This agreement provides for a continuing guarantee of the following obligations for as long as any of these obligations remain outstanding: (i) all obligations under

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the expansion agreement between NHC and the NHL; and (ii) all operating expenses of NHC. The maximum potential amount which the Company and CCK, collectively, could be liable under the guaranty agreement is \$15.0 million, although the Company and CCK would have recourse against the other guarantors if required to make payments under the guarantee. In connection with the legal settlement with the Nashville Predators consummated on February 22, 2005, as described above, this guaranty has been limited so that the Company is not responsible for any debt, obligation or liability of NHC that arises from any act, omission or circumstance occurring after the date of the legal settlement. As of December 31, 2006, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

In connection with Waipouli Owner, LLC's execution of the Kauai Hotel Loans as described in Note 8, RREEF entered into three separate Guaranties of Recourse Obligations with the Kauai Hotel Lender whereby it guaranteed Waipouli Owner, LLC's obligations under the Kauai Hotel Loans for as long as those loans remain outstanding (i) in the event of certain types of fraud, breaches of environmental representations or warranties, or breaches of certain special purpose entity covenants by Waipouli Owner, LLC, on the one hand, or (ii) in the event of bankruptcy or reorganization proceedings of Waipouli Owner, LLC, on the other hand. As a part of the joint venture arrangement and simultaneously with the closing of the purchase of the Kauai Hotel, the Company entered into a Contribution Agreement with RREEF, whereby the Company agreed that, in the event that RREEF is required to make any payments pursuant to the terms of these guarantees, it will contribute to RREEF an amount equal its pro rata share of any such guaranty payments. The Company estimates that the maximum potential amount that the Company could be liable under this contribution agreement is \$12.4 million, which represents 18.1% of the \$68.4 million of total debt that Waipouli Owner, LLC owes to the Kauai Hotel Lender as of December 31, 2006. As of December 31, 2006, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

In connection with RHAC, LLC's execution of the Waikiki Hotel Loans as described in Note 8, IB-SIV, the parent company of the Company's joint venture partner, entered into two separate Guaranties of Recourse Obligations with the Waikiki Hotel Lender whereby it guaranteed RHAC, LLC's obligations under the Waikiki Hotel Loans for as long as those loans remain outstanding (i) in the event of certain types of fraud, breaches of environmental representations or warranties, or breaches of certain special purpose entity covenants by RHAC, LLC, on the one hand, or (ii) in the event of bankruptcy or reorganization proceedings of RHAC, LLC, on the other hand. As a part of the joint venture arrangement and simultaneously with the closing of the purchase of the Waikiki Hotel, the Company entered into a Contribution Agreement with IB-SIV, whereby the Company agreed that, in the event that IB-SIV is required to make any payments pursuant to the terms of these guarantees, it will contribute to IB-SIV an amount equal to 19.9% of any such guaranty payments. The Company estimates that the maximum potential amount that the Company could be liable under this contribution agreement is \$20.9 million, which represents 19.9% of the \$104.9 million of total debt that RHAC, LLC owes to the Waikiki Hotel Lender as of December 31, 2006. As of December 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with this guarantee.

Also in connection with RHAC, LLC's execution of the Waikiki Hotel Loans, IB-SIV and the Company were required to execute an irrevocable letter of credit in favor of the Waikiki Hotel Lender with a total notional amount of \$7.9 million in order to secure RHAC, LLC's obligation to perform certain capital upgrades on the Waikiki Hotel and to provide additional security for payment of the Waikiki Hotel Loans. This letter of credit is required to remain outstanding until all required capital upgrades have been completed. However, the notional amount of this letter of credit will be reduced by the amount of funds actually expended by RHAC, LLC on the capital upgrades. Under the terms of the Waikiki Hotel Loans, the Waikiki Hotel Lender may draw up to the notional amount of this letter of credit and apply the proceeds to the Waikiki Hotel Loans upon the occurrence of an event of default. Pursuant to the Contribution Agreement described above, the Company agreed to initially execute a letter of credit for the full \$7.9 million notional amount required by the Lender, and IB-SIV agreed that, in the event that any amounts are drawn by Lender under the letter of credit, it will contribute an amount equal to 80.1% of any such letter of credit draw to the Company. IB-SIV further agreed to execute a separate letter of credit subsequent to closing with a notional amount of \$6.3 million to allow the Company to reduce the notional amount of its letter of credit to \$1.6 million. During the third quarter of 2005, IB-SIV executed this replacement letter of credit with a notional amount of \$6.3 million, and the Company reduced the notional amount of its letter of credit to \$1.6 million. The Company estimates that the

maximum potential amount which the Company could be liable under this obligation is \$0.8 million as of December 31, 2006. As of December 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with this obligation.

Certain of the ResortQuest subsidiary's property management agreements in Hawaii contain provisions for guaranteed levels of returns to the owners. These agreements, which have remaining terms of up to approximately 6 years, also contain force majeure clauses to protect the Company from forces or occurrences beyond the control of management. Assuming that the properties under these management agreements break even, the Company estimates that the maximum potential amount of future payments which the Company could be required to make under these guarantees is approximately \$24.4 million over the term of the property management

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agreements as of December 31, 2006. As of December 31, 2006, the Company had not recorded any liability in the consolidated balance sheet associated with these guarantees.

On February 23, 2005, the Company acquired approximately 42 acres of land and related land improvements in Prince George's County, Maryland for approximately \$29 million on which the Company is developing the Gaylord National. Approximately \$17 million of this was paid in the first quarter of 2005, with the remainder payable upon completion of various phases of the project. The project was originally planned to include a 1,500 room hotel, but the Company has expanded the planned hotel to a total of 2,000 rooms. The Company currently expects to open the hotel in 2008. Prince George's County, Maryland has approved three bond issues related to the development of this hotel project. The first bond issuance, in the amount of \$65 million, was issued by Prince George's County, Maryland in April 2005 to support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, in the amount of \$95 million, was issued by Prince George's County, Maryland in April 2005 and placed into escrow until completion of the convention center and 1,500 rooms within the hotel, at which time the bonds will be released to the Company. In addition, on July 18, 2006, Prince George's County, Maryland approved an additional \$50 million of bonds, which will be issued to the Company upon completion of the entire project. The Company will initially hold the \$95 million and \$50 million bond issuances and receive the debt service thereon, which is payable from tax increment, hotel tax and special hotel rental taxes generated from the development. The Company has entered into several agreements with a general contractor and other suppliers for the provision of certain construction services at the site. As of December 31, 2006, the Company had committed to pay \$475.9 million under those agreements for construction services and supplies and other construction-related costs (\$202.1 million of which was outstanding). Construction costs to date have exceeded the Company's initial estimates from 2004. These increased costs are attributable to: (a) construction materials price escalation that has occurred over the past three years; (b) increased cost of construction labor in the Washington, D.C. marketplace due to historically low unemployment and a high degree of construction activity; (c) the Company's 500-room expansion and related additional meeting space, and the acceleration of its construction so that the expansion will open concurrently with the original project; and (d) enhancements to the project design. The Company currently estimates that the total cost of the project will be approximately \$870 million, which includes the estimated construction costs for the expanded 2,000 room facility and excludes capitalized interest, pre-opening costs and the governmental economic incentives in connection with the Gaylord National hotel project, of which the Company has spent approximately \$262 million (excluding capitalized interest and preopening costs) as of December 31, 2006.

On July 25, 2006, the Unified Port of San Diego Board of Commissioners and the City of Chula Vista approved a non-binding letter of intent with the Company, outlining the general terms of our development of a 1,500 to 2,000 room convention hotel in Chula Vista, California. The Company is also 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 Chula Vista or other potential sites.

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 a change of control.

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

16. Retirement Plans

On December 31, 2006, the Company adopted the recognition and disclosure provisions of Statement 158. Statement 158 required the Company to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations of a pension plan or the accumulated postretirement benefit obligations of postretirement benefit plans) of its retirement plans and postretirement plans in the December 31, 2006 consolidated balance sheet, with a corresponding adjustment to accumulated other comprehensive loss, net of tax. The adjustment to accumulated other comprehensive loss at adoption represents the net unrecognized actuarial losses and

unrecognized prior service costs remaining from the initial adoption of Statement 87, all of which were previously netted against the retirement plans' funded status in the Company's consolidated balance sheet pursuant to the provisions of Statement 87. These amounts will be subsequently recognized as net periodic pension expense pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension expense in the same periods will be recognized as a component of other comprehensive income. Those amounts will be subsequently recognized as a component of net periodic pension expense on the same basis as the amounts recognized in accumulated other comprehensive loss at adoption of Statement 158.

The incremental effects of adopting the provisions of Statement 158 for its retirement plans on the Company's consolidated balance sheet at December 31, 2006 are presented in the following table. The adoption of Statement 158 had no effect on the Company's consolidated statement of operations for the year ended December 31, 2006, or for any prior period presented, and it will not effect the Company's operating results in future periods. Had the Company not been required to adopt Statement 158 at December 31, 2006 for its retirement plans, it would have recognized an additional minimum liability pursuant to the provisions of Statement 87. The effect of recognizing the additional minimum liability is included in the table below in the column labeled "Prior to Adopting Statement 158 for Retirement Plans."

	Prior to Adopting Statement 158 for Retirement Plans	Effect of Adopting Statement 158 for Retirement Plans	As Reported at December 31, 2006
Accounts payable and accrued liabilities	222,110	607	222,717
Other long-term liabilities	87,269	(744)	86,525
Deferred income taxes	96,488	49	96,537
Accumulated other comprehensive loss	(16,295)	87	(16,208)

Included in accumulated other comprehensive loss at December 31, 2006 are unrecognized actuarial losses of \$25.2 million (\$16.1 million net of tax) that have not yet been recognized in net periodic pension expense. The estimated actuarial loss for the retirement plans included in accumulated other comprehensive loss that will be amortized from accumulated other comprehensive loss into net periodic pension expense over the next fiscal year is \$2.3 million.

Prior to January 1, 2001, the Company maintained a noncontributory defined benefit pension plan in which substantially all of its employees were eligible to participate upon meeting the pension plan's participation requirements. The benefits were based on years of service and compensation levels. On January 1, 2001 the Company amended its defined benefit pension plan to determine future benefits using a cash balance formula. On December 31, 2000, benefits credited under the plan's previous formula were frozen. Under the cash formula, each participant had an account which was credited monthly with 3% of qualified earnings and the interest earned on their previous month-end cash balance. In addition, the Company included a "grandfather" clause which assures that the participant will receive the greater of the benefit calculated under the cash balance plan and the benefit that would have been payable if the defined benefit plan had remained in existence. The benefit payable to a vested participant upon retirement at age 65, or age 55 with 15 years of service at the time the plan was frozen, is equal to the participant's account balance, which increases based upon length of

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service and compensation levels. At retirement, the employee generally receives the balance in the account as a lump sum. The funding policy of the Company is to contribute annually an amount which equals or exceeds the minimum required by applicable law.

The following table sets forth the funded status at December 31 (amounts in thousands):

	2006	2005
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	\$ 75,771	\$ 69,936
Interest cost	4,059	4,067
Actuarial (gain) loss	(1,264)	6,453
Benefits paid	(5,603)	(4,685)
Benefit obligation at end of year	72,963	75,771
CHANGE IN PLAN ASSETS:		
Fair value of plan assets at beginning of year	52,838	48,001
Actual return on plan assets	4,018	5,423
Employer contributions	4,344	4,099
Benefits paid	(5,603)	(4,685)
Fair value of plan assets at end of year	55,597	52,838
Funded status	(17,366)	(22,933)
Unrecognized net actuarial loss		27,077
Adjustment for minimum liability		(27,077)
Employer contribution after measurement date	518	757
Accrued pension cost	\$(16,848)	\$(22,176)

Net periodic pension expense reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31 (amounts in thousands):

	2006	2005	2004
Interest cost	\$ 4,059	\$ 4,067	\$ 4,057
Expected return on plan assets	(4,232)	(3,839)	(3,418)
Recognized net actuarial loss	2,621	2,417	2,509
Net settlement loss	1,569		
Total net periodic pension expense	\$ 4,017	\$ 2,645	\$ 3,148

The accumulated benefit obligation for the defined benefit pension plan was \$73.0 and \$75.8 million at December 31, 2006 and 2005, respectively.

Assumptions

The weighted-average assumptions used to determine the benefit obligation at December 31 are as follows:

	2006	2005
Discount rate	5.75%	5.50%
Rate of compensation increase	N/A	N/A
Measurement date	9/30/2006	9/30/2005

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The rate of increase in future compensation levels was not applicable for 2006 and 2005 due to the Company amending the plan to freeze the cash balance benefit as described above.

The weighted-average assumptions used to determine the net periodic pension expense for years ended December 31 are as follows:

	2006	2005
Discount rate	5.50%	6.00%
Rate of compensation increase	N/A	N/A
Expected long term rate of return on plan assets	8.00%	8.00%
Measurement date	9/30/2006	9/30/2005

The Company determines the overall expected long term rate of return on plan assets based on its estimate of the return that plan assets will provide over the period that benefits are expected to be paid out. In preparing this estimate, the Company assesses the rates of return on each targeted allocation of plan assets, return premiums generated by portfolio management, and by a comparison to rates used by other companies.

Plan Assets

The allocation of the defined benefit pension plan's assets as of September 30, by asset categories, are as follows:

Asset Category	2006	2005
Equity securities	61%	63%
Fixed income securities	35%	35%
Cash	4%	2%
Total	100%	100%

The defined benefit pension plan's investment strategy is to achieve a real long-term rate of return over inflation resulting from income, capital gains, or both which assist the plan in meeting its long term objectives. Investment management of plan assets is in accordance with the Plan's Investment Policy which includes a targeted asset allocation as follows:

Asset Category	Target
Equity securities	60%
Fixed income securities	35%
Cash	5%
Total	100%

Periodically, the entire account is rebalanced to maintain the desired allocation and the Investment Policy is reviewed. Within each asset class, plan assets are allocated to various investment styles. Professional managers manage all assets of the Plan and professional advisors assist the Plan in the attainment of its objectives.

Expected Contributions and Benefit Payments

The Company expects to contribute \$4.2 million to its defined benefit pension plan in 2007. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

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2007	\$ 5,470
2008	2,265
2009	2,441
2010	2,836
2011	2,799
2012-2016	20,323
Total	\$ 36,134

Other Information

The Company also maintains non-qualified retirement plans (the Non-Qualified Plans) to provide benefits to certain key employees. The Non-Qualified Plans are not funded and the beneficiaries' rights to receive distributions under these plans constitute unsecured claims to be paid from the Company's general assets. At December 31, 2006, the Non-Qualified Plans' projected benefit obligations and accumulated benefit obligations were \$15.0 million.

The Company's accrued cost related to its qualified and non-qualified retirement plans of \$31.7 million and \$37.0 million at December 31, 2006 and 2005, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets. The 2006 decrease in the deferred net loss related to the Company's retirement plans resulted in an increase in equity of \$3.2 million, net of taxes of \$3.0 million. The 2005 increase in the minimum liability related to the Company's retirement plans resulted in a charge to equity of \$2.4 million, net of a tax benefit of \$1.5 million. The 2004 decrease in the minimum liability related to the Company's retirement plans resulted in a charge to equity of \$0.2 million, net of a tax benefit of \$0.3 million. The 2006, 2005 and 2004 adjustments to equity due to the change in the minimum liability are included in other comprehensive loss in the accompanying consolidated statements of stockholders' equity.

The Company also has contributory retirement savings plans in which substantially all employees are eligible to participate. The Company contributes an amount equal to the lesser of one-half of the amount of the employee's contribution or 3% of the employee's salary. In addition, effective January 1, 2002, the Company contributes up to 4% of the employee's salary, based upon the Company's financial performance. Company contributions under the retirement savings plans were \$8.1 million, \$7.5 million, and \$6.0 million for 2006, 2005 and 2004, respectively.

17. Postretirement Benefits Other Than Pensions

As further discussed in Note 16, on December 31, 2006, the Company adopted the recognition and disclosure provisions of Statement 158. The incremental effects of adopting the provisions of Statement 158 with respect to the postretirement benefit plans on the Company's consolidated balance sheet at December 31, 2006 are presented in the following table. The adoption of Statement 158 had no effect on the Company's consolidated statement of operations for the year ended December 31, 2006, or for any prior period presented, and it will not effect the Company's operating results in future periods.

	Prior to Adopting Statement 158 for Postretirement Benefit Plans	Effect of Adopting Statement 158 for Postretirement Benefit Plans	As Reported at December 31, 2006
Accounts payable and accrued liabilities	221,744	973	222,717
Other long-term liabilities	86,685	(160)	86,525
Deferred income taxes	96,830	(293)	96,537
Accumulated other comprehensive loss	(15,688)	(520)	(16,208)

Included in accumulated other comprehensive loss at December 31, 2006 are the following amounts that have not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of \$2.3 million (\$1.5 million net of tax), unrecognized prior service credit of \$0.1 million (\$0.1 million net of tax) and unrecognized curtailment gains of \$1.4 million (\$0.9 million net of tax). The estimated actuarial loss, prior service credit, and curtailment gain for the postretirement plans included in accumulated other comprehensive loss that will be amortized from accumulated other comprehensive loss into net postretirement benefit expense over the next fiscal year is \$40,000, \$0.1 million, and \$0.2 million, respectively.

The Company sponsors unfunded defined benefit postretirement health care and life insurance plans for certain employees. The Company contributes toward the cost of health insurance benefits and contributes the full cost of providing life insurance benefits. In order to be eligible for these postretirement benefits, an employee must retire after attainment of age 55 and completion of 15 years of service, or attainment of age 65 and completion of 10 years of service. The Company's Benefits Trust Committee determines retiree premiums.

The following table reconciles the change in benefit obligation of the postretirement plans to the accrued postretirement liability as reflected in other liabilities in the accompanying consolidated balance sheets at December 31 (amounts in thousands):

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	2006	2005
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	\$19,256	\$13,643
Service cost	191	209
Interest cost	1,031	791
Actuarial loss	930	5,657
Benefits paid	(1,161)	(1,044)
Benefit obligation at end of year	20,247	19,256
Unrecognized net actuarial (loss) gain		(1,350)
Unrecognized prior service cost		1,076
Unrecognized curtailment gain		1,615
Accrued postretirement liability	\$20,247	\$20,597

Net postretirement benefit expense reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31 (amounts in thousands):

	2006	2005	2004
Service cost	\$ 191	\$ 209	\$ 300
Interest cost	1,031	791	937
Recognized net actuarial (gain) loss		(502)	(422)
Amortization of prior service cost	(979)	(999)	(999)
Amortization of curtailment gain	(244)	(244)	(244)
Net postretirement benefit expense	\$ (1)	\$(745)	\$(428)

The weighted-average assumptions used to determine the benefit obligation at December 31 are as follows:

	2006	2005
Discount rate	5.75%	5.50%
Measurement date	9/30/2006	9/30/2005

The weighted-average assumptions used to determine the net postretirement benefit expense for years ended December 31 are as follows:

	2006	2005
Discount rate	5.50%	6.00%
Measurement date	9/30/2006	9/30/2005

The health care cost trend is projected to be 9.2% in 2007, declining each year thereafter to an ultimate level trend rate of 5.0% per year for 2013 and beyond. The health care cost trend rates are not applicable to the life insurance benefit plan. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a 1% increase in the assumed health care cost trend rate each year would increase the accumulated postretirement benefit obligation as of December 31, 2006 by approximately 11% and the aggregate of the service and interest cost components of net postretirement

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benefit expense would increase approximately 10%. Conversely, a 1% decrease in the assumed health care cost trend rate each year would decrease the accumulated postretirement benefit obligation as of December 31, 2006 by approximately 9% and the aggregate of the service and interest cost components of net postretirement benefit expense would decrease approximately 9%.

The Company expects to contribute \$1.0 million to the plan in 2007. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

2007	\$ 973
2008	1,035
2009	1,137
2010	1,175
2011	1,260
2012-2016	7,046
Total	\$ 12,626

The Company amended the plans effective December 31, 2001 such that only active employees whose age plus years of service total at least 60 and who have at least 10 years of service as of December 31, 2001 remain eligible. The amendment and curtailment of the plans were recorded in accordance with SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*, and related interpretations.

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

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

During the second quarter of 2004, the Company determined that the prescription drug benefits provided under its postretirement health care plan were actuarially equivalent to Medicare Part D and thus would qualify for the subsidy under the Prescription Drug Act and the expected subsidy would offset its share of the cost of the underlying drug coverage. The Company elected to early-adopt the provisions of FASB Staff Position No. 106-2 during the second quarter of 2004 and re-measured its accumulated postretirement benefit obligation and net periodic postretirement benefit expense accordingly. The accumulated postretirement benefit obligation was reduced by \$2.9 million during the second quarter of 2004 as a result of the subsidy related to benefits attributed to past service. This reduction in the accumulated postretirement benefit obligation was recorded as a deferred actuarial gain and will be amortized over future periods in the same manner as other deferred actuarial gains. The effect of the subsidy on the measurement of net periodic postretirement benefit expense for the year ended December 31, 2004 was as follows (amounts in thousands):

Service cost	\$ (31)
Interest cost	(136)
Expected return on plan assets	

Amortization of net actuarial gain	(328)
Amortization of prior service cost	
Amortization of curtailment gain	
Net periodic postretirement benefit expense	\$ (495)

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The changes in the carrying amounts of goodwill by business segment for the years ended December 31, 2006 and 2005 are as follows (amounts in thousands):

	Balance as of		Purchase		Balance as of
	January 1, 2006	Impairment Losses	Acquisitions	Accounting Adjustments	December 31, 2006
Hospitality	\$	\$	\$	\$	\$
Opry and Attractions	6,915				6,915
ResortQuest	170,641	(85,736)		(4,489)	80,416
Corporate and other					
Total	\$177,556	\$(85,736)	\$	\$(4,489)	\$ 87,331

	Balance as of		Purchase		Balance as of
	January 1, 2005	Impairment Losses	Acquisitions	Accounting Adjustments	December 31, 2005
Hospitality	\$	\$	\$	\$	\$
Opry and Attractions	6,915				6,915
ResortQuest	155,345		14,917	379	170,641
Corporate and other					
Total	\$162,260	\$	\$14,917	\$ 379	\$177,556

The Company performs an annual review of goodwill for impairment by comparing the carrying value of the applicable reporting unit to the fair value of the reporting unit. If the fair value is less than the carrying value then the Company measures potential impairment by allocating the fair value of the reporting unit to the tangible assets and liabilities of the reporting unit in a manner similar to a business combination purchase price allocation. The remaining fair value of the reporting unit after assigning fair values to all of the reporting unit's assets and liabilities represents the implied fair value of goodwill of the reporting unit. The impairment is measured by the difference between the carrying value of goodwill and the implied fair value of goodwill. The Company completed the annual impairment review on all goodwill at December 31, 2006 and recorded an impairment charge of \$85.0 million to write down the carrying value of goodwill at certain reporting units of ResortQuest to its implied fair value as further discussed in Note 3. In addition, as a result of a significant adverse change in the business climate at one of the markets of its ResortQuest business during the third quarter of 2006, the Company assessed the recoverability of the carrying value of certain long lived assets in this market and recorded an impairment loss of \$0.8 million related to goodwill.

During 2006, the Company made adjustments to deferred taxes associated with the ResortQuest acquisition as a result of the Company settling certain issues with the Internal Revenue Service related to periods prior to the acquisition of ResortQuest. These adjustments resulted in a net decrease in goodwill of \$4.5 million.

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The carrying amount of indefinite lived intangible assets not subject to amortization was \$28.3 million and \$40.3 million at December 31, 2006 and 2005, respectively. The decrease in the carrying value of indefinite lived intangible assets during 2006 is due to the Company recording an impairment charge of \$12.1 million to write down the carrying value of the ResortQuest trade name to its fair value as further discussed in Note 3. The gross carrying amount of amortized intangible assets in continuing operations was \$37.5 million and \$37.8 million at December 31, 2006 and 2005, respectively. The related accumulated amortization of intangible assets in continuing operations was \$14.8 million and \$10.0 million at December 31, 2006 and 2005, respectively. The amortization expense related to intangibles from continuing operations during the years ended December 31, 2006, 2005, and 2004 was \$4.8 million, \$5.3 million, and \$3.9 million, respectively. As further discussed in Note 3, the Company determined that the management contracts at a certain market of ResortQuest were not recoverable and recorded an impairment charge of \$0.2 million to write down the carrying value of those management contracts to their fair value. Also, as a result of a significant adverse change in the business climate at one of the markets of its ResortQuest business during the third quarter of 2006, the Company assessed the recoverability of the carrying value of certain long lived assets in this market and recorded an impairment loss of \$0.1 million related to certain intangible assets. The estimated amounts of amortization expense for the next five years are as follows (amounts in thousands):

2007	\$ 4,793
2008	4,793
2009	4,792
2010	4,399
2011	2,058
	\$ 20,835

Table of Contents**19. Financial Reporting By Business Segments**

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

	2006	2005	2004
REVENUES:			
Hospitality	\$ 645,437	\$ 576,927	\$ 473,051
Opry and Attractions	76,580	67,097	66,565
ResortQuest	225,650	222,003	188,619
Corporate and Other	255	512	388
Total revenues	\$ 947,922	\$ 866,539	\$ 728,623
DEPRECIATION AND AMORTIZATION:			
Hospitality	\$ 64,502	\$ 63,188	\$ 58,521
Opry and Attractions	5,663	5,347	5,215
ResortQuest	10,772	10,619	9,170
Corporate and Other	4,903	4,049	4,737
Total depreciation and amortization	\$ 85,840	\$ 83,203	\$ 77,643
OPERATING INCOME (LOSS):			
Hospitality	\$ 99,087	\$ 72,705	\$ 43,525
Opry and Attractions	5,014	1,889	1,548
ResortQuest	(1,331)	(7,689)	(226)
Corporate and Other	(53,332)	(41,266)	(43,751)
Preopening costs	(7,174)	(5,005)	(14,205)
Impairment and other charges	(110,710)		(1,212)
Restructuring charges			(196)
Total operating (loss) income	(68,446)	20,634	(14,517)
Interest expense, net of amounts capitalized	(71,719)	(73,169)	(55,064)
Interest income	3,135	2,478	1,501
Unrealized gain (loss) on Viacom stock and CBS stock	38,337	(41,554)	(87,914)
Unrealized (loss) gain on derivatives	(16,618)	35,705	56,533
Income from unconsolidated companies	10,565	2,169	3,825
Other gains and (losses)	9,469	6,660	1,089
Loss before benefit for income taxes and discontinued operations	\$ (95,277)	\$ (47,077)	\$ (94,547)
IDENTIFIABLE ASSETS:			
Hospitality	\$1,539,389	\$1,303,739	
Opry and Attractions	79,814	83,847	
ResortQuest	204,856	327,623	

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Corporate and Other	808,432	808,208
Discontinued operations	28	9,173
Total identifiable assets	\$2,632,519	\$2,532,590

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The following table represents the capital expenditures for continuing operations by segment for the years ended December 31 (amounts in thousands).

	2006	2005	2004
CAPITAL EXPENDITURES:			
Hospitality	\$263,907	\$105,536	\$118,698
Opry and Attractions	2,153	2,538	3,326
ResortQuest	13,067	14,036	2,044
Corporate and other	15,820	7,430	3,459
Total capital expenditures	\$294,947	\$129,540	\$127,527

20. Quarterly Financial Information (Unaudited)

The following is selected unaudited quarterly financial data as revised for the fiscal years ended December 31, 2006 and 2005 (amounts in thousands, except per share data).

The sum of the quarterly per share amounts may not equal the annual totals due to rounding.

	2006			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$241,611	\$235,116	\$231,907	\$239,288
Depreciation and amortization	21,293	21,308	21,686	21,553
Operating income (loss)	21,607	12,241	7,133	(109,427)
Income (loss) before income taxes and discontinued operations	15,487	3,178	2,620	(116,562)
Provision (benefit) for income taxes	4,197	8,867	(3,127)	(22,382)
Income (loss) from continuing operations	11,290	(5,689)	5,747	(94,180)
Gain from discontinued operations, net of taxes	1,869	528	564	436
Net income (loss)	13,159	(5,161)	6,311	(93,744)
Net income (loss) per share	0.33	(0.13)	0.16	(2.30)
Net income (loss) per share assuming dilution	0.32	(0.13)	0.15	(2.30)
	2005			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$213,470	\$224,472	\$207,951	\$220,646
Depreciation and amortization	20,929	20,195	20,899	21,180
Operating income (loss)	10,749	14,111	310	(4,536)
(Loss) income before income taxes and discontinued operations	(14,367)	1,300	(14,227)	(19,783)
(Benefit) provision for income taxes	(5,233)	1,246	(4,753)	(6,544)
(Loss) income from continuing operations	(9,134)	54	(9,474)	(13,239)
Gain (loss) from discontinued operations, net of taxes	277	(465)	(2,143)	174
Net loss	(8,857)	(411)	(11,617)	(13,065)
Net loss per share	(0.22)	(0.01)	(0.29)	(0.32)
Net loss per share assuming dilution	(0.22)	(0.01)	(0.29)	(0.32)

During the second quarter of 2006, the Company completed the sale of an additional market of its ResortQuest business that was not included in the plan of disposal executed during the third quarter of 2005, but was later determined to be inconsistent with the Company's long term growth strategy. The Company did not record any impairment charges or restructuring charges in connection

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with the sale of this market. The results of operations, net of taxes, of this market has been reflected in the accompanying consolidated financial statements as discontinued in accordance with SFAS No. 144 for all periods presented. As a result, revenues, depreciation and amortization, operating income, income before income taxes and discontinued operations, provision for income taxes, income from continuing operations, and gain from discontinued operations, net of taxes, for the three months ended March 31, 2006 and 2005 increased (decreased) as follows:

	Three Months Ended March 31,	
	2006	2005
Revenues	\$(544)	\$(543)
Depreciation and amortization	(9)	(8)
Operating income	(91)	(138)
Income before income taxes and discontinued operations	(91)	(138)
Provision for income taxes	(11)	(50)
Income from continuing operations	(80)	(88)
Gain from discontinued operations, net of taxes	80	88

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

During the third quarter of 2006, the Company received \$5.3 million in cash in full settlement of its claim under its business interruption insurance policies for profits lost by ResortQuest as a result of hurricanes Ivan, Dennis, and Charley. The Company recorded the net recovery of \$4.9 million as revenue during the third quarter of 2006.

As a result of a significant adverse change in the business climate at one of the markets of its ResortQuest business during the third quarter of 2006, the Company assessed the recoverability of the carrying value of certain long lived assets in this market and recorded an impairment loss of \$0.8 million related to goodwill and \$0.1 million related to certain intangible assets.

As further discussed in Note 3, the Company evaluated its goodwill and other intangible assets with indefinite useful lives for impairment as of December 31, 2006. In connection with this impairment test, the Company determined that the fair value of the ResortQuest trade name, which is an intangible asset with an indefinite useful life, was less than its carrying value. As a result the Company recorded an impairment charge of \$12.1 million during the fourth quarter of 2006 to write down the carrying value of the ResortQuest trade name to its fair value. Also in connection with the annual impairment test, the Company determined that the fair values of certain reporting units of ResortQuest were less than the carrying values of those reporting units, which indicated the goodwill related to those reporting units was impaired. Therefore, the Company recorded an impairment charge of \$85.0 million during the fourth quarter of 2006 to write down the carrying values of goodwill at the impaired reporting units to their implied fair values.

During 2005 and 2006, the Company was developing a new enterprise property management system for ResortQuest named ReQuest. During the fourth quarter of 2006, the Company determined that there had been a

significant change in the extent or manner in which the system was expected to be used and it was no longer probable that ReQuest would be completed and placed in service. As a result, the Company indefinitely suspended the development of ReQuest during the fourth quarter of 2006 and recorded an impairment charge of \$12.6 million to write off the carrying value of ReQuest. Also in accordance with SFAS No. 144, the Company determined that the management contracts at a certain market of ResortQuest were not recoverable and recorded an impairment charge of \$0.2 million during the fourth quarter of 2006 to write down the carrying values of those management contracts to their fair values.

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On January 1, 2005, the Company acquired 100% of the outstanding membership interests of East West Resorts from East West Resorts, LLC for an aggregate purchase price of \$20.7 million in cash plus the assumption of East West Resort's liabilities as of January 1, 2005 of \$7.8 million. The results of operations of East West Resorts have been included in the Company's financial results beginning January 1, 2005.

On February 1, 2005, the Company acquired 100% of the outstanding common shares of Whistler from O'Neill Hotels and Resorts Whistler, Ltd. for an aggregate purchase price of \$0.1 million in cash plus the assumption of Whistler's liabilities as of February 1, 2005 of \$4.9 million. The results of operations of Whistler have been included in the Company's financial results beginning February 1, 2005.

In connection with the settlement of litigation with NHC on February 22, 2005, as further discussed in Note 15, the Company made a one-time cash payment to NHC of \$4.0 million and issued to NHC a 5-year, \$5.0 million promissory note. The Company continued to recognize the expense under the Naming Rights Agreement throughout the course of this litigation. As a result, the net effect of the settlement resulted in the Company reversing \$2.4 million of expense previously accrued under the Naming Rights Agreement during the first quarter of 2005.

On March 10, 2005, the Company entered into a \$600.0 million credit facility with Bank of America, N.A. acting as the administrative agent. The Company's credit facility consists of the following components: (a) a \$300.0 million senior secured revolving credit facility, which includes a \$50.0 million letter of credit sublimit, and (b) a \$300.0 million senior secured delayed draw term loan facility, which may be drawn on in one or more advances during its term. The purpose of the credit facility is for working capital and capital expenditures and the financing of the costs and expenses related to the construction of Gaylord National. As a result of entering into the \$600.0 million credit facility, the 2003 Revolving Credit Facility was terminated and the Company wrote off \$0.5 million of deferred financing costs during the first quarter of 2005.

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

21. Information Concerning Guarantor and Non-Guarantor Subsidiaries

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

Prior to January 1, 2006, Gaylord Entertainment Company (the Issuer) charged Gaylord Opryland, Gaylord Palms and Gaylord Texan a management fee equal to 3% of revenues. This management fee, which totaled \$16.8 million and \$13.6 million during the years ended December 31, 2005 and 2004, was recorded as revenues by the Issuer and operating costs by the Guarantors in the condensed consolidating financial information presented below. Effective January 1, 2006, this management fee is no longer charged.

The following consolidating schedules present condensed financial information of the Company, the guarantor subsidiaries and non-guarantor subsidiaries as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006.

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2006

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Revenues	\$ 81,541	\$ 914,982	\$	\$(48,601)	\$947,922
Operating expenses:					
Operating costs	24,920	594,102		(567)	618,455
Selling, general and administrative	48,628	145,683		(122)	194,189
Management fees		47,912		(47,912)	
Preopening costs		7,174			7,174
Impairment and other charges		110,710			110,710
Depreciation	5,976	69,200			75,176
Amortization	1,744	8,920			10,664
Operating income (loss)	273	(68,719)			(68,446)
Interest expense, net	(84,310)	(61,829)	(5,772)	80,192	(71,719)
Interest income	68,854	6,570	7,903	(80,192)	3,135
Unrealized gain on Viacom stock and CBS stock	38,337				38,337
Unrealized loss on derivatives	(16,618)				(16,618)
Income from unconsolidated companies		(1,687)	12,252		10,565
Other gains and (losses)	3,849	5,620			9,469
Income (loss) before income taxes and discontinued operations	10,385	(120,045)	14,383		(95,277)
(Benefit) provision for income taxes	(5,376)	(13,302)	6,233		(12,445)
Equity in subsidiaries (earnings) losses, net	95,196			(95,196)	
(Loss) income from continuing operations	(79,435)	(106,743)	8,150	95,196	(82,832)
Gain from discontinued operations, net		3,194	203		3,397
Net (loss) income	\$(79,435)	\$(103,549)	\$ 8,353	\$ 95,196	\$ (79,435)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Revenues	\$ 84,471	\$835,289	\$	\$(53,221)	\$866,539
Operating expenses:					
Operating costs	22,986	565,882		(17,374)	571,494
Selling, general and administrative	39,566	146,786		(149)	186,203
Management fees		35,698		(35,698)	
Preopening costs		5,005			5,005
Depreciation	5,427	67,193			72,620
Amortization	1,403	9,180			10,583
Operating income	15,089	5,545			20,634
Interest expense, net	(77,433)	(58,357)	(5,476)	68,097	(73,169)
Interest income	60,269	2,874	7,432	(68,097)	2,478
Unrealized loss on Viacom stock	(41,554)				(41,554)
Unrealized gain on derivatives	35,705				35,705
Income from unconsolidated companies		158	2,011		2,169
Other gains and (losses)	5,256	1,404			6,660
(Loss) income before income taxes and discontinued operations	(2,668)	(48,376)	3,967		(47,077)
(Benefit) provision for income taxes	(2,216)	(14,645)	1,577		(15,284)
Equity in subsidiaries (earnings) losses, net	33,498			(33,498)	
(Loss) income from continuing operations	(33,950)	(33,731)	2,390	33,498	(31,793)
(Loss) gain from discontinued operations, net		(2,245)	88		(2,157)
Net (loss) income	\$(33,950)	\$ (35,976)	\$ 2,478	\$ 33,498	\$ (33,950)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Revenues	\$ 77,723	\$699,647	\$	\$(48,747)	\$728,623
Operating expenses:					
Operating costs	23,750	468,529		(14,055)	478,224
Selling, general and administrative	39,220	132,440			171,660
Management fees		34,692		(34,692)	
Preopening costs		14,205			14,205
Impairment and other charges		1,212			1,212
Restructuring charges, net	196				196
Depreciation	5,499	63,229			68,728
Amortization	2,038	6,877			8,915
Operating income (loss)	7,020	(21,537)			(14,517)
Interest expense, net	(56,535)	(67,033)	(5,588)	74,092	(55,064)
Interest income	59,162	8,611	7,820	(74,092)	1,501
Unrealized loss on Viacom stock	(87,914)				(87,914)
Unrealized gain on derivatives	56,533				56,533
Income from unconsolidated companies			3,825		3,825
Other gains and (losses)	2,960	(1,871)			1,089
(Loss) income before income taxes and discontinued operations	(18,774)	(81,830)	6,057		(94,547)
(Benefit) provision for income taxes	(10,848)	(31,803)	2,695		(39,956)
Equity in subsidiaries (earnings) losses, net	45,712			(45,712)	
(Loss) income from continuing operations	(53,638)	(50,027)	3,362	45,712	(54,591)
Gain from discontinued operations, net		333	620		953
Net (loss) income	\$(53,638)	\$ (49,694)	\$ 3,982	\$ 45,712	\$ (53,638)

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2006

	Issuer	Guarantors	Non- Guarantors (in thousands)	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents unrestricted	\$ 28,875	\$ 11,687	\$	\$	\$ 40,562
Cash and cash equivalents restricted	1,223	14,492			15,715
Short term investments	394,913				394,913
Trade receivables, net	559	38,899			39,458
Estimated fair value of derivative assets	207,428				207,428
Deferred financing costs	10,461				10,461
Other current assets	6,155	23,077		(126)	29,106
Intercompany receivables, net	1,224,698		161,399	(1,386,097)	
Current assets of discontinued operations		28			28
Total current assets	1,874,312	88,183	161,399	(1,386,223)	737,671
Property and equipment, net of accumulated depreciation	96,247	1,542,196			1,638,443
Intangible assets, net of accumulated amortization		22,688			22,688
Goodwill		87,331			87,331
Indefinite lived intangible assets	1,480	26,774			28,254
Investments	338,465	21,714	79,521	(355,212)	84,488
Long-term deferred financing costs	15,579				15,579
Other long-term assets	6,667	11,398			18,065
Long-term assets of discontinued operations					
Total assets	\$2,332,750	\$1,800,284	\$ 240,920	\$(1,741,435)	\$2,632,519
LIABILITIES AND STOCKHOLDERS EQUITY					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	\$ 1,351	\$ 683	\$	\$	\$ 2,034
Secured forward exchange contract	613,054				613,054

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Accounts payable and accrued liabilities	41,177	181,831		(291)	222,717
Deferred income taxes	94,297	(37,130)	(539)		56,628
Intercompany payables, net		1,512,208	(126,111)	(1,386,097)	
Current liabilities of discontinued operations		53	525		578
Total current liabilities	749,879	1,657,645	(126,125)	(1,386,388)	895,011
Long-term debt and capital lease obligations, net of current portion	751,168	2,404			753,572
Deferred income taxes	(19,673)	110,967	5,243		96,537
Estimated fair value of derivative liabilities	2,610				2,610
Other long-term liabilities	51,291	35,069		165	86,525
Long-term liabilities of discontinued operations		241	(3)		238
Stockholders' equity:					
Preferred stock					
Common stock	408	2,387	2	(2,389)	408
Additional paid-in capital	694,941	397,234	168,434	(565,668)	694,941
Retained earnings	118,885	(406,214)	193,369	212,845	118,885
Other stockholders' equity	(16,759)	551			(16,208)
Total stockholders' equity	797,475	(6,042)	361,805	(355,212)	798,026
Total liabilities and stockholders' equity	\$2,332,750	\$1,800,284	\$ 240,920	\$(1,741,435)	\$2,632,519

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
ASSETS:					
Current assets:					
Cash and cash equivalents unrestricted	\$ 41,757	\$ 16,962	\$	\$	\$ 58,719
Cash and cash equivalents restricted	1,201	18,487			19,688
Short-term investments					
Trade receivables, net	254	36,900			37,154
Deferred financing costs	26,865				26,865
Deferred income taxes	5,653	3,196	12		8,861
Other current assets	4,965	24,437		(126)	29,276
Intercompany receivables, net	1,058,718		41,573	(1,100,291)	
Current assets of discontinued operations		7,726			7,726
Total current assets	1,139,413	107,708	41,585	(1,100,417)	188,289
Property and equipment, net	85,240	1,318,971			1,404,211
Intangible assets, net of accumulated amortization		27,768			27,768
Goodwill		177,556			177,556
Indefinite lived intangible assets	1,480	38,835			40,315
Investments	796,548	19,286	70,181	(456,720)	429,295
Estimated fair value of derivative assets	220,430				220,430
Long-term deferred financing costs	29,144				29,144
Other long-term assets	4,928	9,207			14,135
Long-term assets of discontinued operations		1,447			1,447
Total assets	\$2,277,183	\$1,700,778	\$ 111,766	\$(1,557,137)	\$2,532,590
LIABILITIES AND STOCKHOLDERS EQUITY:					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	\$ 1,254	\$ 571	\$	\$	\$ 1,825
Accounts payable and accrued liabilities	34,362	152,469		(291)	186,540

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Intercompany payables, net		1,228,669	(128,378)	(1,100,291)	
Current liabilities of discontinued operations		7,276	526		7,802
Total current liabilities	35,616	1,388,985	(127,852)	(1,100,582)	196,167
Secured forward exchange contract	613,054				613,054
Long-term debt and capital lease obligations, net of current portion	597,190	1,285			598,475
Deferred income taxes	119,142	57,755	755		177,652
Estimated fair value of derivative liabilities	1,994				1,994
Other long-term liabilities	61,596	34,725	2	165	96,488
Long-term liabilities of discontinued operations		196	(3)		193
Stockholders' equity:					
Preferred stock					
Common stock	403	3,337	2	(3,339)	403
Additional paid-in capital	670,828	517,184	53,846	(571,030)	670,828
Retained earnings	198,320	(302,665)	185,016	117,649	198,320
Other stockholders' equity	(20,960)	(24)			(20,984)
Total stockholders' equity	848,591	217,832	238,864	(456,720)	848,567
Total liabilities and stockholders' equity	\$2,277,183	\$1,700,778	\$ 111,766	\$(1,557,137)	\$2,532,590

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2006

	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
	(In thousands)				
Net cash (used in) provided by continuing operating activities	\$(162,580)	\$ 276,892	\$	\$	\$ 114,312
Net cash (used in) provided by discontinued operating activities		(3,453)			(3,453)
Net cash (used in) provided by operating activities	(162,580)	273,439			110,859
Purchases of property and equipment	(15,554)	(279,393)			(294,947)
Investment in unconsolidated companies		(6,587)			(6,587)
Returns of investment in unconsolidated companies		2,228			2,228
Proceeds from sale of assets		763			763
Collection of note receivable		381			381
Other investing activities	(4,087)	(4,102)			(8,189)
Net cash used in investing activities continuing operations	(19,641)	(286,710)			(306,351)
Net cash provided by investing activities discontinued operations		541			541
Net cash used in investing activities	(19,641)	(286,169)			(305,810)
Repayment of long term debt	(1,000)				(1,000)
Borrowings under credit facility	155,000				155,000
(Increase) decrease in restricted cash and cash equivalents	(22)	3,995			3,973
Proceeds from exercise of stock option and purchase plans	13,028				13,028
Excess tax benefit from stock-based compensation	2,771				2,771
Other financing activities, net	(438)	(834)			(1,272)
Net cash provided by financing activities continuing operations	169,339	3,161			172,500
Net cash provided by financing activities discontinued operations		4,294			4,294

Net cash provided by financing activities	169,339	7,455		176,794
Net change in cash and cash equivalents	(12,882)	(5,275)		(18,157)
Cash and cash equivalents at beginning of year	41,757	16,962		58,719
Cash and cash equivalents at end of year	\$ 28,875	\$ 11,687	\$	\$ 40,562

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2005

	Issuer	Guarantors	Non- Guarantors (In thousands)	Eliminations	Consolidated
Net cash (used in) provided by continuing operating activities	\$(42,733)	\$ 130,447	\$(6,971)	\$	\$ 80,743
Net cash provided by (used in) discontinued operating activities		51	(529)		(478)
Net cash (used in) provided by operating activities	(42,733)	130,498	(7,500)		80,265
Purchases of property and equipment	(8,777)	(120,763)			(129,540)
Acquisition of businesses, net of cash acquired		(20,223)			(20,223)
Investment in unconsolidated companies		(5,225)			(5,225)
Returns of investment in unconsolidated companies		2,389			2,389
Proceeds from sale of assets	5,967	4,511			10,478
Collection of note receivable			7,500		7,500
Purchases of short-term investments	(15,000)				(15,000)
Proceeds from sale of short-term investments	42,000				42,000
Other investing activities	(878)	(1,594)			(2,472)
Net cash provided by (used in) investing activities continuing operations	23,312	(140,905)	7,500		(110,093)
Net cash provided by investing activities discontinued operations		1,195			1,195
Net cash provided by (used in) investing activities	23,312	(139,710)	7,500		(108,898)
Borrowings under credit facility	20,000				20,000
Deferred financing costs paid	(8,479)				(8,479)
Decrease in restricted cash and cash equivalents	1,245	25,309			26,554
Proceeds from exercise of stock option and purchase plans	9,040				9,040

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Other financing activities, net	(339)	(289)		(628)
Net cash provided by financing activities continuing operations	21,467	25,020		46,487
Net cash used in financing activities discontinued operations		(2,142)		(2,142)
Net cash provided by financing activities	21,467	22,878		44,345
Net change in cash	2,046	13,666		15,712
Cash and cash equivalents at beginning of year	39,711	3,296		43,007
Cash and cash equivalents at end of year	\$ 41,757	\$ 16,962	\$	\$ 58,719

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
Net cash (used in) provided by continuing operating activities	\$(277,202)	\$ 333,055	\$ 821	\$	\$ 56,674
Net cash used in discontinued operating activities		(450)	(821)		(1,271)
Net cash (used in) provided by operating activities	(277,202)	332,605			55,403
Purchases of property and equipment	(5,567)	(121,960)			(127,527)
Proceeds from sale of assets		1,450			1,450
Purchases of short-term investments	(130,850)				(130,850)
Proceeds from sale of short-term investments	165,850				165,850
Other investing activities	(266)	(3,803)			(4,069)
Net cash provided by (used in) investing activities continuing operations	29,167	(124,313)			(95,146)
Net cash used in investing activities discontinued operations		(292)			(292)
Net cash provided by (used in) investing activities	29,167	(124,605)			(95,438)
Proceeds from issuance of long-term debt	225,000				225,000
Repayment of long-term debt		(199,181)			(199,181)
Deferred financing costs paid	(4,758)	(193)			(4,951)
Decrease (increase) in restricted cash and cash equivalents	2,205	(9,549)			(7,344)
Proceeds from exercise of stock option and purchase plans	11,529				11,529
Other financing activities, net	(643)	(50)			(693)
Net cash provided by (used in) financing activities continuing	233,333	(208,973)			24,360

operations				
Net cash used in financing activities discontinued operations		(82)		(82)
Net cash provided by (used in) financing activities	233,333	(209,055)		24,278
Net change in cash	(14,702)	(1,055)		(15,757)
Cash and cash equivalents at beginning of year	54,413	4,351		58,764
Cash and cash equivalents at end of year	\$ 39,711	\$ 3,296	\$	\$ 43,007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON THE FINANCIAL STATEMENT SCHEDULES

To Board of Directors and Stockholders of Gaylord Entertainment Company:

We have audited the consolidated financial statements of Gaylord Entertainment Company as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006, and have issued our report thereon dated February 28, 2007 (included elsewhere in this Annual Report on Form 10-K). Our audits also included the financial statement schedules listed in Item 15(A)(2) of this Annual Report on Form 10-K. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
February 28, 2007

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SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS****For the Year Ended December 31, 2006****(Amounts in Thousands)**

	Balance at Beginning of Period	Additions Charged To Costs and Expenses		Other Accounts	Deductions	Balance at End of Period
2001 restructuring charges - discontinuing operations	162	19			23	158
2005 restructuring charges - discontinuing operations	192	74			266	
Total	\$354	\$93		\$	\$ 289	\$158

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SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS****For the Year Ended December 31, 2005****(Amounts in Thousands)**

	Balance at Beginning of Period	Additions Charged To Costs and Expenses	Other Accounts	Deductions	Balance at End of Period
2000 restructuring charges continuing operations	\$ 14	\$ (13)	\$	\$ 1	\$
2001 restructuring charges continuing operations	107			107	
Total continuing operations	121	(13)		108	
2001 restructuring charges discontinuing operations	190			28	162
2005 restructuring charges discontinuing operations		840		648	192
Total discontinuing operations	190	840		676	354
Total	\$311	\$827	\$	\$ 784	\$354

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SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS****For the Year Ended December 31, 2004****(Amounts in Thousands)**

	Balance at Beginning of Period	Additions Charged To Costs and Expenses	Other Accounts	Deductions	Balance at End of Period
2000 restructuring charges continuing operations	\$ 195	\$ (82)	\$	\$ 99	\$ 14
2001 restructuring charges continuing operations	94	278		265	107
Total continuing operations	289	196		364	121
2001 restructuring charges discontinuing operations	216		99	125	190
Total	\$ 505	\$ 196	\$ 99	\$ 489	\$ 311

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INDEX TO EXHIBITS

**EXHIBIT
NUMBER**

DESCRIPTION

- | | |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1 | Agreement and Plan of Merger, dated as of August 4, 2003, among Gaylord Entertainment Company (the Company), GET Merger Sub, Inc. and ResortQuest International, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 5, 2003 (File No. 1-13079)). |
| 3.1 | Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3 to the Company's Current Report on Form 8-K dated October 7, 1997 (File No. 1-13079)). |
| 3.2 | Amendment to Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001 (File No. 1-13079)). |
| 3.3 | Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form 10, as amended on June 30, 1997 (File No. 1-13079)). |
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EXHIBIT NUMBER	DESCRIPTION
4.1	Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 10, as amended on June 30, 1997 (File No. 1-13079)).
4.2	Reference is made to Exhibits 3.1, 3.2 and 3.3 hereof for instruments defining the rights of common stockholders of the Company.
4.3	Stock Purchase Warrant, dated November 7, 2002, issued by the Company to Gilmore Entertainment Group, LLC (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (File No. 1-13079)).
4.4	Registration Rights Agreement among the Company and holders including E.L. and Thelma Gaylord Foundation, GFI Company, Christine Gaylord Everest, Louise Gaylord Bennett and Mary Gaylord McClean executed with respect to 3,175,683 shares of the Company's common stock (in the form and incorporated by reference to Exhibit 4.2 to the Company's Registration Statements on Form S-3, amendment No. 1 filed on April 20, 2004).
4.5	Indenture, dated as of November 12, 2003, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, providing for the issuance of the Company 8% Senior Notes Due 2013 (the 8% Senior Notes) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated November 13, 2003 (File No. 1-13079)).
4.6	First Supplemental Indenture, dated as of November 20, 2003, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee relating to the 8% Senior Notes (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 dated January 9, 2004 (File No. 333-111812)).
4.7	Second Supplemental Indenture, dated as of November 29, 2004, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 8% Senior Notes (incorporated by reference to Exhibit 4.7 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2005 (File No. 1-13079)).
4.8	Third Supplemental Indenture, dated as of December 30, 2004, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 8% Senior Notes (incorporated by reference to Exhibit 4.8 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2005 (File No. 1-13079)).
4.9	Fourth Supplemental Indenture, dated as of June 16, 2005, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 8% Senior Notes (incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2005 (File No. 1-13079)).
4.10*	Fifth Supplemental Indenture, dated as of January 12, 2007, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 8% Senior Notes.
4.11	Indenture, dated as of November 30, 2004, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, providing for the issuance of the Company's 6.75%

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Senior Notes Due 2014 (the 6.75% Senior Notes) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated December 1, 2004 (File No. 1-13079)).

- 4.12 First Supplemental Indenture, dated as of December 30, 2004, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 6.75% Senior Notes (incorporated by reference to Exhibit 4.2 to the Company Registration Statement on Form S-4 dated April 22, 2005 (File No. 333-124251)).
- 4.13 Second Supplemental Indenture, dated as of June 16, 2005, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 6.75% Senior Notes (incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2005 (File No. 1-13079)).
- 4.14* Third Supplemental Indenture, dated as of January 12, 2007, by and between the Company, certain of its subsidiaries and U.S. Bank National Association, as Trustee, relating to the 6.75% Senior Notes.
- 10.1 Credit Agreement, dated as of March 10, 2005, among the Company, as borrower; certain subsidiaries of the Company, as guarantors; Bank of America, N.A., as administrative agent and letter of credit issuer; Banc of America Securities LLC, as joint lead arranger and joint book manager; Deutsche Bank Trust Company Americas, as syndication agent; and the other lenders party thereto (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2004 (File No. 1-13079)).
- 10.2 First Amendment to Credit Agreement, dated as of June 1, 2005, among the Company, as borrower; certain subsidiaries of the company, as guarantors; Bank of America, N.A. as administrative agent and letter of credit issuer; Banc of America Securities LLC, as joint lead arranger and joint book manager; Deutsche Bank Trust Company Americas, as syndication agent; and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005 (File No. 1-13079)).
- 10.3 Opryland Hotel-Florida Ground Lease, dated as of March 3, 1999, by and between Xentury City Development Company,
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EXHIBIT NUMBER	DESCRIPTION
	L.L.C., and Opryland Hotel-Florida Limited Partnership (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-13079)).
10.4	Hotel/ Convention Center Sublease Agreement, dated as of May 16, 2000, by and between the City of Grapevine, Texas and Opryland Hotel-Texas Limited Partnership (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
10.5	Sublease Addendum Number 1, dated July 28, 2000, by and between the City of Grapevine, Texas and Opryland Hotel-Texas Limited Partnership (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
10.6	Naming Rights Agreement dated as of November 24, 1999, by and between the Company and Nashville Hockey Club Limited Partnership (incorporated by reference to Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-13079)).
10.7	Guaranty dated as of June 25, 1997, by Craig Leipold, the Company, CCK, Inc. and other guarantors in favor of the Nashville Hockey League (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (File No. 1-13079)).
10.8	Non-Negotiable Promissory Note dated February 22, 2005 in favor of Nashville Hockey Club Limited Partnership (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated February 28, 2005 (File No. 1-13079)).
10.9	Acknowledgement of Termination of Naming Rights Agreement dated February 22, 2005 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated February 28, 2005 (File No. 1-13079)).
10.10	Purchase Agreement dated February 22, 2005 by and between the Nashville Hockey Club Limited Partnership and CCK Holdings, LCC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated February 28, 2005 (File No. 1-13079)).
10.11	Consent Agreement dated February 22, 2005 by and among the NHL, Nashville Hockey Club Limited Partnership, the Company and the other parties named therein (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K dated February 28, 2005 (File No. 1-13079)).
10.12	SAILS Mandatorily Exchangeable Securities Contract dated as of May 22, 2000, among the Company, OLH G.P., Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 23, 2000 (File No. 1-13079)).

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- 10.13 SAILS Pledge Agreement dated as of May 22, 2000, among the Company, Credit Suisse First Boston International, and Credit Suisse First Boston Corporation, as agent (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K dated May 23, 2000 (File No. 1-13079)).
- 10.14 Agreement between Gaylord National, LLC and Perini/Tompkins Joint Venture, dated as of May 9, 2005, relating to the construction of the Gaylord National, including certain amendments thereto (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 2005, Exhibit 10.2 to the Company's Current Report on Form 8-K dated July 5, 2006 and Exhibit 10.2 to the Company's Current Report on Form 8-K dated October 31, 2006 (File No. 1-13079)).
- 10.15# Amended and Restated Gaylord Entertainment Company 1997 Omnibus Stock Option and Incentive Plan (including amendments adopted at the May 2003 Stockholders Meeting) (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 1-13079)).
- 10.16# ResortQuest International, Inc. amended and restated 1998 long-term incentive plan (incorporated by reference to Exhibit A to ResortQuest International, Inc.'s definitive proxy statement filed with the SEC on April 6, 1999 (File No. 1-14115)).
- 10.17*# First Amendment to ResortQuest International, Inc. Amended and Restated 1998 Long-Term Incentive Plan.
- 10.18# The Opryland USA Inc. Supplemental Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 to the former Gaylord Entertainment Company's Registration Statement on Form S-1 (File No. 33-42329)).
- 10.19# Gaylord Entertainment Company Retirement Benefit Restoration Plan (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000) (File No. 1-13079)).
- 10.20# Executive Employment Agreement of Colin V. Reed, dated April 23, 2001, with the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for quarter ended June 30, 2001 (File No. 1-13079)).
- 10.21# Amendment No. 1 dated as of August 17, 2004 to 2001 Employment Agreement of Colin V. Reed (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2004 (File No. 1-13079)).
- 10.22# Amendment No. 2, dated as of February 10, 2006, to 2001 Employment Agreement of Colin V. Reed (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2006 (File No. 1-13079)).
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EXHIBIT NUMBER	DESCRIPTION
10.23#	Indemnification Agreement, dated as of April 23, 2001, by and between the Company and Colin V. Reed (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-13079)).
10.24#	Employment Agreement of Michael D. Rose, dated May 1, 2004, with the Company (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for quarter ended September 30, 2004 (File No. 1-13079)).
10.25#	Indemnification Agreement, dated as of April 23, 2001, by and between the Company and Michael D. Rose (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-13079)).
10.26#	Employment Agreement of David C. Kloeppe, dated May 4, 2005, with the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for quarter ended June 30, 2005 (File No. 1-13079)).
10.27#	Employment Agreement, dated as of February 10, 2006, by and between the Company and John Caparella (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 14, 2006 (File No. 1-13079)).
10.28#	Employment Agreement, dated as of July 15, 2003, by and between the Company and Mark Fioravanti (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on November 10, 2005 (File No. 1-13079)).
10.29#	Amendment No. 1 to Employment Agreement, dated as of November 4, 2005, by and between the Company and Mark Fioravanti (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on November 10, 2005 (File No. 1-13079)).
10.30*#	Severance Agreement, dated as of July 3, 2001, between the Company and Carter R. Todd.
10.31*#	Amendment No. 1 to Severance Agreement, dated as of November 4, 2005, by and between the Company and Carter R. Todd.
10.32#	Form of Indemnification Agreement between the Company and each of its non-employee directors (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
10.33#	Form of Stock Option Agreement with respect to options granted to employees of Gaylord Entertainment Company pursuant to the 1997 Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-13079)).
10.34#	Form of Director Stock Option Agreement with respect to options granted to members of the Gaylord Entertainment Company Board of Directors pursuant to the 1997 Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (File No. 1-13079)).

- 10.35# Form of Restricted Stock Agreement with respect to restricted stock granted to employees of the Company pursuant to the 1997 Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ending March 31, 2005 (File No. 1-13079)).
- 10.36# Form of Performance Accelerated Restricted Stock Unit Agreement with respect to restricted stock units granted to employees of the Company pursuant to the 1997 Plan and the Company's performance accelerated restricted stock unit program (PARSUP) (incorporated by reference to Exhibit 10.37 to the Company's Annual Report on Form 10-K for the year-ended December 31, 2005 (File No. 1-13079)).
- 10.37*# Summary of Director and Executive Officer Compensation.
- 10.38# Gaylord Entertainment Company 2006 Omnibus Incentive Plan (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement for the 2006 Annual Meeting of Stockholders filed with the SEC on April 3, 2006 (File No. 1-13079)).
- 10.39*# First Amendment to Gaylord Entertainment Company 2006 Omnibus Incentive Plan.
- 10.40*# Form of Restricted Share Award Agreement with respect to restricted stock granted pursuant to the Company's 2006 Omnibus Incentive Plan, as amended.
- 10.41*# Form of Non-Qualified Stock Option Agreement with respect to stock options granted pursuant to the Company's 2006 Omnibus Incentive Plan, as amended.
- 10.42*# Form of Director Non-Qualified Stock Option Agreement with respect to stock options granted pursuant to the Company's
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EXHIBIT NUMBER	DESCRIPTION
	2006 Omnibus Incentive Plan, as amended.
10.43*#	Form of Director Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan.
21*	Subsidiaries of Gaylord Entertainment Company.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
31.2*	Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
* Filed herewith.	
	As directed by Item 601(b)(2) of Regulation S-K, certain schedules and exhibits to this exhibit are omitted from this filing. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.
#	Management contract or compensatory plan or arrangement.