GAYLORD ENTERTAINMENT CO /DE
Form 10-K
February 24, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2011

¨ **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	**73-0664379**
(State or Other Jurisdiction of	**(I.R.S. Employer**

Incorporation or Organization)	**Identification No.)**
One Gaylord Drive, Nashville, Tennessee	**37214**
(Address of Principal Executive Offices)	**(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	**New York Stock Exchange**
Preferred Stock Purchase Rights	**New York Stock Exchange**
(Title of Class)	**(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. x 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 x 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. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x 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. x

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

Large accelerated Filer	x	Accelerated Filer	¨
Non-accelerated Filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ¨ Yes x 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, 2011 was approximately $1,074,642,150 (assuming solely for this purpose that shares beneficially owned by persons other than officers or directors of the registrant, and their affiliates, are held by non-affiliates).

As of January 31, 2012, there were 48,553,994 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive Proxy Statement for the 2012 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission are incorporated by reference into Part III of this Form 10-K.

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GAYLORD ENTERTAINMENT COMPANY

2011 FORM 10-K ANNUAL REPORT

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PART I

Throughout this report, we refer to Gaylord Entertainment Company, together with its subsidiaries, as we, us, our, Gaylord Entertainment, Gaylord, or the Company. For each year discussed, our fiscal year ends on December 31. All of the discussion and analysis in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and related notes included in this Annual Report on Form 10-K.

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 and attractions 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, proposes, projects, and similar expressions. Although we believe that the 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 1. *Business*

We believe that we are the only hospitality company whose stated primary focus is on the large group meetings and conventions sector of the lodging market. Our hospitality business includes our Gaylord branded hotels, consisting of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee (Gaylord Opryland), the Gaylord Palms Resort & Convention Center near Orlando, Florida (Gaylord Palms), the Gaylord Texan Resort & Convention Center near Dallas, Texas (Gaylord Texan) and the Gaylord National Resort & Convention Center near Washington D.C. (Gaylord National). We also own and operate the Radisson Hotel at Opryland in Nashville, Tennessee.

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.

We also own and operate several attractions in Nashville, including the Grand Ole Opry, a live country music variety show that is the nation s longest running live 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.

Our operations are organized into three principal business segments: (i) Hospitality, which includes our hotel operations; (ii) Opry and Attractions, which includes our Grand Ole Opry assets, WSM-AM and our Nashville attractions; and (iii) Corporate and Other, which includes corporate expenses. These three business segments Hospitality, Opry and Attractions, and Corporate and Other represented approximately 93%, 7%, and 0%, respectively, of total revenues for 2011.

Financial information by industry segment and for each of our Gaylord hotel properties as of December 31, 2011 and for each of the three years in the period then ended appears in Item 6, Selected Financial Data, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, and in the Financial Reporting by Business Segments note (Note 17) to our consolidated financial statements included in this Annual Report on Form 10-K.

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Strategy

Our goal is to become the nation s premier hotel brand primarily serving the meetings and conventions sector and to enhance our business by offering vacation and entertainment opportunities to our guests and target consumers. Our Gaylord branded hotels focus on the large group meetings market in the United States. Our properties and services are designed to appeal to meeting planners who arrange these large group meetings.

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, our Gaylord Texan hotel in April 2004 and our Gaylord National hotel in April 2008. We re-launched our Gaylord Opryland hotel in November 2010 after flood-related renovations. As further described in the Future Development section below, we have announced our plans to develop a resort and convention hotel in Aurora, Colorado, and we are a party to a land purchase agreement with respect to a potential hotel development in Mesa, Arizona. We have focused 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 areas of the country each year, as well as to establish relationships with new customers as we increase our geographic reach. We believe there is a significant opportunity to establish strong relationships with new customers and rotate them among our properties.

Leverage Brand Name Awareness. We believe the Grand Ole Opry is one of the most recognized entertainment brands in the United States. We promote the Grand Ole Opry name through various media, including our WSM-AM radio station, the Internet and television, and through 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

According to the February 2011 study, The Economic Significance of Meetings to the U.S. Economy, conducted by PriceWaterhouseCoopers and published by the Convention Industry Council, in 2009, the meetings industry generated approximately $263 billion in direct spending. Of this amount, approximately $62 billion was spent on accommodations and food and beverage. These revenues include attendee economic impact (which includes spending on lodging, meals, entertainment and in-city transportation), not all of which we capture. An additional approximate $150 billion was spent on meetings and other commodities, which include event producer total gross sales (which include exhibitor and sponsor expenditures) and venue rentals. Convention hotels that attract larger group meetings typically have more than 1,000 guest rooms and, on average, contain approximately 125,000 square feet of exhibit space and approximately 45 meeting rooms.

According to the same study published by the Convention Industry Council, the group meetings market was comprised of approximately 1.8 million events in 2009, of which approximately 71% were corporate meetings and approximately 29% were conventions, trade shows, incentive and other meetings. Of the 100 largest hotels with meeting space, as tracked by Smith Travel Research, over half of the hotels contain over 130,000 square feet of meeting and exhibit space. Conversely, only 4% of these properties feature 500,000 square feet or more to host the nation s largest groups. Examples of industries participating in larger 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 groups, associations and trade shows generally select their sites two to six years in advance, thereby increasing earnings visibility, and our group customers enter into contracts that provide for minimum spending on stays and cancellation and attrition fees, we believe the convention hotel segment of the lodging industry is more predictable than the general lodging industry.

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We believe that 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.

Based on our information and information and data obtained from Smith Travel Research, the hotels within the United States with the greatest levels of exhibit and meeting space as of January 2012 are as follows:

Facility	Location	Hotel Rooms	Total Exhibit and Meeting Space (sq. ft.)
Venetian Resort & Casino	Las Vegas, NV	4,049	2,250,000
Mandalay Bay Resort & Casino	Las Vegas, NV	4,332	1,295,655
Gaylord Opryland Resort & Convention Center	**Nashville, TN**	**2,882**	**640,000**
MGM Grand Hotel & Casino	Las Vegas, NV	5,044	600,000
Gaylord National Resort & Convention Center	**National Harbor, MD**	**1,996**	**470,000**
Marriott Orlando World Center	Orlando, FL	2,000	450,000
Rosen Shingle Creek	Orlando, FL	1,500	445,000
Gaylord Texan Resort & Convention Center	**Grapevine, TX**	**1,511**	**400,000**
Gaylord Palms Resort & Convention Center	**Kissimmee, FL**	**1,406**	**400,000**
Hilton Anatole Hotel	Dallas, TX	1,608	344,638
Walt Disney World Swan and Dolphin Resort	Lake Buena Vista, FL	758	329,000
Caesars Palace	Las Vegas, NV	4,016	300,000
The Peabody Orlando	Orlando, FL	1,641	300,000
The Westin Diplomat Resort & Spa	Hollywood, FL	1,058	269,000
Sheraton Dallas	Dallas, TX	1,840	230,000
Disney s Coronado Springs Resort	Lake Buena Vista, FL	1,921	220,000
Grand Sierra Resort & Casino	Reno, NV	2,001	200,000

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 designed 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 placed our Gaylord hotels among the leading convention hotels in the country. In addition to operating Gaylord Opryland, we opened the Gaylord Palms in January 2002, the Gaylord Texan in April 2004 and the Gaylord National in April 2008. We believe that our hotels will enable us to capture additional convention business from groups that currently utilize one of our hotels but must rotate their meetings to other locations due to their attendees desires to visit different areas. In addition to our group meetings strategy, we are also focused on improving leisure demand in our hotels through special events (Country Christmas, DreamWorks experiences, proposed water and snow park, summer-themed events, etc.), social media strategies, and unique content and entertainment partnerships.

Gaylord Opryland Resort and Convention Center Nashville, Tennessee. Gaylord Opryland 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 2,882 signature guest rooms, four ballrooms with approximately 127,000 square feet, 111 banquet/meeting rooms, and total meeting, exhibit and pre-function space of approximately 640,000 square feet. Gaylord Opryland has been recognized by many industry and commercial publications, receiving *Successful Meetings* magazine s Pinnacle Award in 2007, 2008, 2010 and 2011, as well as *Meeting & Convention s* Gold Key and Gold Platter Awards every year since 1993.

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 meeting, exhibit and pre-function space of approximately 400,000 square feet. The resort is situated on a 65-acre site in Osceola County, Florida and is approximately a five minute drive 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. A new resort pool is currently under construction and is scheduled to open during the first half of 2012, and a new 2-story sports bar complex opened in February 2012. Hotel guests also have golf privileges at the world class Falcon s Fire Golf Club, located a half-mile from the property. The Gaylord Palms is rated as a AAA Four-Diamond Hotel and has been recognized by many publications, receiving *Successful Meetings* magazine s Pinnacle Award in 2007, 2008, 2009, 2010 and 2011 and *Meeting and Convention s* Gold Key and Gold Platter Awards every year since 2003.

Gaylord Texan Resort and Convention Center Grapevine, Texas. Gaylord Texan is situated on approximately 85 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, three ballrooms with approximately 85,000 square feet, 70 banquet/meeting rooms, and total meeting, exhibit and pre-function space of 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 2006, we opened the Glass Cactus entertainment complex, an approximately 39,000 square feet venue with a performance stage, dance floor, and a two-story outdoor deck, on land we own adjacent to the hotel. In 2011, we opened the Paradise Springs resort pool, a western-themed 10-acre resort pool and lazy river complex. The Gaylord Texan is rated as a AAA Four-Diamond Hotel, and it received *Successful Meetings* magazine s Pinnacle Award in 2008, *Meeting and Convention s* Gold Key Award every year since 2005 and *Meeting and Convention s* Gold Platter Award in 2007, 2010 and 2011.

Gaylord National Resort and Convention Center Prince George s County, Maryland. Gaylord National opened in April 2008 and is situated on approximately 42 acres of land located on the Potomac River in Prince George s County, Maryland, eight miles south of Washington, D.C. The hotel has 1,996 signature guest rooms, four ballrooms with approximately 103,000 square feet, 82 conference and breakout rooms, and total meeting, exhibit and pre-function space of approximately 470,000 square feet. The hotel complex includes an 18-story glass atrium, a 20,000 square foot spa and fitness center with 12 treatment rooms, and entertainment options such as restaurants, shops, and a two-story rooftop nightclub. The Gaylord National is rated as a AAA Four-Diamond Hotel, and it received *Successful Meetings magazine s* Pinnacle Award in 2011 and *Meeting and Convention s* Gold Key Award in 2009, 2010 and 2011.

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 2000, we entered into a 20-year franchise agreement with Radisson in connection with the operation of this hotel.

Future Development. In 2011, we announced our plans to develop a resort and convention hotel in Aurora, Colorado, located approximately 25 minutes from downtown Denver. The Aurora development, which is expected to feature 1,500 guest rooms and 400,000 square feet of exhibition and meeting space, will be located on 85 acres in LNR Property CPI Fund s High Point Master Plan Development. The project is expected to cost approximately $800 million and could be funded by us, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between us and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by our board of directors. We expect to break ground on construction in 2013 and expect the resort to be open for business in early 2016. At this time, we have not made any material financial commitments in connection with this development.

On September 3, 2008, we announced that we entered into a land purchase agreement with DMB Mesa Proving Grounds LLC, an affiliate of DMB Associates, Inc. (DMB), to create a resort and convention hotel at the Mesa Proving Grounds in Mesa, Arizona, which is located approximately 30 miles from downtown Phoenix. The DMB development is planned to host an urban environment that features a Gaylord resort property, a retail development, a golf course, office space, residential offerings and significant other

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mixed-use components. Gaylord s purchase agreement includes the purchase of 100 acres of real estate within the 3,200-acre Mesa Proving Grounds. The Gaylord project is contingent on the finalization of entitlements and incentives and final approval by Gaylord s Board of Directors. We made an initial deposit of a portion of the land purchase price upon execution of the agreement with DMB, and additional deposit amounts are due upon the occurrence of various development milestones, including required governmental approvals of the entitlements and incentives. These deposits are refundable to us upon a termination of the agreement with DMB during a specified due diligence period, except in the event of a breach of the agreement by us. The timing of this development is uncertain, and we have not made any financing plans or, except as described above, made any commitments in connection with the proposed development.

In January 2012, we announced that we had entered into a memorandum of understanding for a 50/50 joint venture with the Dollywood Company to develop a family entertainment zone adjacent to the Gaylord Opryland Resort & Convention Center on land that we currently own. The Dollywood Company will operate the park, and we will contribute both land and cash to represent our 50 percent share of the venture. Phase one of the project is a yet unnamed approximately $50 million water and snow park, which we believe will be the first of its kind in the U.S. An early 2013 groundbreaking date is expected with the park opening slated for summer 2014. The project is contingent upon finalizing agreements with governmental authorities pertaining to the construction of the necessary infrastructure and other contingencies.

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

Opry and Attractions

The Grand Ole Opry. The Grand Ole Opry, which celebrated its 86th anniversary in 2011, 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 additional weekly performances 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 radio via WSM-AM and Sirius/XM Radio and streamed on the Internet. The Grand Ole Opry is also broadcast on television via the Great American Country network. The show has been broadcast since 1925 on WSM-AM, making it the longest running live radio program in the United States. In addition to performances by its 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 2011 to January 2012. The Ryman Auditorium has been nominated for Theatre of the Year by Pollstar Concert Industry Awards from 2003 to 2011, winning the award in 2003, 2004, 2010 and 2011, and was named the Venue of the Year by the Academy of Country Music in 2009 and 2011.

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 the 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.

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.

Corporate and Other

Corporate and Other includes operating and selling, general and administrative expenses related to the overall management of the Company which are not allocated to the other reportable segments, including costs for the Company s retirement plans, equity-based compensation plans, information technology, human resources, accounting, and other administrative expenses, and formerly included our ownership interests in certain investments described below under Item 6, Selected Financial Data.

Employees

As of December 31, 2011, we had approximately 6,680 full-time and 3,683 part-time and temporary employees. Of these, approximately 6,057 full-time and 3,143 part-time employees were employed in Hospitality; approximately 298 full-time and 538 part-time employees were employed in Opry and Attractions; and approximately 325 full-time and 2 part-time employees were employed in Corporate and Other. We believe our relations with our employees are good.

As of December 31, 2011, approximately 1,400 employees at Gaylord National were represented by labor unions and are working pursuant to the terms of the collective bargaining agreements which have been negotiated with the four unions representing these employees.

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, (viii) service levels at the hotel, and (ix) 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.

Opry and Attractions

The Grand Ole Opry and our 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.

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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 or that we will attract enough general tourism guests during this period to offset the decreased group convention business.

Regulation and Legislation

Hospitality

Our hotels are subject to certain federal, state, and local governmental laws and regulations including, without limitation, labor regulations, 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.

Opry and Attractions

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 FCC regulations or other violations which constitute a pattern of abuse. WMS-AM s current radio station license will expire in August 2012; however, we are not aware of any reason why WSM-AM s radio station license should not be renewed.

In addition, our Nashville area attractions are also subject to the requirements of the Americans with Disabilities Act and similar state laws, as well as 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 Securities and Exchange Commission (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. The public may also read and copy these materials at the SEC s public reference room located at 100 F. Street, N.E., Washington, D.C. 20549 or on their website at www.sec.gov. Questions regarding the operation of the public reference room may be directed to the SEC at 1-800-732-0330.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company as of December 31, 2011. 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	64	Chairman of the Board of Directors and Chief Executive Officer
David C. Kloeppel	42	President and Chief Operating Officer
Carter R. Todd	54	Executive Vice President, General Counsel and Secretary
Mark Fioravanti	50	Executive Vice President and Chief Financial Officer
Rod Connor	59	Senior Vice President and Chief Administrative Officer
Richard A. Maradik	43	Senior Vice President and Chief Marketing Officer

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

Colin V. Reed has served as 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. Until November 2008, Mr. Reed also served as President of the Company. 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. Kloeppel is the Company s President and Chief Operating Officer. Prior to June 2009, Mr. Kloeppel served as President and Chief Financial Officer of the Company and prior to November 2008, he served as Executive Vice President and Chief Financial Officer of the Company. Prior to joining the Company in September of 2001, Mr. Kloeppel 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. Kloeppel 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.

Carter R. Todd is the Company s Executive Vice President, General Counsel and Secretary. Prior to November 2008, Mr. Todd served as Senior Vice President, General Counsel and Secretary since he joined Gaylord Entertainment Company in July 2001. 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.

Mark Fioravanti is Executive Vice President and Chief Financial Officer of the Company. Until June 2009, Mr. Fioravanti served as Senior Vice President of Finance and Treasurer of the Company, a position he had held since June 2007. Prior to such time, Mr. Fioravanti had served as Executive Vice President of the Company and President of ResortQuest International since March 2004. From August 2002 to 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 in a variety of roles with casino operator Harrah s Entertainment, Inc., where he was most recently Vice President of Finance and Administration of Harrah s New Orleans. Mr. Fioravanti graduated from The Ohio State University, where he earned his B.S. degree. He also holds an MBA from the University of Tennessee.

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 over 39 years. Mr. Connor, who is a certified public accountant, has a B.S. degree in accounting from the University of Tennessee.

Richard A. Maradik is the Senior Vice President and Chief Marketing Officer of the Company, a position he has held since November 2008. From February 2006, when he joined the Company, until November 2008, Mr. Maradik was the Company s Senior Vice President and Chief Information Officer. Previously, Mr. Maradik worked for Acxiom Corporation, overseeing the 2005 integration of

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SmartDM, Inc., a company which Mr. Maradik co-founded in 1995 and for which he served as chief executive officer. Mr. Maradik earned his Bachelor of Arts degree in English from Vanderbilt University in 1991. On February 2, 2012, Mr. Maradik notified the Company of his resignation, effective March 1, 2012, to pursue other opportunities.

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 the 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. See Forward-Looking Statements above.

Our concentration in the hospitality industry, and in particular the large group meetings sector of the hospitality industry, exposes us to certain risks outside of our control.

Recessionary conditions in the national economy have resulted in economic pressures on the hospitality industry generally, and on our operations and expansion plans. In portions of 2008 and the first half of 2009, we experienced declines in hotel occupancy, weakness in future bookings by our core large group customers, lower spending levels by groups, increased cancellation levels and increased attrition levels, which represents groups not fulfilling the minimum number of room nights originally contracted for. In 2010 and 2011, we began to see stabilization in our industry and specifically in our business. In 2010 and 2011, we have seen increases in group travel as compared to the 2009 levels, as well as growth in outside-the-room revenue, indicating that not only are our group customers beginning to travel again, they are spending more on food and beverage and entertainment during their stay at our properties. Our attrition and cancellation levels have also decreased compared to 2009 levels. As a result of the higher levels of group business, we experienced an increase in occupancy in 2010 and 2011. Although we continue to see pressure on rates for bookings that will travel in the shorter-term, we have experienced improved rates on bookings in future years. While we continue to focus our sales and marketing efforts on booking rooms in 2012, in addition to later years, there can be no assurance that we can achieve further improvements in occupancy and revenue levels. In addition, our cost containment efforts at the property and corporate levels may not be successful. In particular, many of our expenses are relatively fixed (such as personnel costs, interest, rent, property taxes, insurance and utilities) and we may be unable to reduce these costs significantly or rapidly if demand for our hotel and convention business decreases. We cannot predict when or if hospitality demand and spending will return to historical levels, but we anticipate that our future financial results and growth will be harmed if the economy does not continue to improve or becomes worse.

Our hotel and convention business is subject to significant market risks.

Our ability to continue to successfully operate our hotel and convention 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; Orlando, Florida; Dallas, Texas; and Washington D.C. areas as tourist and convention destinations;

- adverse changes in the national economy and in the levels of tourism and convention business that are affecting our hotels;

- our ability to continue to attract group convention business, which, while improving, remains below the historical peak set prior to 2008;

- our ability to contract for and collect attrition and cancellation fees from groups that do not fulfill minimum stay or spending requirements;

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

the highly competitive nature of the hotel, tourism and convention businesses in which the Gaylord Opryland, the Gaylord Palms, the Gaylord Texan and the Gaylord National operate;

the susceptibility of our group convention business to reduced levels of demand during the year-end holiday periods, which we may not be able to offset by attracting sufficient general tourism guests;

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- the financial condition of the airline and other transportation-related industries and the resulting impact on travel; and

- organized labor activities, which could cause a diversion of business from hotels involved in labor negotiations and loss of group business.

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

Our business strategy focuses on the development of resort and convention center hotels in selected locations in the United States 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, the Gaylord Texan and the Gaylord National, and by further utilizing our attractions assets. 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;

- 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.

Unanticipated costs of hotels we open in new markets 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 and could adversely affect our financial condition and cash flows.

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

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

- construction delays or cost overruns that may increase project costs;

- construction defects or noncompliance with construction specifications;

receipt of zoning, occupancy and other required governmental permits and authorizations;

receipt of governmental funding and/or incentives;

other risks of construction described below;

development costs incurred for projects that are not pursued to completion;

so-called acts of God such as earthquakes, hurricanes, floods or fires that could delay the development of a project;

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- adoption of state or local laws that negatively impact the tourism industry;

- risks associated with joint ventures or alliances or other potential transaction structures we may enter into in connection with development projects;

- the availability and cost of capital, which is expected to be unfavorable until general economic conditions improve in the U.S.; and

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

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

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

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

We may be unable to successfully complete acquisitions.

As part of our growth strategy, we may attempt to acquire other convention hotels or otherwise engage in acquisitions, either alone or through joint ventures or alliances with one or more third parties. We may be unable to find or consummate future acquisitions at acceptable prices and terms or, if we are able to find favorable acquisition targets, we may not be able to obtain financing on acceptable terms or secure beneficial joint ventures or alliances. We continue to evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve a number of special risks and factors, including:

- the possible diversion of our management s attention from other business concerns;

- the potential inability to successfully pursue some or all of the anticipated revenue opportunities associated with the acquisitions;

- the possible loss of the acquired business s key employees;

- the potential inability to achieve expected operating efficiencies in the acquired business s operations;

- the increased complexity and diversity of our operations after acquisitions compared to our prior operations;

- the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and

- unanticipated problems, expenses or liabilities, including contingent liabilities assumed through an acquisition.

If we fail to integrate acquired businesses successfully and/or fail to realize the intended benefits of acquisitions, our results of operations could be materially and adversely affected. In addition, acquisitions may result in a substantial goodwill asset, which will be subject to an annual impairment analysis. If this goodwill were to be impaired in the future, it could have a significant negative impact on our results of operations.

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. Real estate values are expected to be depressed until general economic conditions improve. 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 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 substantial debt could reduce our cash flow and limit our business activities.

We currently have a significant amount of debt. As of December 31, 2011, we had $1.1 billion of total debt and stockholders equity of $1.0 billion.

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;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity; and
- limit our ability to obtain additional financing for various projects, including possible expansions of our existing properties and acquisitions of additional properties.

In addition, the terms of our senior credit facility and the indenture governing 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. Although our earnings were sufficient to cover fixed charges in 2009 and 2011, our substantial leverage is evidenced by our earnings being insufficient to cover fixed charges by $130.4 million in 2010. 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 our indebtedness on favorable terms, or at all. We may incur additional debt in connection with our potential expansions of Gaylord Opryland, Gaylord Palms and/or Gaylord Texan or any additional hotel development.

We will be required to refinance our $925 million senior secured credit facility before it matures in 2015 and may be required to refinance our 6.75% senior notes and 3.75% convertible senior notes before they mature in 2014, and there is no assurance that we will be able to refinance our debt on acceptable terms.

The revolving loan, letters of credit and term loan under our $925 million senior secured credit facility mature on August 1, 2015. Prior to this date, we will be required to refinance this credit facility in order to finance our ongoing capital needs. Our outstanding 6.75% senior notes and 3.75% convertible senior notes mature on November 15, 2014 and October 1, 2014, respectively. On or before the maturity date, we may or may not have cash available to pay amounts due, and we may be required to refinance the notes. Our ability to refinance the $925 million credit facility and our outstanding 6.75% senior notes and 3.75% convertible senior notes on acceptable terms will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing restrictions which may be imposed by lenders and conditions in the credit markets at the time we refinance. The availability of funds for new investments and improvement of existing hotels depends in large measure on capital markets and liquidity factors over which we can exert little control. There is no assurance that we will be able to obtain additional financing on acceptable terms.

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The agreements governing our debt, including our senior credit facility, our 6.75% senior notes and our 3.75% convertible senior notes, 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 senior credit facility and the indentures governing our 6.75% senior notes, impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities. Our senior credit facility requires 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 our senior credit facility and the indenture governing our 6.75% senior notes 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 or other equity interests;
- 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.

In addition, the indenture governing our 3.75% convertible senior notes restricts mergers under specified circumstances, may require us to offer to purchase the convertible notes from the holders upon the occurrence of specified fundamental changes, and may require adjustments in the conversion ratio for the convertible notes as a result of specified make-whole fundamental changes. 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. 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.

We are a holding company and depend upon our subsidiaries cash flow to meet our debt service obligations.

We are a holding company, and we conduct the majority of our operations through our subsidiaries. As a result, our ability to meet our debt service obligations, including our obligations under our senior notes and our credit facility, substantially depends upon our subsidiaries cash flow and payment of funds to us by our subsidiaries as dividends, loans, advances or other payments. The payment of dividends and/or making of loans, advances or other payments by our subsidiaries will be subject to the approval of those subsidiaries boards, and our subsidiaries are not obligated to pay dividends or make loans, advances or other payments to us. Our subsidiaries ability to pay such dividends and/or make such loans, advances or other payments may also be restricted by, among other things, applicable laws and regulations and current and future debt agreements into which our subsidiaries may enter.

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We are dependent on our four main hotel properties for the substantial majority of all of our revenue and cash flow.

We are dependent upon the Gaylord Opryland, Gaylord Palms, Gaylord Texan and Gaylord National for the substantial majority of our revenue and cash flow. As a result, we are subject to a greater degree of risk to factors including:

- local economic and competitive conditions;
- natural and other disasters;
- a decline in air passenger travel due to higher ticket costs or fears concerning air travel;
- a decline in the attractiveness of the areas in which our hotels are located as a convention and tourism destination; and
- a decrease in convention and meetings business at any of our properties.

Any of the factors outlined above could negatively affect our ability to generate sufficient cash flow to make payments with respect to our debt and could adversely affect our financial condition and results of operations.

Our indebtedness is secured by a substantial portion of our assets.

Subject to applicable laws and certain agreed upon exceptions, our debt is secured by liens on the substantial majority of our assets, including mortgages on each of our Gaylord Hotels. In the event of a default under our credit facility, or if we experience insolvency, liquidation, dissolution or reorganization, the holders of our secured debt instruments would first be entitled to payment from their collateral security, and only then would holders of our unsecured debt be entitled to payment from our remaining assets.

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 our obligations under our senior notes and 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 and other obligations will depend on the satisfaction of the covenants and financial ratios in our senior credit facility and our other debt agreements, including the indenture governing our 6.75% senior notes and other agreements we may enter into in the future. Our business may not generate sufficient cash flow from operations or we may not have future borrowings available to us under our senior credit facility or from other sources in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs.

Any failure to protect our trademarks and intellectual property could reduce the value of our brand names and harm our business.

The reputation and perception of our brands is critical to our success in the hospitality industry. If our trademarks or intellectual property are copied or used without authorization, the value of our brands, their reputation, our competitive advantages and our goodwill could be harmed. We regularly apply to register our trademarks in the United States. However, we cannot assure you that those trademark registrations will be granted or that the steps we take to protect our trademarks or intellectual property in the United States will be adequate to prevent others, including third parties or former employees, from copying or using our trademarks or intellectual property without authorization. Our intellectual property is also vulnerable to unauthorized use in some countries outside the United States, where local law may not adequately protect it.

Monitoring the unauthorized use of our intellectual property is difficult. As we have in the past, we may need to resort to litigation to enforce our intellectual property rights. Litigation of this type could be costly, force us to divert our resources, lead to counterclaims or other claims against us or otherwise harm our business. Any failure to maintain and protect our trademarks and other intellectual property could reduce the value of our brands and harm our business.

Hospitality companies have been the target of class actions and other lawsuits alleging violations of federal and state law and other claims, and we may be subject to legal claims.

Our operating income and profits may be reduced by legal or governmental proceedings brought by or on behalf of our employees, customers or other third parties. 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 other alleged violations of law. 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 or other claims, which could have a material adverse effect on our business, financial condition and results of operations.

Failure to maintain the integrity of our internal company or customer data could result in faulty business decisions, operational inefficiencies, damage of reputation and/or subject us to costs, fines, or lawsuits.

Our businesses require collection of large volumes of internal and customer data, including credit card numbers and other personally identifiable information of our customers in various information systems and those of our service providers. The integrity and protection of customer, employee, and company data is critical to us. If that data is inaccurate or incomplete, we could make faulty decisions. Our customers and employees also have a high expectation that we and our service providers will adequately protect their personal information. The regulatory environment surrounding information, security and privacy is also increasingly demanding. Our existing systems may be unable to satisfy changing regulatory requirements and employee and customer expectations, or may require significant additional investments or time in order to do so. Despite our implementation of various measures designed to protect our information systems and records, including those we maintain with our service providers, we may be subject to security breaches, system failures, viruses, operator error or inadvertent releases of data. A significant theft, loss, or fraudulent use of customer, employee, or company data maintained by us or by a service provider or failure to comply with the various U.S. and international laws and regulations applicable to the protection of such data or with Payment Card Industry data security standards, could adversely impact our reputation and could result in remedial and other expenses, fines, or litigation. A breach in the security of our information systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits.

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. Existing governmental laws and regulations may be revised or new laws and regulations relating to climate change, air quality or other environmental and health concerns may be adopted or become applicable to us, which could affect the operations of our hotels and/or result in significant additional expense and operating restrictions.

The hospitality industry is heavily regulated, including with respect to food and beverage sales, 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. 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 and requirements is time intensive and costly and may reduce our revenues and operating income.

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. Labor unions now represent certain employees at the Gaylord National. We have entered into agreements with the four unions representing these employees. In addition, labor union organizing activities may take place at any of our other hotel properties. 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. In addition, negotiating, and dedicating time and resources to administration of and compliance with the requirements of, any collective bargaining agreements could be costly.

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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. Investors could sell shares of our common stock at or after the time that market expectations of our stock change, 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 or credit markets or other developments affecting us or our industry, such as 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.

Our 3.75% convertible senior notes may be convertible in future periods, which conversion may dilute the ownership interests of our stockholders at the time of conversion, and our stock price may be impacted by note hedge and warrant transactions we entered into in connection with the issuance of the 3.75% convertible senior notes.

Upon conversion of some or all of our 3.75% convertible senior notes issued in 2009, the ownership interests of our stockholders may be diluted. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock.

In addition, we entered into note hedge transactions with various financial institutions at the time of issuance of the convertible senior notes, intended to reduce potential dilution with respect to our common stock upon conversion of the notes. We also entered into separate warrant transactions with the same financial institutions. The warrant transactions could separately have a dilutive effect on our earnings per share to the extent that the market price of our common stock exceeds the strike price of the warrants.

In connection with establishing their initial hedge for the note hedge and warrant transactions, we expect that each of these financial institutions, or their affiliates, entered into their own various derivative transactions with respect to our common stock. These financial institutions or their affiliates are likely to modify their hedge positions by entering into or unwinding various derivative transactions with respect to our common stock and/or by purchasing or selling our common stock in secondary market transactions during the time the 3.75% convertible senior notes are outstanding. In addition, we will exercise options we hold under the convertible note hedge transactions whenever notes are converted. In order to unwind its hedge positions with respect to those exercised options, we expect each of these financial institutions or its affiliates will likely sell our common stock in secondary market transactions or unwind various derivative transactions with respect to our common stock during any settlement period for converted notes.

The effect, if any, of any of these transactions and activities on the market price of our common stock or the 3.75% convertible senior notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market price of our common stock and the value of the notes. For additional information on the 3.75% convertible senior notes and related note hedge and warrant transactions, please refer to Note 7 to our consolidated financial statements included herein.

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 meetings;

provide that special meetings of stockholders may be called only by our chairman or by a 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.

In addition, we have adopted a shareholder rights plan which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us shares of junior preferred stock. The preferred stock purchase rights are triggered by the earlier to occur of (i) ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 22% or more of our outstanding common stock or (ii) ten business days after the commencement of or announcement of an intention to make a tender offer or exchange offer, the consummation of which would result in the acquiring person becoming the beneficial owner of 22% or more of our outstanding common stock. The preferred stock purchase rights would cause dilution to a person or group that attempts to acquire us on terms not approved by our board of directors. The preferred stock purchase rights are currently scheduled to expire in August 2012, unless they are earlier redeemed or their expiration is further extended by our Board of Directors. We have agreed to include a binding shareholder proposal in our proxy materials for our 2012 Annual Meeting of Stockholders on whether to extend the shareholder rights plan after its August 12, 2012 expiration date.

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 or our notes, and also could limit the price that investors are willing to pay in the future for shares of our publicly traded equity securities.

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 the date hereof, we have 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 or our notes could be adversely affected. In addition, the ability of our Board of Directors to 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. The issuance of junior preferred stock is authorized pursuant to our shareholder rights plan.

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 and in the future may invest in joint ventures or 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 plan to enter into a joint venture to build and operate a water and snow park in Nashville, and we previously made minority investments in Hawaii hotel joint ventures. These types of investments may not be liquid and we may have little or no rights, or ability, to exercise the direction or control of the respective enterprises. In connection with these investments, we may have obligations under certain guarantees related to such investments. The ultimate value of any joint ventures or minority 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 restrict our ability to dispose of them. Our lack of control over the management of any business in which we are a joint owner or minority investor 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 or to incur costs or liabilities that we do not control, but for which we may be required to contribute capital or satisfy financial commitments. 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. For further discussion of these investments, see Note 14 of our consolidated financial statements included herein.

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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. Gaylord Opryland, which is located adjacent to the Cumberland River and is protected by levees built to sustain a 100-year flood, suffered flood damage on May 3, 2010 as the river rose to levels that over-topped the levees. In response to the flood, we have increased the per occurrence flood insurance limit for our Gaylord Opryland hotel to $150 million. We have also commenced enhancements to the levees that protect the hotel to increase the height of the levee. While we believe these steps are reasonable given the likelihood of flood damage at Gaylord Opryland, there can be no assurances that flooding will not occur at Gaylord Opryland in the future. In addition, in January of 2007, the Army Corps of Engineers announced that the Wolf Creek Dam on Lake Cumberland in Kentucky was at risk for structural failure. Although the Corps is taking action, including lowering the water level at Lake Cumberland and making structural repairs to the dam to reduce the chances of a dam breach, a significant portion of our Gaylord Opryland property in Nashville is in the Cumberland River flood plain and would be at risk if the dam should fail. Some types of losses, such as from flood, earthquake, terrorism and environmental hazards, may be either uninsurable, subject to sublimit, 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 our future results to differ materially from anticipated results.

Changes in federal, state, or local tax law, interpretations of existing tax law or agreements with tax authorities could affect our profitability and financial condition by increasing our tax costs.

We are subject to taxation at the federal, state and local levels in the United States. Our future tax rates could be affected by changes in the composition of earnings in jurisdictions with differing tax rates, changes in the valuation of our deferred tax assets and liabilities, or changes in determinations regarding the jurisdictions in which we are subject to tax. From time to time, the U.S. federal, state and local governments make substantive changes to tax rules and the application thereof, which could result in materially higher corporate taxes than would be incurred under existing tax law or interpretations and could adversely impact profitability. State and local tax authorities have increased their efforts to increase revenues through changes in tax law and audits. Such changes and proposals, if enacted, could increase our future effective income tax rates, as well as other taxes, including property taxes.

Healthcare legislation could adversely affect our results of operations.

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the Health Reform Law), was enacted. Among other things, the Health Reform Law contains provisions that affect employer-sponsored health plans, impose excise taxes on certain plans, and reduce the tax benefits available to employers that receive the Medicare Part D subsidy. These provisions may significantly raise our employee health benefits costs and/or alter the benefits we are required to provide. We continue to review provisions of the Health Reform Law and their impact on our company-sponsored plans. Costs associated with compliance with the Health Reform Law are currently difficult to estimate, but we anticipate increased expenses relating to our company-sponsored plans. If we are not able to limit or offset future cost increases, those costs could have an adverse affect on our results of operations.

The efficient operation of our business is heavily dependent upon our information systems.

We depend on a variety of information technology systems for the efficient functioning of our business. A failure to keep pace with developments in technology could impair our operations or competitive position. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives while continuing to provide maintenance on existing systems.

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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 85 acres in Grapevine, Texas, through ownership (approximately 75 acres) and ground lease (approximately 10 acres), on which the Gaylord Texan is located. We also own an additional 25 acres of property adjacent to the Gaylord Texan. We own approximately 42 acres on the Potomac River in Prince George s County, Maryland, on which the Gaylord National is located. All existing hotel properties secure our $925 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.

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.

For further discussion of legal proceedings, see Note 14 of our consolidated financial statements included herein.

Item 4. ***Mine Safety Disclosures***

None.

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PART II

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

Our 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:

	2011		2010	
	High	Low	High	Low
First Quarter	$ 38.22	$ 32.74	$ 29.47	$ 18.65
Second Quarter	36.62	27.92	34.55	22.02
Third Quarter	32.37	18.02	31.49	20.87
Fourth Quarter	25.13	17.39	37.38	29.80

There were approximately 2,235 record holders of our common stock as of January 31, 2012. The closing price for our stock on January 31, 2012 was $28.05.

We did not pay dividends on our common stock during the 2011 or 2010 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.

The following table sets forth information with respect to purchases of shares of the Company s common stock made during the three months ended December 31, 2011 by or on behalf of the Company or any affiliated purchaser, as defined by Rule 10b-18 of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 October 31, 2011				
November 1 November 30, 2011 (1)	133	$ 21.97		
December 1 December 31, 2011				
Total	133	$ 21.97		

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

Item 6. ***Selected Financial Data***

The following selected historical financial information of Gaylord and its subsidiaries as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011 was derived from our audited consolidated financial statements included herein. The selected financial information as of December 31, 2009, 2008 and 2007 and for each of the two years in the period ended December 31, 2008 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 and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011 included herein (in thousands, except per share amounts).

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	Years Ended December 31,				
	2011	2010	2009	2008	2007
Income Statement Data:					
Revenues:					
Hospitality	**$ 886,634**	$ 722,938	$ 814,154	$ 848,332	$ 669,743
Opry and Attractions	**65,386**	46,918	58,599	65,670	66,813
Corporate and Other	**124**	105	92	412	211
Total revenues	**952,144**	769,961	872,845	914,414	736,767
Operating expenses:					
Operating costs	**566,390**	474,609	527,074	555,225	440,975
Selling, general and administrative	**179,301**	158,169	172,361	174,325	157,845
Casualty loss (1)	**1,225**	42,321			
Preopening costs (2)	**408**	55,287		19,190	17,518
Impairment and other charges (3)				19,264	
Depreciation and amortization:					
Hospitality	**109,521**	91,117	101,444	97,229	65,369
Opry and Attractions	**5,261**	4,710	4,674	4,871	5,480
Corporate and Other	**10,507**	9,734	10,449	7,651	6,480
Total depreciation and amortization	**125,289**	105,561	116,567	109,751	77,329
Total operating expenses	**872,613**	835,947	816,002	877,755	693,667
Operating income (loss):					
Hospitality	**130,939**	91,705	112,171	124,828	110,126
Opry and Attractions	**8,760**	1,237	5,050	4,834	6,518
Corporate and Other	**(58,535)**	(61,320)	(60,378)	(54,549)	(56,026)
Casualty loss (1)	**(1,225)**	(42,321)			
Preopening costs (2)	**(408)**	(55,287)		(19,190)	(17,518)
Impairment and other charges (3)				(19,264)	
Total operating income (loss)	**79,531**	(65,986)	56,843	36,659	43,100
Interest expense, net of amounts capitalized	**(74,673)**	(81,426)	(76,592)	(64,069)	(38,536)
Interest income	**12,460**	13,124	15,087	12,689	3,234
Unrealized gain on Viacom stock and CBS stock					6,358
Unrealized gain on derivatives, net					3,121
Income (loss) from unconsolidated companies	**1,086**	608	(5)	(746)	964
Net gain on extinguishment of debt (5)		1,299	18,677	19,862	
Other gains and (losses) (6)	**(916)**	(535)	2,847	453	146,332
Income (loss) from continuing operations before income taxes	**17,488**	(132,916)	16,857	4,848	164,573
(Provision) benefit for income taxes	**(7,420)**	40,718	(9,743)	(1,016)	(62,845)
Income (loss) from continuing operations	**10,068**	(92,198)	7,114	3,832	101,728
Income (loss) from discontinued operations, net of taxes (4)	**109**	3,070	(7,137)	532	10,183
Net income (loss)	**$ 10,177**	$ (89,128)	$ (23)	$ 4,364	$ 111,911
Income (Loss) Per Share:					
Income (loss) from continuing operations	**$ 0.21**	$ (1.95)	$ 0.17	$ 0.09	$ 2.48
Income (loss) from discontinued operations, net of taxes		0.06	(0.17)	0.02	0.25

Net income (loss)	**$**	**0.21**	$	(1.89)	$	(0.00)	$	0.11	$	2.73
Income (Loss) Per Share Assuming Dilution:										
Income (loss) from continuing operations	**$**	**0.20**	$	(1.95)	$	0.17	$	0.09	$	2.41
Income (loss) from discontinued operations, net of taxes				0.06		(0.17)		0.02		0.24
Net income (loss)	**$**	**0.20**	$	(1.89)	$	(0.00)	$	0.11	$	2.65

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	As of December 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Balance Sheet Data:					
Total assets	**$ 2,563,400**	$ 2,620,933	$ 2,661,023	$ 2,560,379	$ 2,348,504
Total debt (7)	**1,073,825**	1,159,215	1,178,688	1,262,901	981,100
Total stockholders equity	**1,045,535**	1,029,752	1,078,684	903,219	941,492

(1) Casualty loss for 2010 reflects $92.3 million in expenses related to the Nashville Flood, partially offset by $50.0 million in insurance proceeds, as described more fully in Nashville Flood and Operating Results Casualty Loss under Item 7., Management s Discussion and Analysis of Financial Condition and Results of Operations .

(2) Preopening costs for 2010 are related to the Gaylord Opryland and Grand Ole Opry House, which were closed during portions of 2010 as a result of the Nashville Flood. Preopening costs for 2008 and 2007 are primarily related to the Gaylord National, which opened in April 2008.

(3) In the second quarter of 2008, we recorded an impairment charge of $12.0 million related to the termination of our agreement to purchase the Westin La Cantera Resort, located in San Antonio, Texas. In the fourth quarter of 2008, we recorded an impairment charge of $4.7 million related to our decision to terminate our plans to develop a resort and convention hotel in Chula Vista, California. In the fourth quarter of 2008, we incurred a $2.5 million impairment charge to write off our investment in Waipouli Holdings, LLC.

(4) We have presented the operating results of the following businesses as discontinued operations for all periods presented: Corporate Magic; ResortQuest; Word Entertainment; and Acuff-Rose Music Publishing.

(5) During 2010, we repurchased $28.5 million in aggregate principal amount of our outstanding 6.75% senior notes for $27.0 million. After adjusting for deferred financing costs and other costs, we recorded a pre-tax gain of $1.3 million as a result of these repurchases. During the first three quarters of 2009, we repurchased $88.6 million in aggregate principal amount of our outstanding senior notes ($61.6 million of 8% senior notes and $27.0 million of 6.75% senior notes) for $62.5 million. After adjusting for deferred financing costs and other costs, we recorded a pre-tax gain of $24.7 million as a result of these repurchases. During the fourth quarter of 2009, we executed a cash tender offer and called for redemption all of the remaining outstanding 8% senior notes that were not repurchased through the tender offer. Pursuant to these transactions, during the fourth quarter of 2009, we accepted for purchase all of the $259.8 million aggregate principal amount outstanding 8% senior notes. After adjusting for deferred financing costs, the deferred gain on a terminated swap related to these notes, and other costs, we recorded a pre-tax loss of $6.0 million as a result of this repurchase. During December 2008, we repurchased $45.8 million in aggregate principal amount of our outstanding senior notes ($28.5 million of 8% senior notes and $17.3 million of 6.75% senior notes) for $25.4 million. After adjusting for deferred financing costs, we recorded a pre-tax gain of $19.9 million as a result of the repurchases.

(6) On May 31, 2007, we completed the sale of all of our ownership interest in Bass Pro Group, LLC to Bass Pro Group, LLC for a purchase price of $222.0 million in cash and recognized a pre-tax gain of $140.3 million on the sale.

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

Item 7. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

Overall Outlook

Our concentration in the hospitality industry, and in particular the large group meetings sector of the hospitality industry, exposes us to certain risks outside of our control. Recessionary conditions in the national economy have resulted in economic pressures on the hospitality industry generally, and on our Company s operations and expansion plans. In portions of 2008 and the first half of 2009, we experienced declines in hotel occupancy, weakness in future bookings by our core large group customers, lower spending levels by groups and increased cancellation and attrition levels. We believe that corporate customers in particular delayed meetings and events and sought to minimize spending during these periods. In 2010 and 2011, we began to see stabilization in our industry and specifically in our business. In 2010 and 2011, we have seen increases in group travel as compared to the 2009 levels, as well as growth in outside-the-room revenue, indicating that not only are group customers beginning to travel again, they are spending more on food and beverage and entertainment during their stay at our properties. Our attrition and cancellation levels have also decreased compared to 2009 levels. As a result of the higher levels of group business, we experienced an increase in occupancy in 2010 and 2011. Although we continue to see pressure on rates for bookings that will travel in the shorter-term, we have experienced improved rates on bookings in future years. In conjunction with the improvements in our business, as well as our improved outlook on the hospitality industry generally, we are revisiting our future plans for growth. While we continue to focus our marketing efforts on booking rooms in 2012, in addition to later years, there can be no assurance that we can continue to achieve further improvements in occupancy and revenue levels. We cannot predict when or if hospitality demand and spending will return to historical levels, but we anticipate that our future financial results and growth will be harmed if the economy does not continue to improve or becomes worse.

See Forward-Looking Statements and Risk Factors under Part I of this report for important information regarding forward-looking statements made in this report and risks and uncertainties the Company faces.

Nashville Flood

As more fully described in Note 2 to our Consolidated Financial Statements included herein, on May 3, 2010, Gaylord Opryland, the Grand Ole Opry, certain of our Nashville-based attractions, and certain of our corporate offices experienced significant flood damage as a result of the historic flooding of the Cumberland River (collectively, the Nashville Flood). Gaylord Opryland, the Grand Ole Opry, and certain of our corporate offices were protected by levees accredited by the Federal Emergency Management Agency (FEMA) (which, according to FEMA, was based on information provided by us), and built to sustain a 100-year flood; however, the river rose to levels that over-topped the levees. We have segregated all costs and insurance proceeds related to the Nashville Flood from normal operations and reported those amounts as casualty loss or preopening costs in the accompanying consolidated statements of operations. During 2010, we recorded $42.3 million in casualty losses related to the flood, which includes $92.3 million in expenses, partially offset by $50.0 million in insurance proceeds. These amounts do not include lost profits from the interruption of the various businesses. During 2010, we also recorded $55.3 million in preopening costs related to reopening the properties damaged by the flood.

Gaylord Opryland reopened November 15, 2010. While the Grand Ole Opry continued its schedule at alternative venues, including our Ryman Auditorium, the Grand Ole Opry House reopened September 28, 2010. Certain of our Nashville-based attractions were closed for a period of time, but reopened in June and July, and the majority of the affected corporate offices reopened during November 2010. Gross total remediation and rebuilding costs came in at the low end of the projected $215-$225 million range, including approximately $23-$28 million in pre-flood planned enhancement projects at Gaylord Opryland. In addition, preopening costs came in under the projected $57-$62 million range. These costs included the initial eight-week carrying period for all labor at the hotel as well as the labor for security, engineering, horticulture, reservations, sales, accounting and management during the restoration, as well as the labor associated with re-launching the assets and the restocking of operating supplies prior to re-opening. In addition, we incurred a non-cash write-off of $45.0 million associated with the impairment of certain assets as a result of sustained flood damage, as further described in Note 2 to our consolidated financial statements included herein. We estimate that net of tax refunds of $36.5 million, insurance proceeds of $50.0 million, and the cost of projects slated for the property prior to the flood, the net cash impact of the flood was approximately $150 million.

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

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Refinancing of our Credit Facility

As further described below in Liquidity and Capital Resources Principal Debt Agreements, on August 1, 2011, we refinanced our $1.0 billion credit facility by entering into a $925 million senior secured credit facility, extending the maturity to 2015.

Development Update

On June 21, 2011, we announced our plans to develop a resort and convention hotel in Aurora, Colorado, located approximately 25 minutes from downtown Denver. The Aurora development, which is expected to feature 1,500 guest rooms and 400,000 square feet of exhibition and meeting space, will be located on 85 acres in LNR Property CPI Fund s High Point Master Plan Development. The project is expected to cost approximately $800 million and could be funded by us, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between us and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by our board of directors. We expect to break ground on construction in 2013 and expect the resort to be open for business in early 2016. At this time, we have not made any material financial commitments in connection with this development.

In January 2012, we announced that we had entered into a memorandum of understanding for a 50/50 joint venture with the Dollywood Company to develop a family entertainment zone adjacent to Gaylord Opryland on land that we currently own. The Dollywood Company will operate the park, and we will contribute both land and cash to represent our 50 percent share of the venture. Phase one of the project is a yet unnamed approximately $50 million water and snow park, which we believe will be the first of its kind in the U.S. An early 2013 groundbreaking date is expected with the park opening slated for summer 2014. The project is contingent upon finalizing agreements with governmental authorities pertaining to the construction of the necessary infrastructure.

Our investments in 2010 and 2011 consisted primarily of capital expenditures associated with the flood damage and reopening of Gaylord Opryland and the Grand Ole Opry House, a new resort pool at Gaylord Texan, the commencement of renovation of the guestrooms, the addition of a sports bar entertainment facility and new resort pools at Gaylord Palms, and ongoing maintenance capital expenditures for our existing properties. Our investments in 2012 are expected to consist primarily of ongoing maintenance capital expenditures for our existing properties; the completion of the rooms renovation, new sports bar entertainment facility and resort pools at Gaylord Palms; design and architectural plans for our planned resort and convention center in Aurora, Colorado; and potentially, development or acquisition projects that have not yet been determined.

As more fully described in Note 14 to our Consolidated Financial Statements included herein, we are a party to a land purchase agreement with respect to a potential hotel development in Mesa, Arizona.

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

Our Current Operations

Our ongoing operations are organized into three principal business segments:

- Hospitality, consisting of Gaylord Opryland, Gaylord Palms, Gaylord Texan, Gaylord National and the Radisson Hotel at Opryland, as well as our past investments in two joint ventures.

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

- Corporate and Other, consisting of our corporate expenses.

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For the years ended December 31, our total revenues were divided among these business segments as follows:

Segment	2011	2010	2009
Hospitality	**93%**	94%	93%
Opry and Attractions	**7%**	6%	7%
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 whose stated primary focus is on the large group meetings and conventions sector of the lodging market. Our strategy is to continue this focus by concentrating on our All-in-One-Place self-contained service offerings and by emphasizing customer rotation among our convention properties, while also offering additional entertainment opportunities to guests and target customers. In addition to our group meetings strategy, we are also focused on improving leisure demand in our hotels through special events (Country Christmas, summer-themed events, etc.), social media strategies, and unique content and entertainment partnerships. As part of this strategy, during 2011, we announced a multi-year strategic alliance with DreamWorks Animation SKG, Inc. to become the official hotel provider of DreamWorks vacation experiences. Through this strategic alliance, we are now offering leisure experiences featuring DreamWorks characters for our guests at all of our resort properties. In addition, as discussed above, we have entered into a memorandum of understanding for a 50/50 joint venture to develop a family entertainment zone adjacent to Gaylord Opryland that will include what we believe to be the first combined water and snow park in the U.S.

Key Performance Indicators

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

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

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

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

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Summary Financial Results

The following table summarizes our financial results for the years ended December 31, 2011, 2010 and 2009 (in thousands, except percentages and per share data):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 952,144**	23.7%	$ 769,961	-11.8%	$ 872,845
Total operating expenses	**872,613**	4.4%	835,947	2.4%	816,002
Operating income (loss)	**79,531**	220.5%	(65,986)	-216.1%	56,843
Net income (loss)	**10,177**	111.4%	(89,128)	n/a	(23)
Net income (loss) per share fully diluted	**0.20**	110.6%	(1.89)	n/a	(0.00)

2011 Results As Compared to 2010 Results

The increase in our total revenues during 2011, as compared to 2010, is attributable to an increase in our Hospitality segment revenues of $163.7 million and an increase in our Opry and Attractions segment revenues of $18.5 million, as discussed more fully below. The increase in revenues in our Hospitality segment is attributable to a $178.5 million increase in revenues at Gaylord Opryland as a result of being closed during a portion of 2010 due to the Nashville Flood, partially offset by a $14.8 million decrease in revenues at our other hotel properties. Total Hospitality revenues in 2011 include $9.2 million in attrition and cancellation fee collections, a $0.1 million decrease from 2010. The increase in total operating expenses during 2011, as compared to 2010, is due primarily to increases of $122.4 million and $10.9 million at Gaylord Opryland and our Opry and Attractions segment, respectively, as a result of Gaylord Opryland and certain businesses in our Opry and Attractions segment being closed during a portion of 2010 due to the Nashville Flood, partially offset by decreases of $54.9 million and $41.1 million in preopening costs and net casualty loss, respectively, during 2011, as compared to 2010, as a result of the Nashville Flood, as more fully described below.

The above factors resulted in operating income of $79.5 million for 2011, as compared to an operating loss of $66.0 million in 2010.

Our net income was $10.2 million in 2011, as compared to a net loss of $89.1 million in 2010, due to the change in our operating income described above and the following factors, each as described more fully below:

- A provision for income taxes of $7.4 million during 2011, as compared to a benefit for income taxes of $40.7 million during 2010, described more fully below.

- A $6.8 million decrease in our interest expense, net of amounts capitalized, for 2011, as compared to 2010, as described more fully below.

- A $3.0 million decrease in our income from discontinued operations for 2011, as compared to 2010, due primarily to 2010 including the gain on sale, and the related income tax benefit, of the sale of our Corporate Magic business, described more fully below.

2010 Results As Compared to 2009 Results

The decrease in our total revenues during 2010, as compared to 2009, is attributable to a decrease in our Hospitality segment revenues of $91.2 million and a decrease in our Opry and Attractions segment revenue of $11.7 million, as discussed more fully below. The decrease in revenues in our Hospitality segment is attributable to a $133.7 million decrease in revenues at Gaylord Opryland as a result of being closed due to the Nashville Flood, partially offset by a $42.5 million increase at our other hotel properties. Total Hospitality revenues in 2010 include $9.4 million in attrition and cancellation fee collections, an $18.4 million decrease from 2009. The increase in total operating expenses during 2010, as compared to 2009, was due primarily to $55.3 million and $42.3 million in preopening costs and net casualty loss, respectively, during 2010 as a result of the Nashville Flood, partially offset by decreased operating expenses at Gaylord Opryland, as well as decreased depreciation expenses, as more fully described below.

The above factors resulted in an operating loss of $66.0 million for 2010, as compared to operating income of $56.8 million in 2009.

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Our net loss was $89.1 million in 2010, as compared to a net loss of $0.02 million in 2009, due to the change in our operating loss described above and the following factors, each as described more fully below:

A benefit for income taxes of $40.7 million during 2010, as compared to a provision for income taxes of $9.7 million during 2009, described more fully below.

A $17.4 million decrease in the net gain on the extinguishment of debt for 2010, as compared to 2009, relating to the repurchase of a portion of our senior notes, described more fully below.

A $10.2 million increase in our income from discontinued operations for 2010, as compared to 2009, due primarily to 2009 including the impairment of goodwill associated with our Corporate Magic business, as well as 2010 including the gain on sale, and the related income tax benefit, of our Corporate Magic business, described more fully below.

A $4.8 million increase in our interest expense, net of amounts capitalized, for 2010, as compared to 2009, due primarily to interest incurred on our convertible senior notes, partially offset by decreased interest incurred on our 8% senior notes and 6.75% senior notes as a result of the repurchase of portions of those notes, as described more fully below.

A $3.4 million decrease in other gains and losses for 2010, as compared to 2009, due primarily to the receipt of $3.6 million during 2009 under a tax increment financing arrangement related to the Ryman Auditorium, described below.

Factors and Trends Contributing to Operating Performance in 2011 Compared to 2010

The most important factors and trends contributing to our operating performance in 2011 as compared to 2010 were:

The Nashville Flood during 2010, specifically, $55.3 million in preopening costs and $42.3 million in net casualty loss incurred in 2010, as well as the negative impact of the affected properties being closed and the cash flow impact of remediation and rebuilding costs.

Increased occupancy levels and ADR at Gaylord Opryland (an increase of 7.4 percentage points of occupancy and an increase of 6.3% in ADR for 2011, as compared to the period that the hotel was open during 2010) resulting from increased levels of group business during 2011 and increased outside-the-room spending at Gaylord Opryland (an increase of 18.6% for 2011, as compared to the period that the hotel was open during 2010) due primarily to increased banquet spending by group business. These factors resulted in increased RevPAR and increased Total RevPAR at Gaylord Opryland for 2011, as compared to the period that the hotel was open during 2010.

Increased occupancy levels and ADR at Gaylord Texan (an increase of 3.3 percentage points of occupancy and an increase of 8.2% in ADR for 2011, as compared 2010). Gaylord Texan benefitted from the impact of the Super Bowl in February 2011, solid group performance throughout the year, the opening of the new resort pool complex in May 2011 and the impact of our new DreamWorks offerings. These factors resulted in increased RevPAR and increased Total RevPAR at Gaylord Texan for 2011, as compared to 2010.

Decreased occupancy levels at Gaylord National (a decrease of 4.9 percentage points of occupancy for 2011 as compared to 2010), primarily due to a decrease is associations and governmental groups. The decrease in governmental groups is partially driven by the uncertainty surrounding the U.S. government budget, as well as reductions in the federal per diem rate. The decrease in associations and governmental groups also led to decreased outside-the-room spending at Gaylord National (a decrease of 9.6% for 2011 as compared to 2010).

Factors and Trends Contributing to Operating Performance in 2010 Compared to 2009

The most important factors and trends contributing to our operating performance in 2010 as compared to 2009 were:

The Nashville Flood during 2010, specifically, $55.3 million in preopening costs and $42.3 million in net casualty loss incurred in 2010, as well as the negative impact of the affected properties being closed and the cash flow impact of remediation and rebuilding costs.

Increased occupancy levels at our hotels other than Gaylord Opryland (an increase of 6.7 percentage points of occupancy for 2010, as compared to 2009) resulting from increased levels of group business during 2010, partially offset by lower ADR at our hotels other than Gaylord Opryland during 2010 (a decrease of 5.8% for 2010, as compared to 2009), due primarily to continued pressure on room rates. These factors, when combined with increased outside-the-room spending, resulted in increased RevPAR and increased Total RevPAR at our hotels other than Gaylord Opryland for 2010, as compared to 2009.

Decreased attrition and cancellation levels for 2010, as compared to 2009, which increased our revenue, operating income, RevPAR and Total RevPAR at our hotels other than Gaylord Opryland. Attrition at our hotels other than Gaylord Opryland for 2010 was 11.9% of bookings, compared to 16.9% for 2009. Cancellations at our hotels other than Gaylord Opryland for 2010 decreased 32.8%, as compared to 2009. Attrition at Gaylord Opryland for 2010, for the period that the hotel was open, was 11.4% of bookings, compared to 10.5% for the 2009 period. During 2010, Gaylord Opryland experienced approximately 283,000 cancellations due to the closure of the property, which is net of room nights moved to our other properties.

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, 2011, 2010 and 2009 (in thousands, except percentages and performance metrics):

	2011	% Change	2010	% Change	2009
Hospitality revenue (1)	**$ 886,634**	22.6%	$ 722,938	-11.2%	$ 814,154
Hospitality operating expenses:					
Operating costs	**518,072**	19.3%	434,110	-10.0%	482,420
Selling, general and administrative	**128,103**	20.8%	106,006	-10.3%	118,118
Depreciation and amortization	**109,520**	20.2%	91,117	-10.2%	101,445
Total Hospitality operating expenses	**755,695**	19.7%	631,233	-10.1%	701,983
Hospitality operating income (2)	**$ 130,939**	42.8%	$ 91,705	-18.2%	$ 112,171
Hospitality performance metrics:					
Occupancy (6)	**72.2%**	2.1%	70.7%	7.4%	65.8%
ADR	**$ 167.27**	1.4%	$ 164.91	-2.6%	$ 169.23
RevPAR (3) (6)	**$ 120.77**	3.6%	$ 116.61	4.8%	$ 111.30
Total RevPAR (4) (6)	**$ 304.58**	0.6%	$ 302.80	9.9%	$ 275.55
Net Definite Room Nights Booked (5)	**1,452,000**	9.0%	1,332,000	28.2%	1,039,000

(1) Hospitality results and performance metrics include the results of our Gaylord Hotels and Radisson Hotel for all periods presented. Results and performance metrics do not include any amounts related to Gaylord Opryland from May 3, 2010 through November 14, 2010 due to the Nashville Flood.

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

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

(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 for 2010 is net of approximately 283,000 cancellations due to the closure of Gaylord Opryland.

(6) Excludes 23,960 room nights that were taken out of service during 2011 as a result of a rooms renovation program at Gaylord Palms.

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The increase in total Hospitality segment revenue for 2011, as compared to 2010, was due primarily to a $178.5 million increase at Gaylord Opryland primarily as a result of being closed during a portion of 2010 due to the Nashville Flood, partially offset by a $14.8 million decrease at our other hotel properties primarily as a result of decreased occupancy rates and decreased outside-the-room spending during 2011 at Gaylord National, as well as decreases in total revenue at Gaylord Palms, partially attributable to the rooms renovation program.

The decrease in total Hospitality segment revenue for 2010, as compared to 2009, was due primarily to a $133.7 million decrease at Gaylord Opryland as a result of being closed due to the Nashville Flood, partially offset by a $42.5 million increase at our other hotel properties as a result of increased occupancy levels and increased outside-the-room spending resulting from higher levels of group business during 2010. Total Hospitality revenues were negatively impacted by a decline of $18.4 million in attrition and cancellation fee collections during 2010, as compared to 2009.

The percentage of group versus transient business based on rooms sold for our hospitality segment for the years ended December 31 was approximately as follows:

	2011	2010	2009
Group	**78.4%**	78.4%	77.8%
Transient	**21.6%**	21.6%	22.2%

The type of group based on rooms sold for our hospitality segment for the years ended December 31 was approximately as follows:

	2011	2010	2009
Corporate Groups	**49.7%**	51.8%	43.6%
Associations	**34.8%**	33.4%	38.5%
Other Groups	**15.5%**	14.8%	17.9%

The slight decrease in corporate groups during 2011, as compared to 2010, was primarily the result of the normal shifts that we experience from year to year. The increase in group business, as well as the significant increase in corporate groups, during 2010, as compared to 2009, was primarily the result of the macroeconomic factors discussed above in Overall Outlook , specifically, increases in group travel and decreases in groups cancelling or experiencing attrition during 2010 as compared to 2009.

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 2011, as compared to 2010, is primarily attributable to a $122.4 million increase in operating expenses for Gaylord Opryland as a result of being closed during a portion of 2010 due to the Nashville Flood, as well as increases at Gaylord Texan and Gaylord Palms, partially offset by a decrease in operating expenses at Gaylord National, as described below. The decrease in Hospitality segment operating expenses for 2010, as compared to 2009, is primarily attributable to a $94.6 million decrease in operating expenses for Gaylord Opryland as a result of being closed due to the Nashville Flood, partially offset by increased operating expenses at Gaylord Texan and Gaylord National, as described below. Total Hospitality segment operating expenses were also impacted by $3.4 million of severance costs recognized during 2009, as described below.

Hospitality segment operating costs, which consist of direct costs associated with the daily operations of our hotels (primarily room, food and beverage and convention costs), increased during 2011, as compared to 2010, primarily due to a $93.1 million increase at Gaylord Opryland as a result of being closed during a portion of 2010 due to the Nashville Flood, partially offset by a decrease in operating costs at Gaylord National, as described below. Hospitality segment operating costs decreased during 2010, as compared to 2009, primarily due to a $74.7 million decrease at Gaylord Opryland as a result of being closed due to the Nashville Flood, partially offset by an increase in operating costs at Gaylord National, Gaylord Texan and Gaylord Palms, as described below.

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Hospitality segment selling, general and administrative expenses, consisting of administrative and overhead costs, increased in 2011, as compared to 2010, primarily as a result of an increase of $20.6 million at Gaylord Opryland as a result of being closed during a portion of 2010 due to the Nashville Flood, as described below. Hospitality segment selling, general and administrative expenses decreased in 2010, as compared to 2009, primarily as a result of a decrease of $18.2 million at Gaylord Opryland as a result of being closed due to the Nashville Flood, partially offset by slight increases at Gaylord Texan, Gaylord Palms and Gaylord National, as described below.

Hospitality depreciation and amortization expense increased during 2011, as compared to 2010, primarily as a result of an increase at Gaylord Opryland due to the new fixed assets placed in service as part of the rebuilding after the Nashville Flood, as well as $8.2 million in depreciation expense related to the disposal of certain fixed assets associated with the construction of the new resort pool and the rooms renovation program at Gaylord Palms. Hospitality segment depreciation and amortization expense decreased during 2010, as compared to 2009, primarily as a result of a decrease at Gaylord Palms due to the initial furniture, fixtures and equipment placed in service at the hotel s opening in 2002 becoming fully depreciated during 2010, as well as a decrease at Gaylord Opryland as a result of the Nashville Flood.

Property-Level Results. The following presents the property-level financial results for the years ended December 31, 2011, 2010 and 2009:

Gaylord Opryland Results. The results of Gaylord Opryland for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands, except percentages and performance metrics):

	2011	% Change	2010	% Change	2009
Total revenues (1)	**$ 291,781**	157.5%	$ 113,308	-54.1%	$ 247,053
Operating expense data:					
Operating costs	**169,777**	121.6%	76,629	-49.4%	151,367
Selling, general and administrative	**36,078**	132.9%	15,493	-54.1%	33,723
Hospitality performance metrics:					
Occupancy (1)	**72.8%**	11.3%	65.4%	-1.7%	66.5%
ADR	**$ 153.54**	6.3%	$ 144.38	-3.8%	$ 150.07
RevPAR (1)	**$ 111.76**	18.4%	$ 94.41	-5.3%	$ 99.74
Total RevPAR (1)	**$ 277.61**	18.5%	$ 234.27	-0.4%	$ 235.10

(1) Gaylord Opryland results and performance do not include the effect of casualty loss and preopening costs and are for the periods of time that the hotel was open. See the discussion of casualty loss and preopening costs set forth below.

Total revenue increased at Gaylord Opryland during 2011, as compared to 2010, as a result of the hotel closing on May 3, 2010 as a result of the Nashville Flood. Gaylord Opryland reopened on November 15, 2010. Gaylord Opryland RevPAR and Total RevPAR increased as compared to the 2010 period in which the hotel was open as a result of increased occupancy, primarily corporate groups, and increased ADR. The increase in corporate groups also led to increases in outside-the-room spending at the hotel, which drove the hotel s increased Total RevPAR during 2011.

Total revenue decreased at Gaylord Opryland during 2010, as compared to 2009, as a result of the hotel closing during a portion of 2010 as a result of the Nashville Flood. For the period that the hotel was open, while occupancy was relatively stable for 2010, as compared to 2009, a decrease in ADR during 2010, primarily as a result of continued pressure on room rates, resulted in a decreased RevPAR during 2010. Total RevPAR remained fairly stable due to an increase in outside-the-room spending. Revenue and Total RevPAR were also negatively impacted by a decrease in collections of attrition and cancellation fees during 2010.

Operating costs and selling, general and administrative expense at Gaylord Opryland increased during 2011, as compared to 2010, and decreased in 2010, as compared to 2009, due to the hotel closing as a result of the Nashville Flood.

Gaylord Palms Results. The results of Gaylord Palms for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands, except percentages and performance metrics):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 149,859**	-4.8%	$ 156,395	-0.5%	$ 157,209
Operating expense data:					
Operating costs	**88,864**	-2.8%	91,428	1.2%	90,365
Selling, general and administrative	**31,314**	2.0%	30,690	8.3%	28,342
Hospitality performance metrics:					
Occupancy (1)	**73.9%**	-0.1%	74.0%	10.4%	67.0%
ADR	**$ 155.09**	-1.0%	$ 156.73	-11.0%	$ 176.13
RevPAR (1)	**$ 114.58**	-1.2%	$ 116.00	-1.7%	$ 118.01
Total RevPAR (1)	**$ 306.31**	0.5%	$ 304.75	-0.5%	$ 306.34

(1) Excludes 23,960 room nights that were taken out of service during 2011 as a result of a rooms renovation program at Gaylord Palms.
Gaylord Palms results in 2011 were impacted by lower-rated group business that was booked during the worst of the recent economic recession, as well as the impact of the planned renovation of the property s room product and the construction of a sports bar, resort pool complex and events lawn. While the property worked to minimize disruption, the renovation and construction activity did impact the property s flexibility in accommodating in-the-year, for-the-year group and transient business. These projects are anticipated to be completed in the first half of 2012. Gaylord Palms revenue and RevPAR decreased in 2011, as compared to 2010, as a result of a decrease in occupancy driven by a decrease in corporate groups and a decrease in ADR due to a shift from corporate groups to association and other lower-rated groups. However, during the fourth quarter of 2011, Gaylord Palms experienced an increase in outside-the-room spending, which partially offset the decrease in revenue and was responsible for the increase in Total RevPAR for 2011.

Gaylord Palms total revenue remained stable in 2010, as compared to 2009. The hotel experienced an increase in occupancy during 2010, primarily as a result of increased group business. However, ADR decreased, primarily due to a recent increase in room supply in the Orlando, Florida market that has seen slow absorption due to the challenging economic environment, resulting in a decreased RevPAR. Total RevPAR decreased slightly during 2010, due to the above factors, as well as a decrease in collections of attrition and cancellation fees, partially offset by an increase in outside-the-room spending at the hotel.

Operating costs at Gaylord Palms decreased during 2011 as compared to 2010, primarily as a result of lower employment costs and lower cost of sales associated with the decline in revenues. Operating costs at Gaylord Palms remained relatively stable during 2010 as compared to 2009.

Selling, general and administrative expenses remained relatively stable during 2011, as compared to 2010. Selling, general and administrative expenses increased during 2010, as compared to 2009, primarily due to an increase in selling expense and incentive compensation expense.

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Gaylord Texan Results. The results of Gaylord Texan for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands, except percentages and performance metrics):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 202,310**	5.3%	$ 192,183	12.2%	$ 171,357
Operating expense data:					
Operating costs	**109,634**	4.4%	105,023	6.9%	98,224
Selling, general and administrative	**25,667**	4.7%	24,525	10.4%	22,223
Hospitality performance metrics:					
Occupancy	**75.7%**	4.6%	72.4%	9.2%	66.3%
ADR	**$ 178.32**	8.2%	$ 164.82	-0.2%	$ 165.13
RevPAR	**$ 135.03**	13.2%	$ 119.27	8.9%	$ 109.49
Total RevPAR	**$ 366.89**	5.3%	$ 348.46	12.1%	$ 310.74

The increase in Gaylord Texan revenue, RevPAR and Total RevPAR during 2011, as compared to 2010, was primarily due to increased occupancy and increased ADR, driven by solid group performance throughout the year, and an increase in higher-rated transient business due to the impact of the 2011 Super Bowl being held in metropolitan Dallas in February 2011 and the impact of the new resort pool that opened during May 2011. This increase offset a shift in business mix from higher-rated corporate groups to lower-rated association groups.

The increase in Gaylord Texan revenue, RevPAR and Total RevPAR during 2010, as compared to 2009, was primarily due to increased occupancy due to an increase in group business. This increase in group business also led to increases in banquet, catering and other outside-the-room spending at the hotel, which increased the hotel s Total RevPAR for the period. These increases were partially offset by decreased collection of attrition and cancellation fees during 2010.

Operating costs at Gaylord Texan increased during 2011, as compared to 2010, primarily due to increased variable operating costs associated with the higher levels of occupancy and outside-the-room spending at the hotel. Operating costs at Gaylord Texan increased during 2010, as compared to 2009, primarily due to increased variable operating costs associated with the higher levels of occupancy and outside-the-room spending at the hotel, partially offset by lower utility costs and lower property taxes during 2010.

Selling, general and administrative expenses increased during 2011, as compared to 2010, primarily due to increased credit card fees and increased advertising and promotional costs. Selling, general and administrative expenses increased during 2010, as compared to 2009, primarily due to increased incentive compensation expense.

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Gaylord National Results. The results of Gaylord National for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands, except percentages and performance metrics):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 235,113**	-7.5%	$ 254,116	9.8%	$ 231,341
Operating expense data:					
Operating costs	**145,970**	-7.8%	158,256	13.6%	139,368
Selling, general and administrative	**32,999**	-2.2%	33,739	5.5%	31,982
Hospitality performance metrics:					
Occupancy	**68.8%**	-6.6%	73.7%	14.4%	64.4%
ADR	**$ 195.66**	2.4%	$ 191.00	-7.7%	$ 206.86
RevPAR	**$ 134.52**	-4.4%	$ 140.69	5.7%	$ 133.16
Total RevPAR	**$ 322.72**	-7.5%	$ 348.80	9.8%	$ 317.54

Gaylord National revenue, RevPAR and Total RevPAR decreased in 2011, as compared to 2010, primarily as a result of lower occupancy and decreased outside-the-room spending during 2011, primarily due to a decrease in associations and governmental groups that are typically booked in-the-year, for-the-year. The decrease in governmental groups was partially driven by the uncertainty surrounding the U.S. government budget, as well as reductions in the federal per diem rate. Despite the decrease in occupancy, ADR increased in 2011, as compared to 2010, aided by growth in ADR among association groups and transient guests. In addition, 2010 was benefitted by the transfer of rooms from Gaylord Opryland as a result of the Nashville Flood.

Gaylord National revenue, RevPAR and Total RevPAR increased in 2010, as compared to 2009, primarily as a result of higher occupancy and higher outside-the-room spending, primarily due to an increase in associations and corporate groups. Gaylord National ADR decreased during 2010, primarily due to continued pressure on room rates. The 2010 decrease in ADR was also impacted by comparison to a higher ADR during 2009 due to the presidential inauguration. Revenue and Total RevPAR were negatively impacted by a decrease in collections of attrition and cancellation fees during 2010.

Operating costs at Gaylord National decreased during 2011, as compared to 2010, primarily due to decreased variable operating costs associated with the decrease in occupancy and outside-the-room revenues, as well as a decrease in property taxes. Operating costs at Gaylord National in 2010, as compared to 2009, increased primarily due to increased variable operating costs associated with the increase in occupancy and outside-the-room spending, as well as higher employment costs as a result of new collective bargaining agreements.

Selling, general and administrative expenses decreased during 2011, as compared to 2010, primarily due to a decrease in incentive compensation costs. Selling, general and administrative expenses increased during 2010, as compared to 2009, primarily due to an increase in incentive compensation expense.

Opry and Attractions Segment

The following presents the financial results of our Opry and Attractions segment for the years ended December 31, 2011, 2010 and 2009 (in thousands, except percentages):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 65,386**	39.4%	$ 46,918	-19.9%	$ 58,599
Operating expense data:					
Operating costs	**36,626**	23.3%	29,700	-16.2%	35,422
Selling, general and administrative	**14,738**	30.8%	11,271	-16.2%	13,454
Depreciation and amortization	**5,262**	11.7%	4,710	0.8%	4,673
Operating income (1)	**$ 8,760**	608.2%	$ 1,237	-75.5%	$ 5,050

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

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The increase in revenues in the Opry and Attractions segment during 2011, as compared to 2010, and the decrease in revenues during 2010, as compared to 2009, is primarily due to increases and decreases in each of the businesses that were closed during a portion of 2010 as a result of the Nashville Flood.

The increase in Opry and Attractions operating costs and selling, general and administrative expenses during 2011, as compared to 2010, and the decrease in operating costs and selling, general and administrative expenses during 2010, as compared to 2009, was due primarily to increases and decreases in each of the businesses that were closed during a portion of 2010 as a result of the Nashville Flood.

Corporate and Other Segment

The following presents the financial results of our Corporate and Other segment for the year ended December 31, 2011, 2010 and 2009 (in thousands, except percentages):

	2011	% Change	2010	% Change	2009
Total revenues	**$ 124**	18.1%	$ 105	14.1%	$ 92
Operating expense data:					
Operating costs	**11,692**	8.3%	10,798	17.0%	9,233
Selling, general and administrative	**36,460**	-10.8%	40,893	0.3%	40,788
Depreciation and amortization	**10,507**	7.9%	9,734	-6.8%	10,449
Operating loss (1)	**$ (58,535)**	4.5%	$ (61,320)	-1.6%	$ (60,378)

(1) Corporate and Other segment operating loss does not include the effect of casualty loss and impairment charges. See the discussion of casualty loss and impairment and other charges set forth below.

Corporate and Other segment 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 during 2011, as compared to 2010, due primarily to higher employment costs. Corporate and Other selling, general and administrative expenses, which consist of senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, decreased during 2011, as compared to 2010, due primarily to decreases in consulting costs and incentive compensation, as well as 2010 including a $2.8 million non-cash charge related to amendments to certain executives restricted stock unit agreements. Corporate and Other depreciation and amortization expense, which is primarily related to information technology equipment and capitalized electronic data processing software costs, increased during 2011, as compared to 2010, primarily due to an increase in software placed into service.

Corporate and Other operating costs increased during 2010, as compared to 2009, due primarily to higher employment costs. Corporate and Other selling, general and administrative expenses remained stable during 2010, as compared to 2009, due to increases in consulting costs and incentive compensation expense, including $2.8 million in non-cash expense related to amendments to certain executives restricted stock unit agreements, which were offset by expenses in 2009 including $4.0 million in severance costs incurred as part of our cost containment initiative, a $3.0 million non-cash charge to recognize compensation expense related to the surrender of certain executives stock options, and $1.9 million in expenses associated with the resolution of a potential proxy contest. Corporate and Other depreciation and amortization expense decreased during 2010, as compared to 2009, due to the impairment of equipment resulting from the Nashville Flood.

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Operating Results Casualty Loss

As a result of the Nashville Flood discussed above, during the years ended December 31, 2011 and 2010, casualty loss was comprised of the following (in thousands):

	2011			
	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$ (179)	$ 286	$ (81)	$ 26
Impairment of property and equipment			332	332
Non-capitalized repairs of buildings and equipment		67	14	81
Other	6	146	634	786
Net casualty loss	$ (173)	$ 499	$ 899	$ 1,225

	2010				
	Hospitality	Opry and Attractions	Corporate and Other	Insurance Proceeds	Total
Site remediation	$ 15,586	$ 2,895	$ 913	$	$ 19,394
Impairment of property and equipment	30,470	7,366	7,134		44,970
Other asset write-offs	1,811	1,098			2,909
Non-capitalized repairs of buildings and equipment	1,649	2,932	239		4,820
Continuing costs during shut-down period	15,644	3,023	779		19,446
Other	169	93	520		782
Insurance proceeds				(50,000)	(50,000)
Net casualty loss	$ 65,329	$ 17,407	$ 9,585	$ (50,000)	$ 42,321

Lost profits from the interruption of the various businesses are not reflected in the above table.

See Note 2 to our Consolidated Financial Statements included herein for a further discussion of the components of these costs.

Insurance Proceeds

At May 3, 2010, we had in effect a policy of insurance with a per occurrence flood limit of $50.0 million at the affected properties. During 2010, we received $50.0 million in insurance proceeds and have recorded these insurance proceeds as an offset to the net casualty loss in the accompanying consolidated statement of operations. At December 31, 2011, our per occurrence flood insurance is $150.0 million.

Operating Results Preopening costs

We expense the costs associated with start-up activities and organization costs associated with our development of hotels and significant attractions as incurred. Our preopening costs for 2011 primarily relate to a new restaurant concept at the Radisson Hotel at Opryland that opened in the third quarter of 2011.

In 2010, as a result of the extensive damage to Gaylord Opryland and the Grand Ole Opry House and the extended period in which these properties were closed, we incurred costs associated with the reopening of these facilities through the date of reopening. We have included all costs directly related to redeveloping and reopening the affected properties, as well as all continuing operating costs not directly related to remediating the flooded properties, other than depreciation and amortization, incurred from June 10, 2010 (the date at which we determined that the remediation was substantially complete), through the date of reopening, as preopening costs. During 2010, we incurred $55.3 million in preopening costs. See Note 2 to our Consolidated Financial Statements included herein for a further discussion of the components of these costs.

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Non-Operating Results Affecting Net Income (Loss)

General

The following table summarizes the other factors which affected our net income (loss) for the years ended December 31, 2011, 2010 and 2009 (in thousands, except percentages):

	2011	**% Change**	**2010**	**% Change**	**2009**
Interest expense, net of amounts capitalized	**$ (74,673)**	8.3%	$ (81,426)	-6.3%	$ (76,592)
Interest income	**12,460**	-5.1%	13,124	-13.0%	15,087
Income (loss) from unconsolidated companies	**1,086**	78.6%	608	12260.0%	(5)
Net gain on extinguishment of debt		-100.0%	1,299	-93.0%	18,677
Other gains and (losses)	**(916)**	-71.2%	(535)	-118.8%	2,847
(Provision) benefit for income taxes	**(7,420)**	-118.2%	40,718	-517.9%	(9,743)
Income (loss) from discontinued operations, net of taxes	**109**	-96.4%	3,070	143.0%	(7,137)

Interest Expense, Net of Amounts Capitalized

Interest expense, net of amounts capitalized, decreased $6.8 million to $74.7 million (net of capitalized interest of $0.6 million in 2011) in 2011 as compared to 2010, due primarily to a 2011 decrease in interest expense associated with our refinanced credit facility, partially offset by the write-off of $1.7 million in deferred financing costs associated with our previous $1.0 billion credit facility. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 6.3% in 2011 as compared to 6.8% in 2010. Cash interest expense decreased $9.8 million to $55.8 million in 2011 as compared to 2010, and noncash interest expense, which includes amortization of deferred financing costs and debt discounts and capitalized interest, increased $3.1 million to $18.9 million in 2011 as compared to 2010.

Interest expense, net of amounts capitalized, increased $4.8 million to $81.4 million (net of capitalized interest of $1.2 million) in 2010 as compared to 2009, due primarily to a $20.1 million increase in interest expense related to our 3.75% convertible senior notes issued in September 2009, partially offset by decreases in interest expense on our 8% senior notes and 6.75% senior notes of $15.7 million and $2.0 million, respectively, as a result of the Company s redemption and repurchase of all of the 8% senior notes in 2009 and a portion of the 6.75% senior notes in 2009 and 2010. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 6.8% in 2010 as compared to 6.2% in 2009. Cash interest expense decreased $4.2 million to $65.6 million in 2010 as compared to 2009, and noncash interest expense, which includes amortization of deferred financing costs and debt discounts and capitalized interest, increased $9.0 million to $15.8 million in 2010 as compared to 2009.

Interest Income

Interest income for 2011, 2010 and 2009 primarily includes amounts earned on the notes that were received in connection with the development of Gaylord National.

The decrease in interest income during 2010, as compared to 2009, was primarily due to the discount on a portion of the notes that were received in connection with the development of Gaylord National becoming fully amortized into interest income during 2009.

Income (Loss) From Unconsolidated Companies

We account for our minority investment in RHAC Holdings, LLC (the joint venture entity which invested in the Aston Waikiki Beach Hotel) under the equity method of accounting. Income from unconsolidated companies for the years ended December 31, 2011, 2010 and 2009 consisted of equity method income (loss) from this investment.

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Net Gain on Extinguishment of Debt

During 2010, we repurchased $28.5 million in aggregate principal amount of our outstanding 6.75% senior notes for $27.0 million. After adjusting for deferred financing costs and other costs, we recorded a pre-tax gain of $1.3 million as a result of the repurchases.

During the first three quarters of 2009, we repurchased $88.6 million in aggregate principal amount of our outstanding senior notes ($61.6 million of 8% senior notes and $27.0 million of 6.75% senior notes) for $62.5 million. After adjusting for deferred financing costs and other costs, we recorded a pre-tax gain of $24.7 million as a result of the repurchases.

On September 23, 2009, we commenced a cash tender offer for our outstanding 8% senior notes. Following the expiration of the tender offer on October 21, 2009, $223.6 million aggregate principal amount of our outstanding 8% senior notes had been validly tendered and were repurchased by us pursuant to the terms of the tender offer. We also called for redemption at a price of 102.667% of the principal amount thereof, plus accrued interest, on November 15, 2009, all remaining outstanding 8% senior notes. As a result of these transactions, after adjusting for deferred financing costs, the deferred gain on a terminated swap related to these notes, and other costs, we recorded a pre-tax loss of $6.0 million.

Other Gains and (Losses)

Our other gains and (losses) during 2011 and 2010 primarily consisted of miscellaneous income and expenses related to retirements of fixed assets.

Our other gains and (losses) during 2009 primarily consisted of the receipt of $3.6 million under a tax increment financing arrangement related to the Ryman Auditorium, partially offset by other miscellaneous income and expenses.

(Provision) Benefit for Income Taxes

The effective tax rate as applied to pre-tax income (loss) from continuing operations differed from the statutory federal rate due to the following:

	Years Ended December 31,		
	2011	**2010**	**2009**
U.S. federal statutory rate	35%	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	15%	1%	22%
Permanent items	0%	-1%	0%
Federal tax credits	-8%	1%	-7%
Federal valuation allowance	-2%	-4%	0%
Effect of tax law change	0%	-1%	0%
Unrecognized tax benefits	2%	0%	8%
	42%	31%	58%

The increase in our effective tax rate for 2011, as compared to 2010, resulted primarily from increases in state valuation allowances, increases in unrecognized tax benefits, and state taxes payable in relation to pre-tax income, partially offset by the impact of federal tax credits.

Increases in our valuation allowances and the impact of permanent items in relation to pre-tax income (loss), resulted in a decreased effective tax rate for 2010 as compared to 2009.

Income (Loss) from Discontinued Operations, Net of Taxes

We reflect the following businesses as discontinued operations in our financial results for the years ended December 31, 2011, 2010 and 2009. 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 for all periods presented.

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During the second quarter of 2010, in a continued effort to focus on our core Gaylord Hotels and Opry and Attractions businesses, we committed to a plan of disposal of our Corporate Magic business. On June 1, 2010, we completed the sale of Corporate Magic through the transfer of all of our equity interests in Corporate Magic, Inc. to the president of Corporate Magic who, prior to the transaction, was employed by us. In exchange for our equity interests in Corporate Magic, we received, prior to giving effect to a purchase price adjustment based on the working capital of Corporate Magic as of the closing, a note receivable, which terms provide for a quarterly payment from the purchaser, beginning in the second quarter of 2011 through the first quarter of 2017. We recorded this note receivable at its fair value of $0.4 million, based on the expected cash receipts under the note, discounted at a discount rate that reflects management s assessment of a market participant s view of risks associated with the projected cash flows of Corporate Magic. We recognized a pretax gain of $0.6 million related to the sale of Corporate Magic during 2010.

The following table reflects the results of operations of businesses accounted for as discontinued operations for the years ended December 31, 2010, 2009 and 2008 (in thousands):

	2011	2010	2009
Revenues:			
Corporate Magic	$	$ 2,389	$ 6,276
Operating income (loss):			
Corporate Magic	$ 56	$ (716)	$ (7,708)
Other	22	204	(87)
Total operating income (loss)	78	(512)	(7,795)
Interest expense, net of amounts capitalized			(1)
Interest income	60	32	
Other gains and (losses):			
Corporate Magic		618	
Other	38	45	119
Total other gains and (losses)	38	663	119
Income (loss) before income taxes	176	183	(7,677)
(Provision) benefit for income taxes	(67)	2,887	540
Income (loss) from discontinued operations	$ 109	$ 3,070	$ (7,137)

The benefit for income taxes for 2010 primarily relates to a permanent tax benefit recognized on the sale of the stock of Corporate Magic.

Liquidity and Capital Resources

Cash Flows From Operating Activities. Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, and maintenance capital expenditures. During 2011, our net cash flows provided by our operating activities continuing operations were $153.9 million, reflecting primarily our income from continuing operations before non-cash depreciation expense, amortization expense, income tax provision, stock-based compensation expense, income from unconsolidated companies, the write-off of deferred financing costs related to the refinancing of our credit facility, losses on assets damaged in flood, and losses on the sales of certain fixed assets of approximately $170.6 million, partially offset by unfavorable changes in working capital of approximately $16.7 million. The unfavorable changes in working capital primarily resulted from an increase in accounts receivable at Gaylord Opryland, Gaylord Palms and Gaylord Texan due primarily to an increase in group business at the end of 2011, as compared to the end of 2010, which business typically has longer payment terms, a decrease in interest payable due to the repayment of $100.0 million under our credit facility, as well as lower interest rates and the expiration of the interest rate swaps associated with our credit facility, and a decrease in accounts payable due to timing of payments. These unfavorable changes were partially offset by the collection of federal tax refunds related to 2010 and an increase in deferred revenue due to increased receipts of deposits on advance bookings of hotel rooms at Gaylord National and Gaylord Palms.

During 2010, our net cash flows provided by our operating activities continuing operations were $138.9 million, reflecting primarily our loss from continuing operations before non-cash depreciation expense, amortization expense, income tax benefit, stock-based compensation expense, income from unconsolidated companies, net gain on extinguishment of debt, losses on assets damaged in flood, and losses on the sales of certain fixed assets of approximately $82.2 million, as well as favorable changes in working capital of approximately $56.7 million. The favorable changes in working capital primarily resulted from a decrease in income taxes receivable, primarily due to the receipt of federal tax refunds related to 2008 and 2009, an increase in accrued compensation, an increase in accounts payable due to the timing of payments, and a decrease in accounts receivable at Gaylord National due to a change in the timing of group lodging versus payment received and at Gaylord Opryland due to the hotel reopening on November 15, 2010. These favorable changes in working capital were partially offset by a decrease in deferred revenues due to decreased receipts of deposits on advance bookings of hotel rooms at Gaylord National.

During 2009, our net cash flows provided by our operating activities continuing operations were $125.0 million, reflecting primarily our income from continuing operations before non-cash depreciation expense, amortization expense, income tax provision, stock-based compensation expense, loss from unconsolidated companies, net gain on extinguishment of debt, and losses on the sales of certain fixed assets of approximately $160.7 million, partially offset by unfavorable changes in working capital of approximately $35.7 million. The unfavorable changes in working capital primarily resulted from an increase in income taxes receivable, an increase in interest receivable associated with the bonds that were received in connection with the development of Gaylord National, and a decrease in accrued compensation. These unfavorable changes in working capital were partially offset by a decrease in trade receivables due to a combination of lower revenues in the current year and better collection efforts and an increase in deferred revenues due to increased receipts of deposits on advance bookings of hotel rooms at Gaylord National.

Cash Flows From Investing Activities. During 2011, our primary uses of funds and investing activities were the purchase of property and equipment totaling $132.6 million, partially offset by the receipt of a $2.5 million principal payment on the bonds that were received in April 2008 in connection with the development of Gaylord National and $1.9 million in proceeds from the sale of certain fixed assets. Our capital expenditures during 2011 primarily included remaining flood-related projects at Gaylord Opryland, the commencement of renovation of the guestrooms, the addition of a sports bar entertainment facility and new resort pools at Gaylord Palms, the building of our new resort pool at Gaylord Texan, and various information technology projects, as well as ongoing maintenance capital expenditures for our existing properties.

During 2010, our primary uses of funds and investing activities were the purchase of property and equipment totaling $194.6 million, partially offset by the receipt of a $3.8 million payment on the bonds that were received in April 2008 in connection with the development of Gaylord National. Our capital expenditures during 2010 included construction at Gaylord Opryland, the Grand Ole Opry and our corporate offices of $136.8 million, $16.7 million and $11.3 million, respectively, primarily related to rebuilding costs associated with the Nashville Flood, as well as ongoing maintenance capital expenditures at our other properties.

During 2009, our primary uses of funds and investing activities were the purchase of property and equipment totaling $53.1 million, partially offset by the receipt of a $17.1 million payment on the bonds that were received in April 2008 in connection with the development of Gaylord National.

Cash Flows From Financing Activities. Our cash flows from financing activities reflect primarily the issuance of debt and the repayment of long-term debt. During 2011, our net cash flows used in financing activities continuing operations were $105.7 million, primarily reflecting $100.0 million in repayments under our credit facility and the payment of $10.1 million in deferred financing costs associated with the refinancing of our credit facility, partially offset by $4.8 million in proceeds from the exercise of stock option and purchase plans.

During 2010, our net cash flows used in financing activities continuing operations were $3.3 million, primarily reflecting the payment of $27.0 million to repurchase portions of our senior notes, partially offset by $26.1 million in proceeds from the exercise of stock option and purchase plans.

During 2009, our net cash flows provided by financing activities continuing operations were $89.4 million, primarily reflecting $358.1 million in proceeds from the issuance of our 3.75% convertible notes, net of equity-related issuance costs, $169.0 million in proceeds from the issuance of common stock and warrants, net of issuance costs, and $5.0 million received from the termination of the interest rate swap agreements associated with our senior notes, partially offset by the payment of $329.6 million to repurchase portions of our senior notes, the payment of $76.7 million to purchase a convertible note hedge associated with the 3.75% convertible notes, $22.5 million in net repayments under our $1.0 billion credit facility, the payment of $8.1 million in deferred financing costs associated with the 3.75% convertible notes and the payment of $4.6 million to purchase shares of our common stock to fund a supplemental employee retirement plan.

Working Capital

As of December 31, 2011 we had total current assets of $144.7 million and total current liabilities of $169.9 million, which resulted in a working capital deficit of $25.3 million. A significant portion of our current liabilities consist of deferred revenues ($44.6 million at December 31, 2011), which primarily represent deposits received on advance bookings of hotel rooms. While satisfaction of these deferred revenue liabilities will require the use of hotel resources and services, it does not require future cash payments by us. As a result, we believe our current assets, cash flows from operating activities and availability under our credit facility will be sufficient to repay our current liabilities as they become due.

Liquidity

As of December 31, 2011, we had $44.4 million in unrestricted cash and $317.0 million available for borrowing under our credit facility, which was refinanced in July 2011 with the maturity extending to 2015. In connection with this successful refinancing, we prepaid $100.0 million of the principal outstanding under our previous facility. This prepayment was the primary factor in the decrease in our cash balance from 2010 to 2011.

As further described above, we anticipate investing in our operations during 2012 through ongoing maintenance of our existing hotel properties and the completion of a rooms renovation, a new sports bar entertainment facility and new resort pools at Gaylord Palms. We believe that our cash on hand and cash from operations will be adequate to fund these short-term commitments, as well as: (i) normal operating expenses, (ii) interest expense on long-term debt obligations, and (iii) capital lease and operating lease obligations. If our existing cash and cash from operations were inadequate to fund such commitments, we could draw on our $925 million credit facility, subject to the satisfaction of debt incurrence tests. As of December 31, 2011, we believe that drawing on this credit facility will not be necessary for general working capital purposes or these 2012 commitments described herein. We may, however, draw on our credit facility for operational and capital needs in the future.

On an ongoing basis, we evaluate potential acquisition opportunities and future development opportunities for hotel properties and have considered expanding our existing hotel properties. On June 21, 2011, we announced our plans to develop a resort and convention hotel in Aurora, Colorado. The project is expected to cost approximately $800 million and could be funded by us, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between us and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by our board of directors. We expect to break ground on construction in 2013 and expect the resort to be open for business in early 2016. At this time, we have not made any material financial commitments in connection with this development.

We will continue to evaluate additional acquisition or development opportunities in light of economic conditions and other factors. We are unable to predict at this time if or when additional development or acquisition opportunities may present themselves. In addition, we are unable to predict at this time when we might make commitments or commence construction related to the proposed development in Mesa, Arizona or our proposed expansions. Furthermore, we do not anticipate making significant capital expenditures on the development in Mesa, Arizona or the proposed expansions of Gaylord Palms and Gaylord Texan during 2012.

Our outstanding principal debt agreements, none of which mature prior to 2014, are described below. Based on current projections for compliance under our financial covenants contained in these agreements, we do not foresee a maturity issue prior to 2014.

Principal Debt Agreements

$925 Million Credit Facility. On August 1, 2011, we refinanced our previous $1.0 billion credit facility by entering into a $925 million senior secured credit facility by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent (the $925 Million Credit Facility). The $925 Million Credit Facility consists of the following components: (a) a $525.0 million senior secured revolving credit facility, of which $200.0 million was drawn at closing, and includes a $75.0 million letter of credit sublimit and a $50.0 million sublimit for swingline loans, and (b) a $400.0 million senior secured term loan facility, which was fully funded at closing. The $925 Million Credit Facility also includes an accordion feature that will allow us to increase the facility by a total of up to $475.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The $925 Million Credit Facility matures on August 1, 2015 and bears interest at an annual rate of LIBOR plus 2.25% or the bank s base rate plus 1.25%, subject to adjustment based on our implied debt service coverage ratio, as defined in the agreement. Interest on our borrowings is payable quarterly, in arrears, for base rate loans and at the end of each interest rate period for LIBOR-based loans. Principal is payable in full at maturity. We are required to pay a fee of 0.3% to 0.4% per year of the average unused portion of the $925 Million Credit Facility. The purpose of the $925 Million Credit Facility is for working capital, capital expenditures, and other corporate purposes.

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

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

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

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

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

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

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

As a result of the refinancing of the previous $1.0 billion credit facility, we wrote off $1.7 million of deferred financing costs, which are included in interest expense in the accompanying consolidated statement of operations for the year ended December 31, 2011.

As of December 31, 2011, $600.0 million of borrowings were outstanding under the $925 Million Credit Facility, and the lending banks had issued $8.0 million of letters of credit under the facility for us, which left $317.0 million of availability under the credit facility (subject to the satisfaction of debt incurrence tests under the indentures governing our senior notes).

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

The Convertible Notes are convertible under any of the following circumstances: (1) during any calendar quarter ending after September 30, 2009 (and only during such calendar quarter), if the closing price of our common stock for at least 20 trading days during the 30 consecutive trading day period ending on the last trading day of the immediately preceding calendar quarter exceeds 120% of the applicable conversion price per share of common stock on the last trading day of such preceding calendar quarter; (2) during the ten business day period after any five consecutive trading day period in which the Trading Price (as defined in the Indenture) per $1,000 principal amount of Convertible Notes, as determined following a request by a Convertible Note holder, for each day in such five consecutive trading day period was less than 98% of the product of the last reported sale price of our common stock and the applicable conversion rate, subject to certain procedures; (3) if specified corporate transactions or events occur; or (4) at any time on or after July 1, 2014, until the second scheduled trading day immediately preceding October 1, 2014. At December 31, 2011, none of the conditions permitting conversion were satisfied and, thus, the Convertible Notes are not currently convertible.

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

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

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

6*.75% Senior Notes.* On November 30, 2004, we completed our offering of $225 million in aggregate principal amount of senior notes bearing an interest rate of 6.75% (the 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. 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. 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 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.

As of December 31, 2011, we were in compliance with all covenants related to our outstanding debt.

Off-Balance Sheet Arrangements

As described in Note 14 to our consolidated financial statements included herein, we previously invested in two unconsolidated entities that owned hotels located in Hawaii. Our joint venture partner in each of these unconsolidated entities guaranteed, under certain circumstances, certain loans made to wholly-owned subsidiaries of each of these entities, and we agreed to contribute to these joint venture partners our pro rata share of any payments under such guarantees required to be made by such joint venture partners. In addition, we enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our workers compensation insurers, and lending banks under our credit facility had issued $8.0 million of letters of credit as of December 31, 2011 for us. Except as set forth above, we do not have any off-balance sheet arrangements.

Commitments and Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2011, including long-term debt and operating and capital lease commitments (amounts in thousands):

Contractual obligations	Total amounts committed	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt (1)	$ 1,112,180	$	$ 512,180	$ 600,000	$
Capital leases	2,399	755	1,285	359	
Construction commitments	65,640	65,640			
Operating leases (2)	644,203	7,036	10,646	8,572	617,949
Other	17,002	6,353	10,303	346	
Total contractual obligations	$ 1,841,424	$ 79,784	$ 534,414	$ 609,277	$ 617,949

(1) Long-term debt commitments do not include approximately $121.0 million in interest payments projected to be due in future years ($38.9 million less than one year, $73.2 million between one and three years, and $8.9 million between three and five years) based on the stated interest rates on our fixed-rate debt and the rates in effect at December 31, 2011 for our variable-rate debt. Variable rates, as well as outstanding principal balances, could change in future periods. See Principal Debt Agreements above for a discussion of our outstanding long-term debt. See Supplemental Cash Flow Information in Note 1 to our consolidated financial statements included herewith for a discussion of the interest we paid during 2011, 2010 and 2009.

(2) Total operating lease commitments of $644.2 million 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.

Due to the uncertainty with respect to the timing of future cash payments associated with our defined benefit pension plan, our non-qualified retirement plan, our non-qualified contributory deferred compensation plan and our defined benefit postretirement health care and life insurance plan, we cannot make reasonably certain estimates of the period of cash settlement. Therefore, these obligations have been excluded from the contractual obligations table above. During 2012, we expect to contribute $4.5 million and $1.1 million, respectively, to our defined benefit pension plan and our defined benefit postretirement health care and life insurance plan. See Note 10 and Note 11 to our consolidated financial statements included herein for further discussion related to these obligations.

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 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 occupied hotel rooms as earned on the close of business each day and from concessions and food and beverage sales at the time of the sale. Revenues from other services at our hotels, such as spa, parking, and transportation services are recognized at the time services are provided. Attrition fees, which are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, as well as cancellation fees, are recognized as revenue in the period they are collected. We recognize revenues from the Opry and Attractions segment when services are provided or goods are shipped, as applicable.

Impairment of long-lived assets and indefinite-lived intangible assets, including goodwill. In accounting for our long-lived assets other than goodwill, 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, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available. Other than as necessary as a result of the Nashville Flood, as discussed above, no impairment charges on long-lived assets were recorded during 2011.

Goodwill and other intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually and whenever triggering events or circumstances occur indicating that these intangibles may be impaired. We allocate goodwill to reporting units by comparing the fair value of each reporting unit identified to the total fair value of the acquired company on the acquisition date. 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. We estimate fair value using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available. If the fair value is less than the carrying value, 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. In connection with the preparation of the Company s financial statements for the third quarter of 2009, as a result of significant adverse changes in the business climate of our Corporate Magic business, we determined that the goodwill of this reporting unit may be impaired and performed an interim impairment review on this goodwill, as described above. As a result, we recorded an impairment charge of $6.6 million during 2009, to write down the carrying value of goodwill at the impaired reporting unit to its implied fair value of $0.3 million. We estimated the fair value of the reporting unit by using a discounted cash flow analysis that utilized comprehensive cash flow projections, as well as assumptions based on market data to the extent available. The discount rate utilized in this analysis was 16%, which reflected market-based estimates of capital costs and discount rates adjusted for management s assessment of a market participant s view of risks associated with the projected cash flows of the reporting unit. Holding all other assumptions constant, a 1% increase or decrease in this assumed discount rate would increase or decrease the resulting impairment charge by approximately $0.1 million and $0.1 million, respectively. No additional impairment charges on goodwill were recorded during 2011 or 2010.

Stock-based compensation. We record compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option s vesting period unless the stock option award contains a market provision, in which case we record compensation expense equal to the fair value of each award on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing formula, which requires various judgmental assumptions including expected volatility, expected term, expected dividend rate, and expected risk-free rate of return. Expected volatilities are based on the historical volatility of our stock. We use historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted 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. If any of the assumptions used in the Black-Scholes-Merton option pricing formula change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. The assumptions for expected volatility and expected term are the two assumptions that significantly affect the grant date fair value. The expected dividend rate and expected risk-free rate of return are not significant to the calculation of fair value.

Derivative financial instruments. The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are interest rate risk and commodity price risk. Interest rate swaps are entered into to manage interest rate risk associated with portions of the Company s fixed and variable rate borrowings. Natural gas price swaps are entered into to manage the price risk associated with forecasted purchases of natural gas and electricity used by the Company s hotels. The Company designates certain interest rate swaps as cash flow hedges of variable rate borrowings, the remaining interest rate swaps as fair value hedges of fixed rate borrowings, and natural gas price swaps as cash flow hedges of forecasted purchases of natural gas and electricity.

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

We determine the fair values of our derivative assets and liabilities based on quotes, with appropriate adjustments for any significant impact of non-performance risk of the parties to the contracts. The key input used to determine the fair value of our variable to fixed interest rate swaps and our fixed to variable interest rate swaps is changes in LIBOR interest rates. The key input used to determine the fair value of our variable to fixed natural gas price swaps is the forward price of natural gas futures contracts for delivery at the Henry Hub as quoted on the New York Mercantile Exchange. We believe it is unlikely that materially different estimates for the fair value of financial derivative instruments would be made or reported based on other reasonable assumptions or conditions suggested by actual historical experience and other data available at the time the estimates were made.

We held no derivative positions at December 31, 2011.

Income taxes. Our 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 carryforwards 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 periodically reviews such forecasts in comparison with actual results and expected trends. We have established valuation allowances for certain federal and state deferred tax assets. At December 31, 2011, we had federal net operating loss carryforwards of $247.2 million (resulting in a deferred tax benefit of $86.4 million), federal credit carryforwards of $4.1 million, and charitable contribution carryforwards of $3.6 million (resulting in a deferred tax benefit of $1.2 million). A valuation allowance of $4.8 million has been provided for certain federal deferred tax assets, including charitable contribution carryforwards, as of December 31, 2011. At December 31, 2011, we had state net operating loss carryforwards of $628.6 million (resulting in a deferred tax benefit of $26.6 million) and state credit carryforwards of $1.1 million. A valuation allowance of $14.5 million has been provided for certain state deferred tax assets, including loss and credit carryforwards, as of December 31, 2011. In the event management determines that a change in the realizability of these deferred tax assets is necessary, we will be required to adjust our deferred tax valuation allowance in the period in which the determination is made.

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 provide for uncertain tax positions and the related interest and penalties based upon management s assessment of whether a tax benefit is more likely than not to be sustained upon examination by tax authorities. We make this assessment based on only the technical merits of the tax position. The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements and a liability for unrecognized tax benefits is established. A tax position that meets the more likely than not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax benefit recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate resolution with a taxing authority. To the extent that we prevail in matters for which a liability for an unrecognized tax benefit is established or are required to pay amounts in excess of the liability established, our effective tax rate in a given financial statement period may be affected.

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, 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 decreased from 5.3% for both plans as of December 31, 2010 to 4.1% for the retirement plan and to 4.2% for the postretirement benefits other than pension plans at December 31, 2011.

We determine the overall expected long-term 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 allocation of plan assets, return premiums generated by portfolio management, and advice by our third-party actuary and investment consultants. The expected return on plan assets is a long-term assumption that is determined at the beginning of each year and generally does not significantly change annually. While historical returns are considered, the rate of return assumption is primarily based on projections of expected returns, using economic data and financial models to estimate the probability of returns. The probability distribution of annualized returns for the portfolio using current asset allocations is used to determine the expected range of returns for a ten-to-twenty year horizon. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension expense. The expected return on plan assets assumption used for determining net periodic pension expense for 2011 and 2010 was 8.0%. Actual return on plan assets for 2011 and 2010 was (1.8)% and 12.2%, respectively. Our historical actual return averaged 6.1% for the fifteen-year period ended December 31, 2011. In the future, we may make additional discretionary contributions to the plan or we could be required to make mandatory cash funding payments.

The mortality rate assumption used for determining future benefit obligations as of December 31, 2011 and 2010 was based on the RP 2000 Mortality Tables. 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 2011 net periodic pension expense by approximately $0.8 million. Likewise, a 1% increase or decrease in the assumed rate of return on plan assets would decrease or increase, respectively, 2011 net periodic pension expense by approximately $0.7 million. For 2012, we have decreased the assumed rate of return on plan assets by 0.5%.

A 1% increase or decrease in the assumed discount rate related to the postretirement benefit plan would increase net postretirement benefit expense by approximately $0.1 million and $0.4 million, respectively. Finally, a 1% increase or decrease in the assumed health care cost trend rate each year would increase or decrease, respectively, the aggregate of the service and interest cost components of 2011 net postretirement benefit expense by approximately $0.1 million.

Legal Contingencies. We are subject to various legal proceedings and claims, the outcomes of which are subject to significant uncertainty. We record an accrual for loss contingencies when a loss is probable and the amount of the loss can be reasonably estimated. We review these accruals each reporting period and make revisions based on changes in facts and circumstances.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards, see Note 1 to our consolidated financial statements included herein.

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Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are from changes in interest rates and equity prices and changes in asset values of investments that fund our pension plan.

Risk Related to Changes in Interest Rates

Borrowings outstanding under our $925 Million Credit Facility currently bear interest at an annual rate of LIBOR plus 2.25%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the $600.0 million in borrowings outstanding under our $925 Million Credit Facility as of December 31, 2011 would increase by approximately $6.0 million.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at December 31, 2011. As a result, the interest rate market risk implicit in these investments at December 31, 2011, if any, is low.

Risk Related to Changes in Equity Prices

The $360 million aggregate principal amount of Convertible Notes we issued in September 2009 may be converted prior to maturity, at the holder s option, into shares of our common stock under certain circumstances as described in Note 7 to our consolidated financial statements included herein. The initial conversion price is approximately $27.25 per share. Upon conversion, we may elect, at our option, to deliver shares of our common stock, cash or a combination of cash and shares of our common stock in satisfaction of our obligations upon conversion of the Convertible Notes. As such, the fair value of the Convertible Notes will generally increase as our share price increases and decrease as the share price declines.

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

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

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. As of December 31, 2011, the value of the investments in the pension fund was $62.3 million, and an immediate ten percent decrease in the value of the investments in the fund would have reduced the value of the fund by approximately $6.2 million.

Summary

Based upon our overall market risk exposures at December 31, 2011, we believe that the effects of changes in interest rates, equity prices and asset values of investments that fund our pension plan could be material to our consolidated financial position, results of operations or cash flows.

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 53 of this Annual Report on Form 10-K and incorporated by reference herein.

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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) and Rule 15d-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.

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:

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

- 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

- 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, 2011. 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, 2011, 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 the Company s internal control over financial reporting, which is included herein.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2011 that have materially affected, or are reasonably 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 2012 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 2012 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 2012 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

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. Glenn J. Angiolillo, Michael J. Bender, E.K. Gaylord II, D. Ralph Horn and Terrell T. Philen, Jr. currently serve as members of the Audit Committee. Our Board of Directors has determined that D. Ralph Horn is an audit committee financial expert as defined by the SEC and is independent, as that term is defined in the Exchange Act and the 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 2011 Compensation of Directors, Compensation Discussion and Analysis, Summary Compensation Table, Grants of Plan-Based Awards for Fiscal Year End December 31, 2011, Outstanding Equity Awards at Fiscal Year End December 31, 2011, Option Exercises and Stock Vested as of Fiscal Year End December 31, 2011, Pension Benefits, Nonqualified Deferred Compensation, Potential Payouts on Termination or Change of Control, Election of Directors Compensation Committee Interlocks and Insider Participation , and Compensation Committee Report in our Proxy Statement for the 2012 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 Equity Compensation Plan Information in our Proxy Statement for the 2012 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 Transactions with Related Persons in our Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Item 14. ***Principal Accounting Fees and Services***

The information required by this Item is incorporated herein by reference to the discussion under the heading Independent Registered Public Accounting Firm in our Proxy Statement for the 2012 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) *Financial Statements*

The accompanying index to financial statements on page 53 of this Annual Report on Form 10-K is provided in response to this Item.

(a)(2) *Financial Statement Schedules*

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

Date: February 24, 2012

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below 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 and Chief Executive Officer	February 24, 2012
/s/ Glenn J. Angiolillo Glenn J. Angiolillo	Director	February 24, 2012
/s/ Michael J. Bender Michael J. Bender	Director	February 24, 2012
/s/ E.K. Gaylord, II E.K. Gaylord, II	Director	February 24, 2012
/s/ D. Ralph Horn D. Ralph Horn	Director	February 24, 2012
/s/ David W. Johnson David W. Johnson	Director	February 24, 2012
/s/ Ellen R. Levine Ellen R. Levine	Director	February 24, 2012
/s/ Terrell T. Philen, Jr. Terrell T. Philen, Jr.	Director	February 24, 2012
/s/ Robert S. Prather, Jr. Robert S. Prather, Jr.	Director	February 24, 2012
/s/ Michael D. Rose Michael D. Rose	Director	February 24, 2012
/s/ Michael I. Roth Michael I. Roth	Director	February 24, 2012
/s/ Mark Fioravanti Mark Fioravanti	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 24, 2012
/s/ Rod Connor Rod Connor	Senior Vice President and Chief Administrative Officer (Principal Accounting Officer)	February 24, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2011 and 2010, and the related consolidated statements of operations, cash flows and stockholders equity for each of the three years in the period ended December 31, 2011. 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, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gaylord Entertainment Company s internal control over financial reporting as of December 31, 2011, 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 24, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee

February 24, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Gaylord Entertainment Company

We have audited Gaylord Entertainment Company s internal control over financial reporting as of December 31, 2011, 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 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, 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, Gaylord Entertainment Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 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, 2011 and 2010, and the related consolidated statements of operations, cash flows and stockholders equity for each of the three years in the period ended December 31, 2011, and our report dated February 24, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee

February 24, 2012

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2011, 2010 and 2009

(Amounts in thousands, except per share data)

	2011	2010	2009
Revenues	**$ 952,144**	$ 769,961	$ 872,845
Operating expenses:			
Operating costs	**566,390**	474,609	527,074
Selling, general and administrative	**179,301**	158,169	172,361
Casualty loss	**1,225**	42,321	
Preopening costs	**408**	55,287	
Depreciation and amortization	**125,289**	105,561	116,567
Operating income (loss)	**79,531**	(65,986)	56,843
Interest expense, net of amounts capitalized	**(74,673)**	(81,426)	(76,592)
Interest income	**12,460**	13,124	15,087
Income (loss) from unconsolidated companies	**1,086**	608	(5)
Net gain on extinguishment of debt		1,299	18,677
Other gains and (losses)	**(916)**	(535)	2,847
Income (loss) before income taxes and discontinued operations	**17,488**	(132,916)	16,857
(Provision) benefit for income taxes	**(7,420)**	40,718	(9,743)
Income (loss) from continuing operations	**10,068**	(92,198)	7,114
Income (loss) from discontinued operations, net of taxes	**109**	3,070	(7,137)
Net income (loss)	**$ 10,177**	$ (89,128)	$ (23)
Income (loss) per share:			
Income (loss) from continuing operations	**$ 0.21**	$ (1.95)	$ 0.17
Income (loss) from discontinued operations, net of taxes		0.06	(0.17)
Net income (loss)	**$ 0.21**	$ (1.89)	$ (0.00)
Income (loss) per share assuming dilution:			
Income (loss) from continuing operations	**$ 0.20**	$ (1.95)	$ 0.17
Income (loss) from discontinued operations, net of taxes		0.06	(0.17)
Net income (loss)	**$ 0.20**	$ (1.89)	$ (0.00)

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

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GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2010

(Amounts in thousands, except per share data)

	December 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents unrestricted	**$ 44,388**	$ 124,398
Cash and cash equivalents restricted	**1,150**	1,150
Trade receivables, less allowance of $719 and $882, respectively	**41,939**	31,793
Estimated fair value of derivative assets		22
Deferred income taxes	**8,641**	6,495
Other current assets	**48,538**	48,992
Total current assets	**144,656**	212,850
Property and equipment, net of accumulated depreciation	**2,209,127**	2,201,445
Notes receivable, net of current portion	**142,567**	142,651
Long-term deferred financing costs	**15,947**	12,521
Other long-term assets	**50,713**	51,065
Long-term assets of discontinued operations	**390**	401
Total assets	**$ 2,563,400**	$ 2,620,933
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	**$ 755**	$ 58,574
Accounts payable and accrued liabilities	**168,975**	175,343
Estimated fair value of derivative liabilities		12,475
Current liabilities of discontinued operations	**186**	357
Total current liabilities	**169,916**	246,749
Long-term debt and capital lease obligations, net of current portion	**1,073,070**	1,100,641
Deferred income taxes	**108,219**	101,140
Other long-term liabilities	**166,209**	142,200
Long-term liabilities of discontinued operations	**451**	451
Commitments and contingencies		
Stockholders equity:		
Preferred stock, $.01 par value, 100,000 shares authorized, no shares issued or outstanding		
Common stock, $.01 par value, 150,000 shares authorized, 48,428 and 48,144 shares issued and outstanding, respectively	**484**	481
Additional paid-in capital	**929,904**	916,359
Treasury stock of 385 shares, at cost	**(4,599)**	(4,599)
Retained earnings	**155,777**	145,600
Accumulated other comprehensive loss	**(36,031)**	(28,089)
Total stockholders equity	**1,045,535**	1,029,752

Total liabilities and stockholders equity	**$ 2,563,400**	$ 2,620,933

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, 2011, 2010 and 2009

(Amounts in thousands)

	2011	2010	2009
Cash Flows from Operating Activities:			
Net income (loss)	**$ 10,177**	$ (89,128)	$ (23)
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:			
(Gain) loss from discontinued operations, net of taxes	**(109)**	(3,070)	7,137
(Income) loss from unconsolidated companies	**(1,086)**	(608)	5
Loss on sales of long-lived assets	**916**	1,239	828
Provision (benefit) for deferred income taxes	**5,399**	(2,569)	37,272
Depreciation and amortization	**125,289**	105,561	116,567
Amortization of deferred financing costs	**5,118**	5,314	4,762
Amortization of discount on convertible notes	**12,695**	11,687	2,864
Write-off of deferred financing costs related to refinancing of credit facility	**1,681**		
Stock-based compensation expense	**10,170**	10,062	9,982
Net gain on extinguishment of debt		(1,299)	(18,677)
Loss on assets damaged in flood	**332**	44,970	
Changes in (net of acquisitions and divestitures):			
Trade receivables	**(10,146)**	8,071	8,957
Interest receivable	**(334)**	(285)	(14,807)
Income tax receivable	**2,869**	27,301	(24,146)
Accounts payable and accrued liabilities	**(4,062)**	16,298	(4,689)
Other assets and liabilities	**(5,005)**	5,366	(1,022)
Net cash flows provided by operating activities continuing operations	**153,904**	138,910	125,010
Net cash flows provided by (used in) operating activities discontinued operations	**15**	574	(1,951)
Net cash flows provided by operating activities	**153,919**	139,484	123,059
Cash Flows from Investing Activities:			
Purchases of property and equipment	**(132,592)**	(194,647)	(53,065)
Collection of notes receivable	**2,465**	4,161	17,621
Other investing activities	**1,848**	148	1,955
Net cash flows used in investing activities continuing operations	**(128,279)**	(190,338)	(33,489)
Net cash flows used in investing activities discontinued operations		(1,460)	(6)
Net cash flows used in investing activities	**(128,279)**	(191,798)	(33,495)
Cash Flows from Financing Activities:			
Repayments under credit facility	**(100,000)**		(22,500)
Repurchases of senior notes		(26,965)	(329,571)
Proceeds from the issuance of convertible notes, net of equity-related issuance costs of $1,881			358,107
Deferred financing costs paid	**(10,074)**		(8,077)
Purchase of convertible note hedge			(76,680)
Proceeds from the issuance of common stock warrants			43,740
Proceeds from the issuance of common stock, net of issuance costs of $5,499			125,297
Purchases of treasury stock			(4,599)

Proceeds from the termination of an interest rate swap on senior notes			5,000
Proceeds from exercise of stock option and purchase plans	**4,828**	26,075	566
Decrease in restricted cash and cash equivalents			15
Other financing activities, net	**(404)**	(2,427)	(1,869)
Net cash flows provided by (used in) financing activities continuing operations	**(105,650)**	(3,317)	89,429
Net cash flows used in financing activities discontinued operations			
Net cash flows provided by (used in) financing activities	**(105,650)**	(3,317)	89,429
Net change in cash and cash equivalents	**(80,010)**	(55,631)	178,993
Cash and cash equivalents unrestricted, beginning of period	**124,398**	180,029	1,036
Cash and cash equivalents unrestricted, end of period	**$ 44,388**	$ 124,398	$ 180,029

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, 2011, 2010 and 2009

(Amounts in thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Other Comprehensive (Loss) Income	Total Stockholders Equity
BALANCE, December 31, 2008	$ 409	$ 711,444	$	$ 234,751	$ (43,385)	$ 903,219
COMPREHENSIVE INCOME:						
Net loss				(23)		(23)
Unrealized gain on natural gas derivatives, net of deferred income taxes					867	867
Unrealized gain on interest rate derivatives, net of deferred income taxes					1,777	1,777
Minimum pension liability, net of deferred income taxes					7,314	7,314
Comprehensive income						9,935
Issuance of common stock	60	125,237				125,297
Issuance of common stock warrants		43,740				43,740
Issuance of convertible notes, including equity-related issuance costs		66,107				66,107
Purchase of convertible note hedge		(76,680)				(76,680)
Exercise of stock options		145				145
Net tax expense related to stock-based compensation		(3,126)				(3,126)
Employee stock plan purchases	1	414				415
Issuance of stock to employees		6				6
Restricted stock units surrendered		(112)				(112)
Restricted stock shares surrendered		(61)				(61)
Purchase of Company s common stock to fund a supplemental employee retirement plan		4,074	(4,599)			(525)
Stock-based compensation expense		10,324				10,324
BALANCE, December 31, 2009	$ 470	$ 881,512	$ (4,599)	$ 234,728	$ (33,427)	$ 1,078,684
COMPREHENSIVE INCOME:						
Net loss				(89,128)		(89,128)
Unrealized loss on natural gas derivatives, net of deferred income taxes					(145)	(145)
Unrealized gain on interest rate derivatives, net of deferred income taxes					8,621	8,621
Minimum pension liability, net of deferred income taxes					(3,138)	(3,138)
Comprehensive loss						(83,790)
Exercise of stock options	10	25,702				25,712
Net tax expense related to stock based compensation		(254)				(254)
Employee stock plan purchases		354				354
Issuance of stock to employees		9				9
Restricted stock units surrendered	1	(1,279)				(1,278)
Restricted stock shares surrendered		(34)				(34)
Stock-based compensation expense		10,349				10,349

BALANCE, December 31, 2010	$ 481	$ 916,359	$ (4,599)	$ 145,600	$ (28,089)	$ 1,029,752
COMPREHENSIVE INCOME:						
Net income				**10,177**		**10,177**
Unrealized gain on natural gas derivatives, net of deferred income taxes					**145**	**145**
Unrealized gain on interest rate derivatives, net of deferred income taxes					**7,860**	**7,860**
Minimum pension liability, net of deferred income taxes					**(15,947)**	**(15,947)**
Comprehensive income						**2,235**
Exercise of stock options	**2**	**4,457**				**4,459**
Net tax expense related to stock based compensation		**(524)**				**(524)**
Employee stock plan purchases		**369**				**369**
Issuance of stock to employees		**13**				**13**
Restricted stock units surrendered	**1**	**(905)**				**(904)**
Restricted stock shares surrendered		**(18)**				**(18)**
Stock-based compensation expense		**10,153**				**10,153**
BALANCE, December 31, 2011	**$ 484**	**$ 929,904**	**$ (4,599)**	**$ 155,777**	**$ (36,031)**	**$ 1,045,535**

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

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 principally operating, through its subsidiaries, in three business segments: Hospitality; Opry and Attractions; and Corporate and Other. The Company s fiscal year ends on December 31 for all periods presented.

Business Segments

Hospitality

The Hospitality segment includes the operations of Gaylord Hotels branded hotels and the Radisson Hotel at Opryland, as well as the Company s previous investments in two joint ventures. At December 31, 2011, the Company owns and operates the Gaylord Opryland Resort and Convention Center (Gaylord Opryland), the Gaylord Palms Resort and Convention Center (Gaylord Palms), the Gaylord Texan Resort and Convention Center (Gaylord Texan), the Gaylord National Resort & Convention Center (Gaylord National), 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 Gaylord National, located in Prince George s County, Maryland, opened in April 2008.

Opry and Attractions

The Opry and Attractions segment includes all of the Company s Nashville-based tourist attractions. At December 31, 2011, 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 WSM-AM.

On June 1, 2010, the Company completed the sale of its Corporate Magic business through the transfer of all of its equity interests in Corporate Magic, Inc. Prior to the sale of this business, which is further described in Note 3, Corporate Magic, Inc. was included in the Company s Opry and Attractions segment. This business specialized in the production of creative events in the corporate entertainment marketplace. Due to the sale of this business, the results of its operations have been classified as discontinued operations in these consolidated financial statements.

Corporate and Other

Corporate and Other includes operating and selling, general and administrative expenses related to the overall management of the Company which are not allocated to the other reportable segments, including costs for the Company s retirement plans, equity-based compensation plans, information technology, human resources, accounting, and other administrative expenses.

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.

The Company analyzes its variable interests, including loans, guarantees, and equity investments, to determine if an entity in which it has a variable interest is a variable interest entity (VIE). This analysis primarily includes a qualitative review, which is based on a review of the design of the entity, its organizational structure, including decision-making ability, and relevant financial agreements. This analysis is also used to determine if the Company must consolidate the VIE as the primary beneficiary.

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.

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Cash and Cash Equivalents Restricted

Restricted cash and cash equivalents represent cash held in certificates of deposit with an original maturity of greater than three months. The Company is required to maintain these certificates of deposit in order to secure its Tennessee workers compensation self-insurance obligations.

Supplemental Cash Flow Information

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

	2011	2010	2009
Debt interest paid	**$ 61,667**	$ 65,231	$ 71,561
Capitalized interest	**(620)**	(1,188)	(793)
Cash paid for interest, net of capitalized interest	**$ 61,047**	$ 64,043	$ 70,768

Net cash refunds of income tax payments in 2011, 2010 and 2009 were $1.5 million, $65.4 million and $3.8 million, respectively (net of cash payments of income taxes of $1.3 million, $1.3 million and $1.6 million, respectively). Net cash refunds received in 2010 resulted from the carryback of the 2009 tax loss to the Company s 2007 income tax return. As the properties affected by the flood in Nashville are located in a Federal Disaster Area, the Company elected to deduct the casualty loss in the taxable year immediately preceding the taxable year in which the disaster occurred. Therefore, the Company was permitted to take the deduction on its 2009 federal tax return, which was carried back to the 2007 tax year for a refund.

Accounts Receivable

The Company s accounts receivable are primarily generated by meetings and convention attendees room nights. 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, 2011.

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. During 2011, 2010 and 2009, deferred financing costs of $5.1 million, $5.3 million, and $4.8 million, respectively, were amortized and recorded as interest expense in the accompanying consolidated statements of operations.

As more fully discussed in Note 7, as a result of the refinancing of the Company s credit facility, the Company wrote off $1.7 million of deferred financing costs, which is included in interest expense in the accompanying consolidated statements of operations for 2011. In addition, as more fully discussed in Note 7, as a result of the Company s repurchase of portions of its senior notes outstanding, the Company wrote off $0.3 million and $4.2 million of deferred financing costs during 2010 and 2009, respectively, which is included as a reduction in the net gain on extinguishment of debt in the accompanying consolidated statements of operations for 2010 and 2009.

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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
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 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, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available.

Goodwill and Indefinite-Lived Intangibles

Goodwill and other intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually and whenever triggering events or circumstances occur indicating that these intangibles may be impaired. The Company allocates goodwill to reporting units by comparing the fair value of each reporting unit identified 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. The Company estimates fair value using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available. If the fair value is less than the carrying value, 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 3 and Note 6.

Leases

The Company is leasing a 65.3 acre site in Osceola County, Florida on which the Gaylord Palms is located, a 10.0 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, office equipment, and other equipment. The Company s leases are discussed further in Note 14.

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.

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Other Assets

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

	2011	2010
Other current assets:		
Other current receivables	**$ 15,326**	$ 15,435
Income tax receivable		2,395
Prepaid expenses	**22,424**	20,241
Inventories	**10,762**	10,877
Other current assets	**26**	44
Total other current assets	**$ 48,538**	$ 48,992
Other long-term assets:		
Deferred software costs, net	**$ 17,685**	$ 22,086
Supplemental deferred compensation plan assets	**13,892**	13,422
Other	**19,136**	15,557
Total other long-term assets	**$ 50,713**	$ 51,065

Other Current Assets

Other current receivables result primarily from principal payments and interest income accrued on the notes received in connection with the development of Gaylord National and other non-operating income that are due within one year. Prepaid expenses consist of prepayments for property taxes at one of the Company s hotel properties, insurance and other contracts that will be expensed during the subsequent year. Inventories consist primarily of merchandise and food and beverage inventory for resale and are carried at the lower of cost or market. Cost is computed on an average cost basis.

Other Long-Term Assets

The Company capitalizes the costs of computer software developed for internal use. Accordingly, the Company has capitalized the external costs and certain internal payroll costs to develop computer software. Deferred software costs are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years. Amortization expense of deferred software costs during 2011, 2010 and 2009 was $8.7 million, $8.2 million, and $7.1 million, respectively.

Other assets include, among various other items, deferred costs associated with the Company s potential developments in Aurora, Colorado and Mesa, Arizona.

Accounts Payable and Accrued Liabilities

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

	2011	2010
Trade accounts payable	**$ 13,871**	$ 17,759
Accrued construction in progress	**7,506**	8,914

Property and other taxes payable	**28,939**	24,539
Deferred revenues	**44,611**	39,454
Accrued salaries and benefits	**29,566**	30,296
Accrued self-insurance reserves	**8,898**	8,603
Accrued interest payable	**5,589**	11,422
Other accrued liabilities	**29,995**	34,356
Total accounts payable and accrued liabilities	**$ 168,975**	$ 175,343

Deferred revenues consist primarily of deposits on advance bookings of hotel rooms and advance ticket sales at the Company s tourism properties, as well as uncollected attrition and cancellation fees. 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. Other accrued liabilities include accruals for, among others, purchasing, meeting planner commissions and utilities.

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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. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. See Note 13 for more detail on the Company s income taxes.

Other Long-Term Liabilities

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

	2011	2010
Pension and postretirement benefits liability	**$ 68,386**	$ 45,028
Straight-line lease liability	**62,570**	56,757
Deferred compensation liability	**13,892**	13,422
Unrealized tax benefits	**14,141**	18,952
Other	**7,220**	8,041
Total other long-term liabilities	**$ 166,209**	$ 142,200

Revenue Recognition

Revenues from occupied hotel rooms are recognized as earned on the close of business each day and from concessions and food and beverage sales at the time of the sale. Revenues from other services at the Company s hotels, such as spa, parking, and transportation services, are recognized at the time services are provided. Attrition fees, which are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, as well as cancellation fees, are recognized as revenue in the period they are collected. The Company recognizes revenues from the Opry and Attractions segment when services are provided or goods are shipped, as applicable. The Company is required to collect certain taxes from customers on behalf of government agencies and remit these to the applicable governmental entity on a periodic basis. These taxes are collected from customers at the time of purchase, but are not included in revenue. The Company records a liability upon collection from the customer and relieves the liability when payments are remitted to the applicable governmental agency.

Preopening Costs

The Company expenses the costs associated with start-up activities and organization costs associated with its development or reopening of hotels and significant attractions as incurred. The Company s preopening costs during 2011 primarily relate to a new restaurant concept at the Radisson Hotel at Opryland that opened in the third quarter of 2011. The Company s preopening costs during 2010 included costs associated with the reopening of Gaylord Opryland and the Grand Ole Opry House as more fully described in Note 2 below.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs included in continuing operations were $22.2 million, $25.6 million, and $18.7 million for 2011, 2010 and 2009, respectively.

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are described more fully in Note 9. The Company accounts for its stock-based compensation plan under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, *Compensation Stock Compensation.*

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Discontinued Operations

The Company has presented the operating results, financial position and cash flows of Corporate Magic as discontinued operations in the accompanying consolidated financial statements as of December 31, 2011 and 2010 and for each of the three years in the period ended December 31, 2011. The results of operations of this business, 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 this business are reflected as discontinued operations in the accompanying consolidated balance sheets, as further described in Note 3.

Income (Loss) Per Share

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 income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding after considering the effect of conversion of dilutive instruments, calculated using the treasury stock method. Net income (loss) per share amounts are calculated as follows for the years ended December 31 (income and share amounts in thousands):

		2011	
	Income	**Shares**	**Per Share**
Net income	**$ 10,177**	**48,351**	**$ 0.21**
Effect of dilutive common stock equivalents		**787**	
Effect of convertible notes		**645**	
Net income assuming dilution	**$ 10,177**	**49,783**	**$ 0.20**

		2010	
	Loss	**Shares**	**Per Share**
Net loss	$ (89,128)	47,256	$ (1.89)
Effect of dilutive common stock equivalents			
Net loss assuming dilution	$ (89,128)	47,256	$ (1.89)

		2009	
	Loss	**Shares**	**Per Share**
Net loss	$ (23)	42,490	$ (0.00)
Effect of dilutive common stock equivalents		244	
Net loss assuming dilution	$ (23)	42,734	$ (0.00)

For 2010, the effect of dilutive common stock equivalents was the equivalent of approximately 709,000 shares of common stock outstanding. Because the Company had a loss from continuing operations during 2010, these incremental shares were excluded from the computation of dilutive earnings per share for that year as the effect of their inclusion would have been anti-dilutive.

Additionally, the Company had approximately 1,401,000, 1,628,000 and 3,546,000 stock-based compensation awards outstanding as of December 31, 2011, 2010, and 2009, respectively, that could potentially dilute earnings per share in the future but were excluded from the computation of diluted earnings per share for 2011, 2010 and 2009, respectively, as the effect of their inclusion would have been anti-dilutive.

As discussed in Note 7, during September 2009, the Company issued 3.75% Convertible Senior Notes (the Convertible Notes) due 2014. It is the Company s intention to settle the face value of the Convertible Notes in cash upon conversion/maturity. Any conversion spread associated with the conversion/maturity of the Convertible Notes may be settled in cash or shares of the Company s common stock. The effect of potentially issuable shares under this conversion spread for the years ended December 31, 2010 and 2009 was the equivalent of approximately 413,000 and 0 shares, respectively, of common stock outstanding. Because the Company had a loss from continuing operations for 2010, these incremental shares were excluded from the computation of dilutive earnings per share for that period as the effect of their inclusion would have been anti-dilutive.

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In connection with the issuance of these notes, the Company entered into warrant transactions with the note underwriters to sell common stock warrants. The initial strike price of these warrants is $32.70 per share of the Company s common stock and the warrants cover an aggregate of approximately 13.2 million shares of the Company s common stock. If the average closing stock price of the Company s stock during the reporting period exceeds this strike price, these warrants will be dilutive. The warrants may only be settled in shares of the Company s common stock.

Comprehensive Income (Loss)

The Company s comprehensive income (loss) is presented in the accompanying consolidated statements of stockholders equity.

A rollforward of the amounts included in comprehensive income (loss) related to the fair value of financial derivative instruments that qualify for hedge accounting, net of deferred taxes, for the years ended December 31 is as follows (in thousands):

	Interest Rate Derivatives	Natural Gas Derivatives	Total Derivatives
Balance at December 31, 2009	$ (16,481)	$	$ (16,481)
2010 changes in fair value, net of deferred taxes of $(2,408) and $(184)	(4,312)	(337)	(4,649)
Reclassification to earnings, net of deferred taxes of $7,222 and $103	12,933	192	13,125
Balance at December 31, 2010	(7,860)	(145)	(8,005)
2011 changes in fair value, net of deferred taxes of $(159) and $(189)	**(288)**	**(344)**	**(632)**
Reclassification to earnings, net of deferred taxes of $4,526 and $270	**8,148**	**489**	**8,637**
Balance at December 31, 2011	**$**	**$**	**$**

Derivatives and Hedging Activities

As more fully discussed in Note 8, the Company utilizes derivative financial instruments to reduce interest rate risks related to its variable rate debt and to manage risk exposure to changes in the value of portions of its fixed rate debt, as well as changes in the prices at which the Company purchases natural gas. The Company records derivatives in the statement of financial position and measures derivatives 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 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.

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.

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Newly Issued Accounting Standards

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

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

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

2. Nashville Flood

On May 3, 2010, Gaylord Opryland, the Grand Ole Opry, certain of the Company s Nashville-based attractions, and certain of the Company s corporate offices experienced significant flood damage as a result of the historic flooding of the Cumberland River (collectively, the Nashville Flood). Gaylord Opryland, the Grand Ole Opry, and certain of the Company s corporate offices were protected by levees accredited by the Federal Emergency Management Agency (FEMA) (which, according to FEMA, was based on information provided by the Company), and built to sustain a 100-year flood; however, the river rose to levels that over-topped the levees. Gaylord Opryland reopened November 15, 2010. The Grand Ole Opry continued its schedule at alternative venues, including the Company-owned Ryman Auditorium, and the Grand Ole Opry House reopened September 28, 2010. Certain other of the Company s Nashville-based attractions were closed for a period of time, but reopened during June and July 2010, and the majority of the affected corporate offices reopened during November 2010. The Company has segregated all costs and insurance proceeds related to the Nashville Flood from normal operations and reported those amounts as casualty loss or preopening costs in the accompanying consolidated statements of operations.

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Casualty Loss

Casualty loss in the accompanying consolidated statement of operations for the years ended December 31 was comprised of the following (in thousands):

2011	Hospitality	Opry and Attractions	Corporate and Other	Total
Site remediation	$ (179)	$ 286	$ (81)	$ 26
Impairment of property and equipment			332	332
Non-capitalized repairs of buildings and equipment		67	14	81
Other	6	146	634	786
Net casualty loss	$ (173)	$ 499	$ 899	$ 1,225

2010	Hospitality	Opry and Attractions	Corporate and Other	Insurance Proceeds	Total
Site remediation	$ 15,586	$ 2,895	$ 913	$	$ 19,394
Impairment of property and equipment	30,470	7,366	7,134		44,970
Other asset write-offs	1,811	1,098			2,909
Non-capitalized repairs of buildings and equipment	1,649	2,932	239		4,820
Continuing costs during shut-down period	15,644	3,023	779		19,446
Other	169	93	520		782
Insurance proceeds				(50,000)	(50,000)
Net casualty loss	$ 65,329	$ 17,407	$ 9,585	$ (50,000)	$ 42,321

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

Site remediation began as soon as flood waters ceased to rise. Site remediation, as described herein, includes expenditures for outside contractors to perform water extraction, debris removal, humidity control, facility cleaning and sanitizing, and the establishment of temporary utilities.

Based on an ongoing assessment of the flood damage and necessary replacement of property and equipment, in connection with its preparation of financial information for the second quarter of 2010, the Company made an estimate of the amount of the impairment charges incurred in connection with the Nashville Flood. As the Company continued its rebuilding efforts during the remainder of 2010, it determined additional write-offs of property and equipment were necessary. The gross carrying amount of property and equipment written down during 2010 as a result of damage sustained from the Nashville Flood, which included land improvements, buildings and furniture, fixtures and equipment, was $161.2 million, and the related accumulated depreciation of this property and equipment was $116.2 million, which resulted in total impairment charges of $45.0 million. In connection with its preparation of financial information for the fourth quarter of 2011, the Company determined an additional write-off of property and equipment was necessary. The gross carrying amount of property and equipment written down during 2011 as a result of damage sustained from the Nashville Flood was $0.4 million, and the related accumulated depreciation of this property and equipment was $0.1 million, which resulted in total impairment charges of $0.3 million.

Other asset write-offs primarily include inventory items that were no longer able to be used or sold due to flood damage. Non-capitalized repairs of buildings and equipment primarily include the cost of repairs of items that did not require complete replacement. As the Company concludes it rebuilding and non-capitalized repair process, additional costs may be necessary.

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The Company also incurred operating costs at the affected properties during the period that the properties were closed. The Company has included continuing operating costs, other than depreciation and amortization, incurred through June 10, 2010 (the date at which the Company determined that the remediation was substantially complete), as well as certain specific operating costs incurred subsequent to that date directly related to remediating the flooded properties, as casualty loss in the accompanying consolidated statement of operations. The majority of these costs classified as casualty loss during 2010 were employment costs ($12.6 million), equipment and facility rental ($2.5 million), property and other taxes ($0.8 million), consulting fees ($0.9 million), and insurance costs ($0.3 million).

Insurance Proceeds

At May 3, 2010, the Company had in effect a policy of insurance with a per occurrence flood limit of $50.0 million at the affected properties. During 2010, the Company received $50.0 million in insurance proceeds and has recorded these insurance proceeds as an offset to the net casualty loss in the accompanying consolidated statement of operations. At December 31, 2011, the Company s per occurrence flood insurance is $150.0 million.

Preopening Costs

The Company expenses the costs associated with start-up activities and organization costs associated with its development of hotels and significant attractions as incurred. In 2010, as a result of the extensive damage to Gaylord Opryland and the Grand Ole Opry House and the extended period in which these properties were closed, the Company incurred costs associated with the redevelopment and reopening of these facilities through the date of reopening. The Company has included all costs directly related to redeveloping and reopening these affected properties, as well as all continuing operating costs not directly related to remediating the flooded properties, other than depreciation and amortization, incurred since June 10, 2010 (the date at which the Company determined that the remediation was substantially complete) through the date of reopening, as preopening costs in the accompanying consolidated statement of operations. During 2010, the Company incurred $55.3 million in preopening costs. The majority of the costs classified as preopening costs during 2010 include employment costs ($29.0 million), advertising and promotional costs ($6.8 million), facility costs ($3.7 million), supplies ($3.0 million), property and other taxes ($2.7 million), equipment and facility rental ($1.7 million), and insurance costs ($1.3 million).

3. Discontinued Operations

As discussed in Note 1, the Company has reflected the following businesses as discontinued operations. 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 for all periods presented.

Corporate Magic

During the second quarter of 2010, in a continued effort to focus on its core Gaylord Hotels and Opry and Attractions businesses, the Company committed to a plan of disposal of its Corporate Magic business. On June 1, 2010, the Company completed the sale of Corporate Magic through the transfer of all of its equity interests in Corporate Magic, Inc. to the president of Corporate Magic who, prior to the transaction, was employed by the Company. In exchange for its equity interests in Corporate Magic, the Company received, prior to giving effect to a purchase price adjustment based on the working capital of Corporate Magic as of the closing, a note receivable, which terms provide for a quarterly payment from the purchaser, beginning in the second quarter of 2011 through the first quarter of 2017. The Company recorded this note receivable at its fair value of $0.4 million, based on the expected cash receipts under the note, discounted at a discount rate that reflects management s assessment of a market participant s view of risks associated with the projected cash flows of Corporate Magic. The Company recognized a pretax gain of $0.6 million related to the sale of Corporate Magic in 2010.

At December 31, 2008, the carrying amount of the Company s goodwill associated with Corporate Magic was $6.9 million. In connection with the preparation of the Company s financial statements for the third quarter of 2009, as a result of significant adverse changes in the business climate of Corporate Magic, the Company determined that the goodwill of this reporting unit may have been impaired and performed an interim impairment review on this goodwill, as described in Note 1. As a result, the Company recorded an impairment charge of $6.6 million during 2009, to write down the carrying value of goodwill at the impaired reporting unit to its implied fair value of $0.3 million. The Company estimated the fair value of the reporting unit by using a discounted cash flow analysis that utilized comprehensive cash flow projections, as well as assumptions based on market data to the extent available. The discount rate utilized in this analysis was 16%, which reflected market-based estimates of capital costs and discount rates adjusted for management s assessment of a market participant s view of risks associated with the projected cash flows of the reporting unit.

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

	2011	2010	2009
Revenues:			
Corporate Magic	$	$ 2,389	$ 6,276
Operating income (loss):			
Corporate Magic	**$ 56**	$ (716)	$ (7,708)
Other	**22**	204	(87)
Total operating income (loss)	**78**	(512)	(7,795)
Interest expense, net of amounts capitalized			(1)
Interest income	**60**	32	
Other gains and (losses):			
Corporate Magic		618	
Other	**38**	45	119
Total other gains and (losses)	**38**	663	119
Income (loss) before income taxes	**176**	183	(7,677)
(Provision) benefit for income taxes	**(67)**	2,887	540
Income (loss) from discontinued operations	**$ 109**	$ 3,070	$ (7,137)

The benefit for income taxes for 2010 primarily relates to a permanent tax benefit recognized on the sale of the stock of Corporate Magic.

4. Property and Equipment

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

	2011	2010
Land and land improvements	**$ 217,811**	$ 214,989
Buildings	**2,272,381**	2,241,813
Furniture, fixtures and equipment	**533,396**	482,011
Construction in progress	**59,822**	51,843
	3,083,410	2,990,656
Accumulated depreciation	**(874,283)**	(789,211)
Property and equipment, net	**$ 2,209,127**	$ 2,201,445

Depreciation expense, including amortization of assets under capital lease obligations, of continuing operations during 2011, 2010 and 2009 was $116.6 million, $97.4 million, and $109.2 million, respectively.

5. Notes Receivable

In connection with the development of Gaylord National, Prince George s County, Maryland (the County) issued three series of bonds. The first bond issuance, with a face value of $65 million, was issued by the County 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, with a face value of $95 million (Series A Bond), was issued by the County in April 2005 and placed into escrow until substantial completion of the convention center and 1,500 rooms within the hotel. The Series A Bond and the third bond issuance, with a face value of $50 million (Series B Bond), were delivered to the Company upon substantial completion and opening of the Gaylord National on April 2, 2008. The interest rate on the Series A Bond and Series B Bond is 8.0% and 10.0%, respectively. The maturity date of the Series A Bond and the Series B Bond is July 1, 2034 and September 1, 2037, respectively.

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The Company is currently holding the Series A Bond and Series B Bond and receiving the debt service thereon, which is payable from tax increments, hotel taxes and special hotel rental taxes generated from the development through the maturity date. During the second quarter of 2008, the Company calculated the present value of the future debt service payments from the Series A Bond and Series B Bond based on their effective interest rates of 8.04% and 11.42%, respectively, at the time the bonds were delivered to the Company and recorded a note receivable and offset to property and equipment in the amounts of $93.8 million and $38.3 million, respectively, in the accompanying consolidated balance sheet. The Company also calculated the present value of the interest that had accrued on the Series A Bond between its date of issuance and delivery to the Company based on its effective interest rate of 8.04% at the time the bond was delivered to the Company and recorded a note receivable and offset to property and equipment in the amount of $18.3 million in the accompanying consolidated balance sheet. The Company is recording the amortization of discount on these notes receivable as interest income over the life of the notes.

During 2011, 2010 and 2009, the Company recorded interest income of $12.3 million, $12.8 million and $14.8 million, respectively, on these bonds. The Company received payments of $14.4 million, $16.3 million and $17.1 million during 2011, 2010 and 2009, respectively, relating to this note receivable.

6. Intangibles

The carrying amount of indefinite lived intangible assets not subject to amortization in continuing operations was $1.5 million at December 31, 2011 and 2010. The gross carrying amount of amortized intangible assets in continuing operations was $1.2 million at December 31, 2011 and 2010. The related accumulated amortization of intangible assets in continuing operations was $1.1 million and $1.0 million at December 31, 2011 and 2010, respectively. The amortization expense related to intangibles from continuing operations during 2011, 2010, and 2009 was $30,000, $42,000 and $52,000 respectively.

7. Debt

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

	2011	2010
$925 Million Credit Facility	**$ 600,000**	$
$1.0 Billion Credit Facility		700,000
3.75% Convertible Senior Notes, net of unamortized discount of $40,754 and $53,449	**319,246**	306,551
6.75% Senior Notes	**152,180**	152,180
Capital lease obligations	**2,399**	484
Total debt	**1,073,825**	1,159,215
Less amounts due within one year	**(755)**	(58,574)
Total long-term debt	**$ 1,073,070**	$ 1,100,641

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

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

Total

	$925 Million Credit Facility	3.75% Convertible Senior Notes	6.75% Senior Notes	
2012	$	$	$	**$**
2013				
2014		360,000	152,180	**512,180**
2015	600,000			**600,000**
2016				
Years thereafter				
Total	$ 600,000	$ 360,000	$ 152,180	**$ 1,112,180**

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Accrued interest payable at December 31, 2011 and 2010 was $5.6 million and $11.4 million, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

$1.0 Billion Credit Facility

On July 25, 2008, the Company refinanced its $1.0 billion credit facility by entering into a Second Amended and Restated Credit Agreement (the $1.0 Billion Credit Facility) by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent. The $1.0 Billion Credit Facility consisted of the following components: (a) $300.0 million senior secured revolving credit facility, which included a $50.0 million letter of credit sublimit and a $30.0 million sublimit for swingline loans, and (b) a $700.0 million senior secured term loan facility. The term loan facility was fully funded at closing. The $1.0 Billion Credit Facility also included an accordion feature that would allow the Company to increase the $1.0 Billion Credit Facility by a total of up to $400.0 million in no more than three occasions, subject to securing additional commitments from existing lenders or new lending institutions. The revolving loan, letters of credit, and term loan were scheduled to mature on July 25, 2012. At the Company s election, the revolving loans and the term loans beared interest at an annual rate of LIBOR plus 2.50% or a base rate (the higher of the lead bank s prime rate and the federal funds rate) plus 0.50%. The Company was required to pay a commitment fee of 0.25% per year of the average unused portion of the $1.0 Billion Credit Facility. The purpose of the $1.0 Billion Credit Facility was for working capital, capital expenditures, the financing of the remaining costs and expenses related to the construction of the Gaylord National hotel, and other corporate purposes.

$925 Million Credit Facility.

On August 1, 2011, the Company refinanced the $1.0 Billion Credit Facility by entering into a $925 million senior secured credit facility by and among the Company, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Bank of America, N.A., as administrative agent (the $925 Million Credit Facility). The $925 Million Credit Facility consists of the following components: (a) a $525.0 million senior secured revolving credit facility, of which $200.0 million was drawn at closing, and includes a $75.0 million letter of credit sublimit and a $50.0 million sublimit for swingline loans, and (b) a $400.0 million senior secured term loan facility, which was fully funded at closing. The $925 Million Credit Facility also includes an accordion feature that will allow the Company to increase the facility by a total of up to $475.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The $925 Million Credit Facility matures on August 1, 2015 and bears interest at an annual rate of LIBOR plus 2.25% or the bank s base rate plus 1.25%, subject to adjustment based on the Company s implied debt service coverage ratio, as defined in the agreement. 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-based loans. Principal is payable in full at maturity. The Company is required to pay a fee of 0.3% to 0.4% per year of the average unused portion of the $925 Million Credit Facility. The purpose of the $925 Million Credit Facility is for working capital, capital expenditures, and other corporate purposes.

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

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

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

- The Company must maintain a consolidated tangible net worth of not less than $850.0 million plus 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, as defined in the agreement, of not less than 1.75 to 1.00.

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 assumed fixed rate) of not less than 1.60 to 1.00.

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

As a result of the refinancing of the $1.0 Billion Credit Facility, the Company wrote off $1.7 million of deferred financing costs, which are included in interest expense in the accompanying consolidated statements of operations.

As of December 31, 2011, $600.0 million of borrowings were outstanding under the $925 Million Credit Facility, and the lending banks had issued $8.0 million of letters of credit under the facility for the Company, which left $317.0 million of availability under the credit facility (subject to the satisfaction of debt incurrence tests under the indentures governing our senior notes).

3.75% Convertible Senior Notes

During September 2009, the Company issued $360 million, including the exercise of an overallotment option, of 3.75% Convertible Senior Notes. The Convertible Notes have a maturity date of October 1, 2014, and interest is payable semiannually in cash in arrears on April 1 and October 1. The Notes are convertible, under certain circumstances as described below, at the holder s option, into shares of the Company s common stock, at an initial conversion rate of 36.6972 shares of common stock per $1,000 principal amount of Convertible Notes, which is equivalent to an initial conversion price of approximately $27.25 per share. The Company may elect, at its option, to deliver shares of its common stock, cash or a combination of cash and shares of its common stock in satisfaction of its obligations upon conversion of the Convertible Notes.

The Convertible Notes are convertible under any of the following circumstances: (1) during any calendar quarter (and only during such calendar quarter), if the closing price of the Company s common stock for at least 20 trading days during the 30 consecutive trading day period ending on the last trading day of the immediately preceding calendar quarter exceeds 120% of the applicable conversion price per share of common stock on the last trading day of such preceding calendar quarter; (2) during the ten business day period after any five consecutive trading day period in which the Trading Price (as defined in the Indenture) per $1,000 principal amount of Convertible Notes, as determined following a request by a Convertible Note holder, for each day in such five consecutive trading day period was less than 98% of the product of the last reported sale price of the Company s common stock and the applicable conversion rate, subject to certain procedures; (3) if specified corporate transactions or events occur; or (4) at any time on or after July 1, 2014, until the second scheduled trading day immediately preceding October 1, 2014. As of December 31, 2011, none of the conditions permitting conversion had been satisfied.

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

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

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

The Company accounts for the liability (debt) and the equity (conversion option) components of the Convertible Notes in a manner that reflects the Company s nonconvertible debt borrowing rate. Accordingly, the Company recorded a debt discount and corresponding increase to additional paid-in capital of $68.0 million as of the date of issuance. In addition, transaction costs of approximately $10.0 million were proportionally allocated between the liability and equity components. The Company is amortizing the debt discount utilizing the effective interest method over the life of the Convertible Notes, which increases the effective interest rate of the Convertible Notes from its coupon rate of 3.75% to 8.46%. During 2011, 2010 and 2009, the Company incurred cash interest expense of $13.5 million, $13.5 million and $3.5 million, respectively, relating to the interest coupon on the Convertible Notes and non-cash interest expense of $12.7 million, $11.7 million and $2.9 million, respectively, related to the amortization of the debt discount on the Convertible Notes.

Concurrently with the offering of the Convertible Notes, the Company entered into convertible note hedge transactions with respect to its common stock (the Purchased Options) with counterparties affiliated with the initial purchasers of the Convertible Notes, for purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The initial strike price of the Purchased Options is $27.25 per share of the Company s common stock (the same as the initial conversion price of the Convertible Notes) and is subject to certain customary adjustments. The Purchased Options cover, subject to anti-dilution adjustments substantially similar to the Convertible Notes, approximately 13.2 million shares of common stock. The Company may settle the Purchased Options in shares, cash or a combination of cash and shares, at its option. The cost of the Purchased Options was approximately $76.7 million, which was recorded as a reduction to additional paid-in capital. The Purchased Options will expire on October 1, 2014.

Separately and concurrently with entering into the Purchased Options, the Company also entered into warrant transactions whereby it sold warrants to each of the hedge counterparties to acquire, subject to anti-dilution adjustments, up to approximately 13.2 million shares of common stock at an initial exercise price of $32.70 per share. The warrants may only be settled in shares of the Company s common stock. The aggregate proceeds from the warrant transactions were approximately $43.7 million, which was recorded as an increase to additional paid-in capital.

The Company s net proceeds from the issuance of the Convertible Notes totaled approximately $317.1 million, after deducting discounts, commissions and offering expenses payable by the Company (including the net cost of the convertible note hedge transactions entered into in connection with the offering of the Convertible Notes). The Company used the majority of these proceeds, together with cash on hand, to purchase, redeem or otherwise acquire all of its 8% senior notes originally due 2013, as more fully disclosed below. The remaining balance of the net proceeds is for general corporate purposes, which may include acquisitions, future development opportunities for new hotel properties, potential expansions or ongoing maintenance of the Company s existing hotel properties, investments, or the repayment or refinancing of all or a portion of any of the Company s outstanding indebtedness.

8% Senior Notes

In April 2004, the Company completed its offering of $350 million in aggregate principal amount of senior notes due 2013 (the 8% Senior Notes) in an institutional private placement followed by a registered exchange offer. The interest rate on these notes was 8%, although the Company entered into fixed to variable interest rate swaps with respect to $125 million principal amount of the 8% Senior Notes, which swaps resulted 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 were set to mature on November 15, 2013, bore interest semi-annually in arrears on May 15 and November 15 of each year.

During the first nine months of 2009, the Company repurchased $61.6 million in aggregate principal amount of its outstanding 8% Senior Notes for $44.7 million. After adjusting for deferred financing costs and other costs, the Company recorded a pre-tax gain of $15.9 million as a result of the repurchases, which is recorded as a net gain on extinguishment of debt in the accompanying consolidated statement of operations. The Company used available cash and borrowings under its revolving credit facility to finance the purchases.

On September 23, 2009, the Company commenced a cash tender offer for its outstanding 8% Senior Notes and a solicitation of consents from holders of the 8% Senior Notes to effect certain proposed amendments to the indenture governing these notes. On October 6, 2009, the Company received the requisite consents of holders representing at least a majority in principal amount of the 8% Senior Notes then outstanding to enter into the Sixth Supplemental Indenture pursuant to the Company s previously announced consent solicitation with respect to the 8% Senior Notes. Following the expiration of the tender offer on October 21, 2009, $223.6 million aggregate principal amount of the Company s outstanding 8% Senior Notes had been validly tendered and were repurchased by the Company pursuant to the terms of the tender offer. The Company also called for redemption at a price of 102.667% of the principal amount thereof, plus accrued interest, on November 15, 2009, all remaining outstanding 8% Senior Notes. As a result of these transactions, after adjusting for deferred financing costs, the deferred gain on a terminated swap related to these notes, and other costs, the Company recorded a pre-tax loss of $6.0 million, which is recorded as an offset in the net gain on extinguishment of debt in the accompanying consolidated statement of operations. The Company used available cash and proceeds from the issuance of the Convertible Notes and the common stock offering to finance the purchases.

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6.75% Senior Notes

On November 30, 2004, the Company completed its offering of $225 million in aggregate principal amount of senior notes due 2014 (the 6.75% Senior Notes) in an institutional private placement. In April 2005, the Company filed an exchange offer registration statement on Form S-4 with the SEC with respect to the 6.75% Senior Notes and subsequently exchanged the existing senior notes for publicly registered senior notes with the same terms after the registration statement was declared effective in May 2005. The interest rate of these notes is 6.75%. The 6.75% Senior Notes, which mature on November 15, 2014, bear interest semi-annually in cash in arrears on May 15 and November 15 of each year. 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. 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.

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.

During 2010, the Company repurchased $28.5 million in aggregate principal amount of its outstanding 6.75% Senior Notes for $27.0 million. After adjusting for deferred financing costs and other costs, the Company recorded a pre-tax gain of $1.3 million as a result of the repurchase, which is recorded as a net gain on extinguishment of debt in the accompanying consolidated statement of operations.

During 2009, the Company repurchased $27.0 million in aggregate principal amount of its outstanding 6.75% Senior Notes for $17.8 million. After adjusting for deferred financing costs and other costs, the Company recorded a pre-tax gain of $8.8 million as a result of the repurchase, which is recorded as a net gain on extinguishment of debt in the accompanying consolidated statement of operations.

8. Derivative Financial Instruments

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are interest rate risk and commodity price risk. Interest rate swaps are entered into to manage interest rate risk associated with portions of the Company s fixed and variable rate borrowings. Natural gas price swaps are entered into to manage the price risk associated with forecasted purchases of natural gas and electricity used by the Company s hotels. The Company designates its interest rate swaps as cash flow hedges of variable rate borrowings and natural gas price swaps as cash flow hedges of forecasted purchases of natural gas and electricity. The Company had designated certain interest rate swaps of its fixed rate borrowings as fair value hedges prior to the termination of these interest rate swaps in the second quarter of 2009. All of the Company s derivatives are held for hedging purposes. Prior to July 2009, a portion of the Company s natural gas price swap contracts were considered economic hedges and did not qualify for hedge accounting. The Company does not engage in speculative transactions, nor does it hold or issue financial instruments for trading purposes. All of the counterparties to the Company s derivative agreements are financial institutions with at least investment grade credit ratings.

Cash Flow Hedging Strategy

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

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

The Company enters into natural gas price swap contracts to manage the price risk associated with a portion of the Company s forecasted purchases of natural gas and electricity used by the Company s hotels. The objective of these hedges is to reduce the variability of cash flows associated with the forecasted purchases of these commodities. At December 31, 2011, the Company had no natural gas price swap contracts outstanding. At December 31, 2010, the Company had 36 variable to fixed natural gas price swap contracts that matured from January 2011 to December 2011 with an aggregate notional amount of approximately 1,031,000 dekatherms. The Company designated these natural gas price swap contracts as cash flow hedges.

The Company previously entered into six natural gas price swap contracts that were scheduled to mature from July 2010 to December 2010 to manage the price risk associated with a portion of the forecasted purchases of natural gas to be used at Gaylord Opryland. As a result of the Nashville Flood discussed above, the majority of these purchases were not going to be made. During June 2010, the Company terminated these contracts and received $0.1 million in cash, which is recorded in other gains and losses in the accompanying consolidated statement of operations for 2010.

Fair Value Hedging Strategy

For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, is recognized in the same line item associated with the hedged item in current earnings (e.g., in interest expense when the hedged item is fixed-rate debt).

The Company previously entered into two interest rate swap agreements to manage interest rate risk exposure on its fixed rate debt. The interest rate swap agreement utilized by the Company effectively modified the Company s exposure to interest rate risk by converting $125.0 million of the Company s fixed rate debt outstanding under its 8% Senior Notes to a variable rate equal to six-month LIBOR plus 2.95%, thus reducing the impact of interest rate changes on the fair value of the underlying fixed rate debt. This agreement involved the receipt of fixed rate amounts in exchange for variable rate interest payments through November 15, 2013, without an exchange of the underlying principal amount. The critical terms of the swap agreement mirrored the terms of the 8% Senior Notes. Therefore, the Company designated these interest rate swap agreements as fair value hedges. The counterparties, as permitted by the agreements, each opted to terminate its portion of the $125.0 million swap agreement effective May 15, 2009. As stated in the agreement, the two counterparties each paid a $2.5 million termination fee, plus accrued interest, to the Company on May 15, 2009. Prior to the redemption of the 8% Senior Notes discussed in Note 7, the Company amortized the resulting $5.0 million gain on the swap agreement over the remaining term of the 8% Senior Notes using the effective interest method. As a result of the redemption of the 8% Senior Notes, the Company recognized the remaining unamortized gain on the swap agreement during the fourth quarter of 2009, which is included in net gain on extinguishment of debt in the accompanying consolidated statement of operations for 2009. During 2009, the Company recognized a loss on derivative of $1.2 million and a gain on the related hedged fixed rate debt of $1.2 million, both of which are recorded in interest expense, net of amounts capitalized, in the accompanying consolidated statement of operations for 2009. The Company had no open fair value hedges at December 31, 2011 or 2010.

The fair value of the Company s derivative instruments based upon quotes, with appropriate adjustments for non-performance risk of the parties to the derivative contracts, at December 31 is as follows:

	Asset Derivatives		Liability Derivatives	
(in thousands)	2011	2010	2011	2010
Derivatives designated as hedging instruments:				
Interest rate swaps cash flow hedges	$	$	$	$ 12,227
Natural gas swaps		22		248

Total derivatives designated as hedging instruments	$	$ 22	$	$ 12,475

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The effect of derivative instruments on the statement of operations for the years ended December 31 is as follows (in thousands):

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion) 2011	2010	Location of Amount Reclassified from Accumulated OCI into Income	Amount Reclassified from Accumulated OCI into Income 2011	2010
Interest rate swaps	**$ (447)**	$ (6,720)	Interest expense, net of amounts capitalized	**$ 12,674**	$ 20,154
Natural gas swaps	**(533)**	(521)	Operating costs	**759**	295
Total	**$ (980)**	**$ (7,241)**	**Total**	**$ 13,433**	**$ 20,449**

Derivatives Not Designated as Hedging Instruments	Location of Gain Recognized in Income on Derivatives	Amount of Gain Recognized in Income on Derivative 2011	2010
Natural gas swaps	Other gains and (losses), net	**$**	$ 202

9. Stock Plans

The Company s 2006 Omnibus 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. 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.

Stock option awards are generally granted with an exercise price equal to the market price of the Company s stock at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable after one year from the date of grant, while options granted to employees are exercisable one to four years from the date of grant. The Company records compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option s vesting period unless the option award contains a market provision, in which case the Company records compensation expense equal to the fair value of each award on a straight-line basis over the requisite service period for each separately vesting portion of the award. 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 expected option exercise and employee termination patterns 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.

The weighted average for key assumptions used in determining the fair value of options granted in the period ended December 31 are as follows:

	2011	2010	2009
Expected volatility	**68.2% - 68.2%**	67.1% - 68.1%	54.6% - 64.5%
Weighted-average expected volatility	**68.2%**	67.1%	56.2%
Expected dividends			
Expected term (in years)	**5.1 - 5.1**	4.9 - 5.1	5.0 - 5.1
Risk-free rate	**2.1% - 2.1%**	1.3% - 2.6%	1.9% - 2.7%

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A summary of stock option activity under the Company s equity incentive plans as of December 31, 2011 and changes during the year ended December 31, 2011 is presented below:

Stock Options	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2011	**2,661,299**	**$ 27.73**
Granted	**204,600**	**34.30**
Exercised	**(198,034)**	**22.48**
Canceled	**(135,381)**	**41.85**
Outstanding at December 31, 2011	**2,532,484**	**27.92**
Exercisable at December 31, 2011	**1,765,521**	**30.19**

The weighted average remaining contractual term of options outstanding and exercisable as of December 31, 2011 was 4.7 and 3.2 years, respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2011 was $7.1 million and $3.5 million, respectively. The weighted-average grant-date fair value of options granted during 2011, 2010, and 2009 was $19.94, $11.56, and $5.38, respectively. The total intrinsic value of options exercised during 2011, 2010, and 2009 was $2.4 million, $7.5 million, and $0.01 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 vest one to four years from the date of grant, and Restricted Stock Awards granted to non-employee directors vest after one year 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 generally 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 2011, 2010, and 2009 was $33.26, $21.97, and $11.73, respectively. Additionally, the Company granted 67,400 Restricted Stock Awards to certain members of its management team which may vest in 2014. The number of awards that will ultimately vest will be based on Company performance relative to the annual budgets approved by the Company s board of directors. The Company will not begin recognizing compensation cost for these awards until the fourth quarter of 2012 when the 2013 budget is approved and the key terms and conditions of the awards will be deemed to be established and a grant date will have occurred. A summary of the status of the Company s Restricted Stock Awards as of December 31, 2011 and changes during the year ended December 31, 2011, is presented below:

Restricted Stock Awards	Shares	Weighted Average Grant-Date Fair Value
Nonvested shares at January 1, 2011	471,894	$ 18.92
Granted	281,780	33.26
Vested	(100,149)	19.81
Canceled	(19,878)	28.96
Nonvested shares at December 31, 2011	633,647	25.15

The fair value of all Restricted Stock Awards that vested during 2011, 2010 and 2009 was $3.3 million, $2.5 million and $0.8 million, respectively.

Under its long term incentive plan for key executives (LTIP) pursuant to the Plan, in February 2008, the Company granted selected executives and other key employees 449,500 restricted stock units (LTIP Restricted Stock Units) and 650,000 stock options (LTIP Stock Options). The LTIP Restricted Stock Units initially vested to the extent performance criteria were satisfied at the end of their four-year term. On September 3, 2010, the Company and certain executives entered into amendments to certain of the LTIP Restricted Stock Unit award agreements. As amended, the LTIP Restricted Stock Units will vest as follows: 25% of the LTIP Restricted Stock

Units vested on the date of amendment; some, all or none of the remaining 75% of the LTIP Restricted Stock Units will vest on February 4, 2012 based on the extent to which the performance criteria specified in the original award agreement are satisfied (consistent with the original terms of the award agreements); and 25% of the LTIP Restricted Stock Units will vest on December 31, 2012 provided that the recipient remains employed by the Company on such date (unless vested earlier on February 4, 2012 to the extent performance criteria are satisfied). The number of LTIP Restricted Stock Units that ultimately vest will be determined based on the achievement of various company-wide performance goals. Based on current projections, the Company expects that portions of the performance goals will be achieved and, when coupled with the time-based portion of the awards, all of the LTIP Restricted Stock Units granted will vest. As a result of the amendments to the LTIP Restricted Stock Unit award agreements during 2010, the Company recorded additional compensation cost of $2.8 million. The Company is currently recording compensation expense equal to the fair value of all of the LTIP Restricted Stock Units granted on a straight-line basis over the requisite service period for each separately vesting portion of the awards. If there are changes in the expected achievement of the performance goals, the Company will adjust compensation expense accordingly. The fair value of the LTIP Restricted Stock Units was determined based on the market price of the Company s stock at the date of grant for the performance-based awards and based on the market price of the Company s stock at the date of the amendments for the time-based awards. The LTIP Stock Options, which vested two to four years from the date of grant and had a term of ten years, were granted with an exercise price of $38.00, while the market price of the Company s common stock on the grant date was $31.02. As a result of this market condition, prior to August 6, 2009, the Company was recording compensation expense equal to the fair value of each LTIP Stock Option granted on a straight-line basis over the requisite service period for each separately vesting portion of the award.

On August 6, 2009, the Company entered into Stock Option Cancellation Agreements with certain members of its management team, pursuant to which such individuals surrendered and cancelled 510,000 LTIP Stock Options with an exercise price of $38.00 per share, as well as 472,200 stock options with exercise prices ranging from $40.22 to $56.14 per share, to purchase shares of the Company s common stock (the Cancelled Stock Options), in order to make additional shares available under the Plan for future equity grants to Company personnel. Pursuant to the terms of the Stock Option Cancellation Agreements, these individuals and the Company acknowledged and agreed that the surrender and cancellation of the Cancelled Stock Options was without any expectation to receive, and was without any obligation on the Company to pay or grant, any cash payment, equity awards or other consideration presently or in the future in regard to the cancellation of the Cancelled Stock Options. The Company determined that because the Cancelled Stock Options were cancelled without a concurrent grant of a replacement award, the cancellation should be accounted for as a settlement for no consideration. Therefore, the Company recorded the previously unrecognized compensation cost related to the Cancelled Stock Options of $3.0 million during 2009.

Summaries of the status of the Company s LTIP Restricted Stock Units and LTIP Stock Options as of December 31, 2011 and changes during the year ended December 31, 2011, are presented below:

LTIP Restricted Stock Units	**Shares**	**Weighted Average Grant-Date Fair Value**
Nonvested shares at January 1, 2011	281,500	$ 30.48
Granted		
Vested		
Canceled		
Nonvested shares at December 31, 2011	281,500	30.48

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LTIP Stock Options	Number of Shares	Weighted Average Exercise Price
Outstanding at January 1, 2011	76,666	$ 38.00
Granted		
Exercised		
Canceled	(76,666)	38.00
Outstanding at December 31, 2011		
Exercisable at December 31, 2011		

As of December 31, 2011, there was $18.7 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 2.3 years.

Under its Performance Accelerated Restricted Stock Unit Program (PARSUP) pursuant to the Plan, the Company granted certain executives and other key employees restricted stock units, the vesting of which occurred upon the earlier of February 2008 or the achievement of various company-wide performance goals. The fair value of PARSUP awards was determined based on the market price of the Company s stock at the date of grant. The Company recorded compensation expense equal to the fair value of each PARSUP award granted on a straight line basis over a period beginning on the grant date and ending February 2008. No PARSUP awards were granted during 2011, 2010 or 2009. All PARSUP awards vested in February 2008, but certain recipients elected to defer receipt of their vested PARSUP awards.

The compensation cost that has been charged against pre-tax income for all of the Company s stock-based compensation plans, including the additional compensation cost related to the amendments of the LTIP Restricted Stock Unit award agreements and the previously unrecognized compensation cost related to the Cancelled Stock Options described above, was $10.2 million, $10.1 million, and $10.0 million for 2011, 2010, and 2009, 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 $3.7 million, $3.6 million, and $3.6 million for 2011, 2010, and 2009, respectively.

Cash received from option exercises under all stock-based employee compensation arrangements for 2011, 2010, and 2009 was $4.5 million, $25.7 million, and $0.1 million, respectively. The actual tax expense (benefit) realized from exercise, vesting or cancellation of the stock-based employee compensation arrangements during 2011, 2010, and 2009 totaled $(0.7) million, $(2.3) million, and $3.1 million, respectively, and is reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders equity 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 15,098, 13,044, and 33,172 shares of common stock at an average price per share of $24.41, $27.16, and $12.48 during 2011, 2010, and 2009 respectively.

10. Retirement Plans

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 those participating at January 1, 2001 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 terminated vested participant upon retirement at age 65, or as early as age 55 if the participant had 15 years of service at the time the plan was frozen, is equal to the participant s account balance, which increases with interest credits over time. 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. On December 31, 2001, the plan was frozen such that no new participants were allowed to enter the plan and existing participants were no longer eligible to earn service credits.

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

	2011	2010
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	**$ 80,278**	$ 74,882
Interest cost	**4,151**	4,229
Actuarial loss	**13,402**	4,740
Benefits paid	**(5,256)**	(3,573)
Benefit obligation at end of year	**92,575**	80,278
CHANGE IN PLAN ASSETS:		
Fair value of plan assets at beginning of year	**66,687**	60,088
Actual return on plan assets	**(1,692)**	6,387
Employer contributions	**2,526**	3,785
Benefits paid	**(5,256)**	(3,573)
Fair value of plan assets at end of year	**62,265**	66,687
Funded status and accrued pension cost	**$ (30,310)**	$ (13,591)

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):

	2011	2010	2009
Interest cost	**$ 4,151**	$ 4,229	$ 4,337
Expected return on plan assets	**(5,280)**	(4,783)	(3,844)
Recognized net actuarial loss	**2,404**	2,283	3,476
Total net periodic pension expense	**$ 1,275**	$ 1,729	$ 3,969

The accumulated benefit obligation for the defined benefit pension plan was $92.6 million and $80.3 million at December 31, 2011 and 2010, respectively.

Assumptions

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

	2011	2010	2009
Discount rate	**4.13%**	5.28%	5.84%
Rate of compensation increase	**N/A**	N/A	N/A
Measurement date	**12/31/2011**	12/31/2010	12/31/2009

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

	2011	2010	2009
Discount rate	**5.28%**	5.84%	6.30%
Rate of compensation increase	**N/A**	N/A	N/A
Expected long-term rate of return on plan assets	**8.00%**	8.00%	8.00%
Measurement date	**12/31/2011**	12/31/2010	12/31/2009

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The rate of increase in future compensation levels was not applicable for 2011, 2010 or 2009 due to the Company amending the plan to freeze the cash balance benefit as described above.

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 advice from its third-party actuary and investment consultants. The expected return on plan assets is a long-term assumption and generally does not significantly change annually. While historical returns are considered, the rate of return assumption is primarily based on projections of expected returns, using economic data and financial models to estimate the probability of returns. The probability distribution of annualized returns for the portfolio using current asset allocations is used to determine the expected range of returns for a ten-to-twenty year horizon. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the Company s pension obligations and expense.

Plan Assets

The plan s overall strategy is to achieve a rate of return necessary to fund benefit payments by utilizing a variety of asset types, investment strategies and investment managers. The plan seeks to achieve a real long-term rate of return over inflation resulting from income, capital gains, or both, which assists the plan in meeting its long-term objectives.

The long-term target allocations for the plan s assets are 42.75% domestic equity, 11.25% international equity, 41.50% fixed income and 4.50% cash. Equity securities primarily include large cap and mid cap companies. Fixed income securities primarily include corporate bonds of companies in diversified industries, mortgage-backed securities and U.S. Treasuries. Investments in hedge funds and private equity funds are not held by the plan.

The allocation of the defined benefit pension plan s assets as of the respective measurement date for each year, by asset class, are as follows (amounts in thousands):

Asset Class	2011	2010
Cash	**$ 1,715**	$ 2,508
Equity securities		
U.S. Large Cap (a)	**18,584**	19,401
U.S. Mid Cap (a)	**6,915**	7,395
International (b)	**6,929**	7,796
Core fixed income (c)	**21,466**	23,016
High-yield fixed income (d)	**6,656**	6,571
Total	**$ 62,265**	$ 66,687

(a) Consists of actively-managed domestic equity mutual funds. Underlying holdings are diversified by sector and industry.
(b) Consists of an actively-managed international equity mutual fund. Underlying holdings are diversified by country, sector and industry. The fund may invest a portion of its assets in emerging markets, which entails additional risk.
(c) Consists of an actively-managed fixed income mutual fund. The fund predominantly invests in investment-grade bonds of U.S. issuers from diverse sectors and industries. The fund also invests in government-backed debt. The fund can invest a portion of its assets in below-investment grade debt and non-U.S. debt, which entails additional risk.
(d) Consists of actively-managed high-yield fixed income mutual funds. The funds invest in investment grade and below-investment grade bonds, with a focus on below-investment grade bonds of U.S. issuers. Underlying holdings are diversified by sector and industry. The funds can invest a portion of its assets in the debt of non-U.S. issuers, which entails additional risk.

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All of the assets held by the plan consist of mutual funds traded in an active market. The Company determined the fair value of these mutual funds based on the net asset value per unit of the funds or the portfolio, which is based upon quoted market prices in an active market. Therefore, the Company has categorized these investments as Level 1.

Periodically, and based on market conditions, 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 $4.5 million to its defined benefit pension plan in 2012. 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):

2012	$	**3,928**
2013		**3,275**
2014		**4,012**
2015		**4,736**
2016		**4,063**
2017 - 2021		**28,954**

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, 2011, the Non-Qualified Plans projected benefit obligations and accumulated benefit obligations were $15.2 million.

The Company s accrued cost related to its qualified and non-qualified retirement plans of $45.5 million and $26.8 million at December 31, 2011 and 2010, respectively, is included in other long-term liabilities in the accompanying consolidated balance sheets. The 2011 increase in the deferred net loss related to the Company s retirement plans resulted in a decrease in equity of $12.8 million, net of taxes of $7.2 million. The 2010 increase in the deferred net loss related to the Company s retirement plans resulted in an decrease in equity of $1.5 million, net of taxes of $0.8 million. The 2009 decrease in the deferred net loss related to the Company s retirement plans resulted in an increase in equity of $5.6 million, net of taxes of $3.1 million. The 2011, 2010 and 2009 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 net loss recognized in other comprehensive income for the year ended December 31, 2011 was $20.0 million. Included in accumulated other comprehensive loss at December 31, 2011 are unrecognized actuarial losses of $50.6 million ($32.4 million net of tax) that have not yet been recognized in net periodic pension expense. The net loss recognized in other comprehensive income for the year ended December 31, 2010 was $2.3 million. Included in accumulated other comprehensive loss at December 31, 2010 are unrecognized actuarial losses of $30.6 million ($19.6 million net of tax) that had 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 $4.7 million.

The Company also has contributory retirement savings plans in which substantially all employees are eligible to participate. Through December 31, 2009, the Company contributed an amount equal to 100% of the amount of the employee s contribution, up to 5% of the employee s salary. Effective January 1, 2010, the Company contribution was reduced to 100% of the amount of the employee s contribution, up to 4% of the employee s salary. In addition, effective January 1, 2002, the Company may contribute up to 2% of the employee s salary, based upon the Company s financial performance. Company contributions under the retirement savings plans were $6.0 million, $4.9 million, and $6.2 million for 2011, 2010 and 2009, respectively.

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In addition, the Company maintains a non-qualified contributory deferred compensation plan that allows for certain highly compensated employees to defer a portion of their eligible compensation until a later date. The plan is considered an unfunded and unsecured plan for IRS and ERISA purposes, but the Company has set up a separate trust in which the plan s assets are held. The trust maintains individual accounts for each participant, but the plan s assets held in the trust are considered general assets of the Company and are available to satisfy the claims of general creditors in the event of a bankruptcy. The plan allows for the Company to make matching contributions up to 4% of the employee s salary, reduced by the amount of matching contributions made to the retirement savings plan described above. Company contributions under the deferred compensation plan were $0.2 million, $0.1 million, and $0.1 million for 2011, 2010 and 2009, respectively.

11. Postretirement Benefits Other Than Pensions

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.

Effective January 1, 2011, the plan options available to new retirees under these plans changed. All retirees subsequent to that date must participate in single plan option. The Company s benefit obligation decreased $1.1 million as a result of this amendment.

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):

	2011	**2010**
Benefit obligation at beginning of year	**$ 19,937**	$ 17,354
Service cost	**46**	51
Interest cost	**1,052**	1,045
Actuarial loss	**5,492**	2,335
Amendments	**(1,075)**	
Benefits paid	**(831)**	(848)
Benefit obligation at end of year	**$ 24,621**	$ 19,937

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):

	2011	**2010**	**2009**
Service cost	**$ 46**	$ 51	$ 62
Interest cost	**1,052**	1,045	966
Recognized net actuarial (gain) loss	**2**		(183)
Amortization of prior service cost	**(434)**		
Amortization of curtailment gain	**(244)**	(244)	(244)
Net postretirement benefit expense	**$ 422**	$ 852	$ 601

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

	2011	2010	2009
Discount rate	**4.21%**	5.29%	5.77%
Measurement date	**12/31/2011**	12/31/2010	12/31/2009

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

	2011	2010	2009
Discount rate	**5.29%**	5.77%	6.10%
Measurement date	**12/31/2011**	12/31/2010	12/31/2009

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The health care cost trend is projected to be 7.3% in 2012, declining each year thereafter to an ultimate trend rate of 4%-6% per year. 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, 2011 by approximately 11% and the aggregate of the service and interest cost components of net postretirement benefit expense would increase approximately 14%. 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, 2011 by approximately 9% and the aggregate of the service and interest cost components of net postretirement benefit expense would decrease approximately 11%.

The Company expects to contribute $1.1 million to the plan in 2012. 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):

2012	**$ 1,055**
2013	**1,125**
2014	**1,196**
2015	**1,218**
2016	**1,261**
2017-2021	**6,611**

The net loss, prior service credit, amortization of prior service credit, and amortization of curtailment gain recognized in other comprehensive income for 2011 was $5.5 million, $1.1 million, $0.4 million and $0.2 million, respectively. Included in accumulated other comprehensive loss at December 31, 2011 are the following amounts that have not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of $6.0 million ($3.9 million net of tax), unrecognized prior service credit of $0.6 million ($0.4 net of tax), and unrecognized curtailment gains of $0.1 million ($0.1 million net of tax). The net loss and amortization of curtailment gain recognized in other comprehensive income for 2010 was $2.3 million and $0.2 million, respectively. Included in accumulated other comprehensive loss at December 31, 2010 are the following amounts that had not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of $0.5 million ($0.3 million net of tax) and unrecognized curtailment gains of $0.3 million ($0.2 million net of tax). The net 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 $0.7 million, $0.4 million and $0.1 million, respectively.

The Company amended the plans effective December 31, 2001 such that only retirees currently receiving benefits under the plans and 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.

12. 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.

Shareholder Rights Plan

On August 12, 2008, the Company s Board of Directors adopted a shareholder rights plan, as set forth in the Rights Agreement dated as of August 12, 2008 (the Original Rights Agreement), by and between the Company and Computershare Trust Company, N.A., as rights agent (Computershare). Pursuant to the terms of the Original Rights Agreement, the Board of Directors declared a dividend of one preferred share purchase right (a Right) for each outstanding share of common stock, par value $.01 per share. The dividend was payable on August 25, 2008 to the shareholders of record as of the close of business on August 25, 2008. The Original Rights Agreement was amended on March 9, 2009 and again on August 11, 2011 (the Amended Rights Agreement).

The Rights initially trade with, and are inseparable from, the Company s common stock. The Rights are evidenced only by the balances indicated in the book-entry account system of the transfer agent for the Company s common stock or, in the case of certificated shares, the certificates that represent such shares of common stock. New Rights will accompany any new shares of common stock the Company issues after August 25, 2008 until the earlier of the Distribution Date, the redemption date or the final expiration date of the Original Rights Agreement, each as described below.

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Each Right will allow its holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock (Preferred Share) for $95.00, once the Rights become exercisable. This portion of a Preferred Share will give the shareholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Based on the terms of the Amended Rights Agreement, the Rights will not be exercisable until the earlier of the following (the Distribution Date):

- 10 days after the public announcement that a person or group has become an Acquiring Person by obtaining beneficial ownership of 22% or more of the Company s outstanding common stock; or

- 10 business days (or a later date determined by the Board before any person or group becomes an Acquiring Person) after a person or group begins a tender or exchange offer (other than a Qualified Offer as described below) which, if completed, would result in that person or group becoming an Acquiring Person.

A Qualified Offer is a tender or exchange offer for all of the Company s outstanding common stock in which the same consideration per share is offered for all shares of common stock that (i) is fully financed, (ii) has an offer price per share exceeding the greater of (the Minimum Per Share Offer Price): (x) an amount that is 25% higher than the 12-month moving average closing price of the Company s common stock, and (y) an amount that is 25% higher than the closing price of the Company s common stock on the day immediately preceding commencement of the offer, (iii) generally remains open until at least the earlier of (x) 106 business days following the commencement of the offer, or (y) the business day immediately following the date on which the results of the vote adopting any redemption resolution at any special meeting of stockholders (as described below) is certified, (iv) is conditioned on the offeror being tendered at least 51% of the Company s common stock not held by the offeror, (v) assures a prompt second-step acquisition of shares not purchased in the initial offer at the same consideration as the initial offer, (vi) is only subject to customary closing conditions, and (vii) meets certain other requirements set forth in the Amended Rights Agreement.

The Amended Rights Agreement provides that, in the event that the Company receives a Qualified Offer, the Company s Board of Directors may, but is not obligated to, call a special meeting of stockholders for the purpose of voting on a resolution to accept the Qualified Offer and to authorize the redemption of the outstanding rights issued pursuant to the provisions of the Amended Rights Agreement. Such an action by stockholders would require the affirmative vote of the holders of a majority of the shares of the Company s common stock outstanding as of the record date for the special meeting (excluding for purposes of this calculation shares of the Company s common stock owned by the person making the Qualified Offer). If either (i) such a special meeting is not held within 105 business days following commencement of the Qualified Offer or (ii) at such a special meeting the Company s stockholders approve such action as set forth above, the Amended Rights Agreement provides that all of the outstanding rights will be redeemed.

Until the Distribution Date, the balances in the book-entry accounting system of the transfer agent for the Company s common stock or, in the case of certificated shares, common stock certificates, will evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After the Distribution Date, the Rights will separate from the common stock and will be evidenced solely by Rights certificates that the Company will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person or any associate or affiliate thereof will be void and may not be exercised.

After the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $95.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the Company s common stock (or, in certain circumstances, Preferred Shares) having a market value equal to twice the Right s then-current exercise price. In addition, if the Company is later acquired in a merger or similar transaction after the Distribution Date, each Right will generally entitle the holder, except the Acquiring Person or any associate or affiliate thereof, to acquire, for the exercise price of $95.00 per Right (subject to adjustment as provided in the Rights Agreement), shares of the acquiring corporation having a market value equal to twice the Right s then-current exercise price.

Each one one-hundredth of a Preferred Share, if issued:

- will not be redeemable;

will entitle holders to quarterly dividend payments of $.01 per one one-hundredth of a share, or an amount equal to the dividend paid on one share of common stock, whichever is greater;

will entitle holders upon liquidation either to receive $1 per one one-hundredth of a share or an amount equal to the payment made on one share of common stock, whichever is greater;

will have the same voting power as one share of common stock; and

if shares of the Company s common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-hundredth of a Preferred Share will generally approximate the value of one share of common stock.

As amended, the Rights will expire on August 12, 2012, unless previously redeemed, or such later date as determined by the Board (so long as such determination is made prior to the earlier of the Distribution Date or August 12, 2012). The Company has agreed to include a shareholder proposal submitted by GAMCO Asset Management Inc. in the Company s proxy statement for its 2012 annual meeting of stockholders, that the Board not extend the August 12, 2012 expiration date of the shareholder rights plan without stockholder approval. The Company has also amended its Corporate Governance Guidelines to include a policy with respect to shareholder rights plans, that provides that following the expiration of the shareholder rights plan on the expiration date, the Board may not adopt a rights plan unless either (i) stockholder approval has been obtained, or (ii) specified circumstances exist and stockholder approval is obtained within specified periods after adoption.

The Board may redeem the Rights for $.001 per Right at any time prior to the Distribution Date. If the Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of $.001 per Right. The redemption price will be adjusted if the Company has a stock split or stock dividends of the Company s common stock.

After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of the Company s outstanding common stock, the Board may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person and its associates and affiliates.

The Board may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock.

The terms of the Rights Agreement may be amended by the Board without the consent of the holders of the Rights. However, the Board may not amend the Rights Agreement to lower the threshold at which a person or group becomes an Acquiring Person to below 10% of the Company s outstanding common stock. In addition, the Board may not cause a person or group to become an Acquiring Person by lowering this threshold below the percentage interest that such person or group already owns. After a person or group becomes an Acquiring Person, the Board may not amend the Rights Agreement in a way that adversely affects holders of the Rights.

Treasury Stock

On December 18, 2008, following approval by the Human Resources Committee and the Board of Directors, the Company and the Company s Chairman of the Board of Directors and Chief Executive Officer (Executive) entered into an amendment to Executive s employment agreement. The amendment provided Executive with the option of making an irrevocable election to invest his existing Supplemental Employee Retirement Plan (SERP) benefit in Company common stock, which election Executive subsequently made. The investment was made by a rabbi trust in which, during January 2009, the independent trustee of the rabbi trust purchased shares of Company common stock in the open market in compliance with applicable law. Executive is only entitled to a distribution of the Company common stock held by the rabbi trust in satisfaction of his SERP benefit. As such, the Company believes that the ownership of shares of common stock by the rabbi trust and the distribution of those shares to Executive in satisfaction of his SERP benefit meets the requirements necessary so that the Company will not recognize any increase or decrease in expense as a result of subsequent changes in the value of the Company common stock and the purchased shares are treated as treasury stock and the SERP benefit is included in additional paid-in capital in the Company s accompanying consolidated financial statements.

Common Stock Issuance

Concurrently with the offering and sale of the Convertible Notes discussed in Note 7, during September 2009, the Company also offered and sold 6.0 million shares of the Company s common stock, par value $0.01 per share, at a price to the public of $21.80 per share. The net proceeds to the Company, after deducting discounts, commissions and expenses, were approximately $125.3 million, which was recorded as an increase in common stock and additional paid-in capital in the accompanying consolidated balance sheet. In addition, as further discussed in Note 7, the offering and sale of the Convertible Notes, the cost of the Purchased Options and the sale of the related warrants resulted in a total increase in additional paid-in capital of $33.2 million in the accompanying consolidated balance sheet.

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13. Income Taxes

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

	Years Ended December 31, 2011	2010	2009
CURRENT:			
Federal	**$ 612**	$ (39,210)	$ (28,797)
State	**1,409**	1,061	1,268
Total current provision (benefit)	**2,021**	(38,149)	(27,529)
DEFERRED:			
Federal	**4,162**	(1,460)	34,878
State	**1,237**	(1,858)	2,394
Effect of tax law change		749	
Total deferred provision (benefit)	**5,399**	(2,569)	37,272
Total provision (benefit) for income taxes	**$ 7,420**	$ (40,718)	$ 9,743

Under the Patient Protection and Affordable Care Act, which became law on March 23, 2010, as amended by the Health Care and Education Reconciliation Act of 2010, which became law on March 30, 2010, the Company and other companies that receive a subsidy under Medicare Part D to provide retiree prescription drug coverage will no longer receive a Federal income tax deduction for the expenses incurred in connection with providing the subsidized coverage to the extent of the subsidy received. Because future anticipated retiree health care liabilities and related subsidies were already reflected in the Company s financial statements, this change required the Company to reduce the value of the related tax benefits recognized in its financial statements during the period the law was enacted. As a result, the Company recorded a one-time, non-cash tax charge of $0.7 million during 2010 to reflect the impact of this change.

The tax provision (benefit) associated with the exercise or cancellation of stock options and vesting or cancellation of restricted stock during the years 2011, 2010, and 2009 was $(0.7) million, $(2.3) million, and $3.1 million, respectively, and is reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders equity, or deferred tax asset.

In addition to the income tax provision (benefit) discussed above, the Company recognized additional income tax provision (benefit) related to discontinued operations as discussed in Note 3 in the amounts of $0.1 million, $(2.9) million, and $(0.5) million in 2011, 2010, and 2009, respectively.

The effective tax rate as applied to pre-tax income or loss from continuing operations differed from the statutory federal rate due to the following:

	2011	2010	2009
U.S. federal statutory rate	**35%**	35%	35%
State taxes (net of federal tax benefit and change in valuation allowance)	**15%**	1%	22%
Permanent items	**0%**	-1%	0%
Federal tax credits	**-8%**	1%	-7%
Federal valuation allowance	**-2%**	-4%	0%

Effect of tax law change	**0%**	-1%	0%
Unrecognized Tax Benefits	**2%**	0%	8%
	42%	31%	58%

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The increase in the Company s effective tax rate for 2011, as compared to 2010, resulted primarily from increases in state valuation allowances, increases in unrecognized tax benefits, and state taxes payable in relation to pre-tax income, partially offset by the impact of federal tax credits.

Increases in the Company s valuation allowances and the impact of permanent items in relation to pre-tax income (loss), resulted in the decrease in the Company s effective tax rate for 2010, as compared to 2009.

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):

	2011	2010
DEFERRED TAX ASSETS:		
Accounting reserves and accruals	**$ 32,521**	$ 33,615
Defined benefit plan	**10,898**	4,872
Investments in stock and derivatives	**1,081**	5,002
Rent escalation	**24,574**	22,443
Federal and State net operating loss carryforwards	**113,015**	74,606
Tax credits and other carryforwards	**6,263**	4,293
Investments in partnerships	**3,323**	3,796
Other assets	**16,568**	14,113
Total deferred tax assets	**208,243**	162,740
Valuation allowance	**(19,222)**	(18,097)
Total deferred tax assets, net of valuation allowance	**189,021**	144,643
DEFERRED TAX LIABILITIES:		
Property and equipment, net	**272,925**	222,659
Goodwill and other intangibles	**2,922**	1,685
Other liabilities	**12,752**	14,944
Total deferred tax liabilities	**288,599**	239,288
Net deferred tax liabilities	**$ 99,578**	$ 94,645

Federal net operating loss carryforwards at December 31, 2011 totaled $247.2 million, resulting in a deferred tax benefit of $86.4 million, which will begin to expire in 2030. Federal credit carryforwards at December 31, 2011 totaled $4.1 million and expire beginning in 2029. Charitable contribution carryforwards at December 31, 2011 totaled $3.6 million, resulting in a deferred tax benefit of $1.2 million, which will begin to expire in 2013. The use of certain federal net operating losses, credits and other deferred tax assets are limited to the future taxable earnings of the consolidated group. As a result, a valuation allowance has been provided for certain federal deferred tax assets, including charitable contribution carryforwards. The change in valuation allowance related to federal deferred tax assets was $(0.3) million in 2011. State net operating loss carryforwards at December 31, 2011 totaled $628.6 million resulting in a deferred tax benefit of $26.6 million, which will expire between 2012 and 2031. State credit carryforwards at December 31, 2011 totaled $1.1 million and will begin to expire in 2013. The use of certain state net operating losses, credits and other state 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 deferred tax assets, including loss carryforwards. The change in valuation allowance related to state deferred tax assets was $1.5 million, $2.9 million, and $1.9 million in 2011, 2010 and 2009, respectively. Based on the expectation of future taxable income and scheduled reversal of deferred tax liabilities, 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.

The Company and its subsidiaries file a consolidated federal income tax return and either separate or combined state income tax returns based on the jurisdiction. The Company has concluded Internal Revenue Service examinations through the 2001 tax year. For federal income tax purposes and substantially all the states with which the Company has nexus, the statute of limitations has expired through 2007. However, the Company had net operating loss carryforwards from closed years, which could be adjusted upon audit. The Company is currently under a federal income tax examination for the 2008 and 2009 tax years, but has not been notified of any other federal or state income tax examinations.

As of December 31, 2011, the Company had $14.1 million of unrecognized tax benefits, of which $7.4 million would affect the Company s effective tax rate if recognized. The liability for unrecognized tax benefits is recorded in other long-term liabilities in the accompanying consolidated balance sheet. A reconciliation of the beginning and ending gross amount of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	2011	2010	2009
Unrecognized tax benefits at beginning of year	**$ 18,952**	$ 16,123	$ 12,417
Additions (reductions) based on tax positions related to the current year	**(286)**	3,084	1,818
Additions for tax positions of prior years	**147**	10,293	3,937
Reductions for tax positions of prior years	**(4,672)**	(10,548)	(2,049)
Unrecognized tax benefits at end of year	**$ 14,141**	$ 18,952	$ 16,123

Included in the balance at December 31, 2011 and 2010, are $6.7 million and $10.0 million, respectively, of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than future interest and penalties, the disallowance of the shorter deductibility period would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period. The Company expects the amount of unrecognized tax benefits to decrease during the next twelve months, mainly due to the expiration of various statutes of limitations. The Company estimates the overall decrease in unrecognized tax benefits in the next twelve months will be approximately $13.3 million.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The Company recognized $0.2 million, $0.8 million and $0.5 million of interest and $0, $0 and $0.1 million of penalties related to uncertain tax positions in the accompanying consolidated statements of operations for 2011, 2010 and 2009, respectively. As of December 31, 2011 and 2010, the Company has accrued $2.1 million and $1.9 million of interest, respectively and $0.1 million of penalties related to uncertain tax positions.

14. Commitments and Contingencies

Capital Leases

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):

	2011	2010
Property and equipment	**$ 3,761**	$ 1,814
Other long-term assets	**130**	130
Accumulated depreciation	**(1,411)**	(1,214)
Net assets under capital leases	**$ 2,480**	$ 730
Current lease obligations	**$ 755**	$ 178
Long-term lease obligations	**1,644**	306
Capital lease obligations	**$ 2,399**	$ 484

During 2011, the Company entered into one capital lease.

Operating Leases

Rental expense related to continuing operations for operating leases was $15.7 million, $15.3 million, and $14.5 million for 2011, 2010 and 2009, respectively. Non-cash lease expense related to continuing operations for 2011, 2010, and 2009 was $5.8 million, $5.9 million, and $6.0 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, 2011 are as follows (amounts in thousands):

	Capital Leases	Operating Leases
2012	$ 837	$ 7,036
2013	735	6,332
2014	623	4,314
2015	364	4,298
2016		4,274
Years thereafter		617,949
Total minimum lease payments	2,559	$ 644,203
Less amount representing interest	(160)	
Total present value of minimum payments	2,399	
Less current portion of obligations	(755)	
Long-term obligations	$ 1,644	

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 the Company to make annual base lease payments, which were approximately $3.5 million in 2011. The lease agreement provides for an annual 3% escalation of base rent beginning in 2007. 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 $9.4 million for 2011, 2010, and 2009. This rent included approximately $5.8 million, $5.9 million, and $6.0 million of non-cash expenses during 2011, 2010, and 2009, 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 $1.4 million, $1.5 million, and $1.5 million of contingent rentals related to the Gaylord Palms in 2011, 2010, and 2009, respectively.

Other Commitments and Contingencies

On June 21, 2011, the Company announced its plans to develop a resort and convention hotel in Aurora, Colorado, located approximately 25 minutes from downtown Denver. The Aurora development, which is expected to feature 1,500 guest rooms and 400,000 square feet of exhibition and meeting space, will be located on 85 acres in LNR Property CPI Fund s High Point Master Plan Development. The project is expected to cost approximately $800 million and could be funded by the Company, potential joint venture partners and the tax incentives that are being provided as a result of an agreement between the Company and the city of Aurora, and is contingent on receiving required governmental approvals, incentives, and final approval by the Company s board of directors. The Company expects to break ground on construction in 2013 and expects the resort to be open for business in early 2016. At this time, the Company has not made any material financial commitments in connection with this development.

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

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

Through joint venture arrangements with two private real estate funds, the Company previously invested in minority ownership interests in two joint ventures which were formed to own and operate hotels in Hawaii. As part of the joint venture arrangements, the Company entered into contribution agreements with the majority owners, which owners had guaranteed certain recourse liabilities under third-party loans to the joint ventures. The guarantees of the joint venture loans guaranteed each of the subsidiaries obligations under its third party loans for as long as those loans remain outstanding (i) in the event of certain types of fraud, breaches of environmental representations or warranties, or breaches of certain special purpose entity covenants by the subsidiaries, or (ii) in the event of bankruptcy or reorganization proceedings of the subsidiaries. The Company agreed that, in the event a majority owner is required to make any payments pursuant to the terms of these guarantees of joint venture loans, it will contribute to the majority owner an amount based on its proportional commitment in the applicable joint venture. The Company estimates that the maximum potential amount for which the Company could be liable under the contribution agreements is $23.8 million, which represents its pro rata share of the $121.2 million of total debt that is subject to the guarantees. As of December 31, 2011, the Company had not recorded any liability in the consolidated balance sheet associated with the contribution agreements.

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.

As of December 31, 2011, approximately 14% of the Company s employees were represented by labor unions and are working pursuant to the terms of the collective bargaining agreements which have been negotiated with the four unions representing these employees.

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.

15. Fair Value Measurements

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

As of December 31, 2011, the Company held certain assets and liabilities that are required to be measured at fair value on a recurring basis. These included investments held in connection with the Company s non-qualified contributory deferred compensation plan and its defined benefit pension plan.

The Company s interest rate and natural gas derivative instruments consist of over-the-counter swap contracts, which are not traded on a public exchange. See Note 8 for further information on the Company s derivative instruments and hedging activities. The Company determines the fair values of these swap contracts based on quotes, with appropriate adjustments for any significant impact of non-performance risk of the parties to the swap contracts. Therefore, the Company has categorized these swap contracts as Level 2. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds.

The investments held by the Company in connection with its deferred compensation plan consist of mutual funds traded in an active market. See Note 10 for further information on the Company s deferred compensation plan. The Company determined the fair value of these mutual funds based on the net asset value per unit of the funds or the portfolio, which is based upon quoted market prices in an active market. Therefore, the Company has categorized these investments as Level 1. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of investments it holds.

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The Company s assets and liabilities measured at fair value on a recurring basis at December 31, were as follows (in thousands):

	December 31, 2011	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 13,892	$ 13,892	$	$
Total assets measured at fair value	$ 13,892	$ 13,892	$	$
Total liabilities measured at fair value	$	$	$	$

	December 31, 2010	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 13,422	$ 13,422	$	$
Total assets measured at fair value	$ 13,422	$ 13,422	$	$
Variable to fixed interest rate swaps	$ 12,227	$	$ 12,227	$
Variable to fixed natural gas swaps	226		226	
Total liabilities measured at fair value	$ 12,453	$	$ 12,453	$

The remainder of the assets and liabilities held by the Company at December 31, 2011 are not required to be measured at fair value. The carrying value of certain of these assets and liabilities do not approximate fair value, as described below.

As further discussed in Note 5, in connection with the development of Gaylord National, the Company received a series A Bond and a Series B Bond from Prince George s County, Maryland which had aggregate carrying values of $95.4 million and $57.3 million, respectively, as of December 31, 2011. The fair value of the Series A Bond, which has the senior claim to the cash flows supporting these bonds, approximates carrying value as of December 31, 2011. The fair value of the Series B Bond, based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the note, was approximately $36 million as of December 31, 2011. While the fair value of the Series B Bond decreased to less than its carrying value during 2011 due to a change in the timing of the debt service payments, the Company has the intent and ability to hold this bond to maturity and expects to receive all debt service payments due under the note. Therefore, the Company does not consider the Series B Bond to be other than temporarily impaired as of December 31, 2011.

As more fully discussed in Note 7, the Company has outstanding $360.0 million in aggregate principal amount of Convertible Notes due 2014 that accrue interest at a fixed rate of 3.75%. The carrying value of these notes on December 31, 2011 was $319.2 million, net of discount. The fair value of the Convertible Notes, based upon the present value of cash flows discounted at current market interest rates, was approximately $338 million as of December 31, 2011.

As more fully discussed in Note 7, the Company has outstanding $152.2 million in aggregate principal amount of Senior Notes due 2014 that accrue interest at a fixed rate of 6.75%. The fair value of the 6.75% Senior Notes, based upon quoted market prices, was $152.2 million as of December 31, 2011.

As more fully discussed in Note 3, in connection with the preparation of the Company s financial statements for the third quarter of 2009, the Company performed an interim impairment review on the goodwill associated with its Corporate Magic business and recorded an impairment charge of $6.6 million during 2009. In estimating fair value of the reporting unit, the Company used an income approach, using a discounted cash flow analysis that utilized comprehensive cash flow projections, as well as assumptions based on market data to the extent available. The

Company categorized this measurement of fair value as Level 3. The inputs included the comprehensive cash flow projections of the reporting unit, as well as management s assessment of a market participant s view of risks associated with the projected cash flows of the reporting unit.

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.

16. Employee Severance Costs

During 2010, as a result of the Nashville Flood, the Company temporarily eliminated approximately 1,700 employee positions at Gaylord Opryland. As a result, the Company recognized approximately $2.3 million in severance costs in 2010. These costs are included in casualty loss in the accompanying consolidated statement of operations. The Company rehired the majority of these positions as part of the reopening of Gaylord Opryland.

During 2009, as part of the Company s cost containment initiative, the Company eliminated approximately 490 employee positions, which included positions in all segments of the organization. As a result, the Company recognized approximately $7.9 million in severance costs during 2009. These costs are comprised of operating costs and selling, general and administrative costs of $2.9 million and $5.0 million, respectively, in the accompanying consolidated statements of operations.

17. Financial Reporting By Business Segments

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

Hospitality, which includes the Gaylord Opryland Resort and Convention Center, the Gaylord Palms Resort and Convention Center, the Gaylord Texan Resort and Convention Center, the Gaylord National Resort and Convention Center and the Radisson Hotel at Opryland, as well as the Company s previous investments in two joint ventures;

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

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

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

	2011	2010	2009
REVENUES:			
Hospitality	**$ 886,634**	$ 722,938	$ 814,154
Opry and Attractions	**65,386**	46,918	58,599
Corporate and Other	**124**	105	92
Total revenues	**$ 952,144**	$ 769,961	$ 872,845
DEPRECIATION AND AMORTIZATION:			
Hospitality	**$ 109,521**	$ 91,117	$ 101,444
Opry and Attractions	**5,261**	4,710	4,674
Corporate and Other	**10,507**	9,734	10,449
Total depreciation and amortization	**$ 125,289**	$ 105,561	$ 116,567
OPERATING INCOME (LOSS):			
Hospitality	**$ 130,939**	$ 91,705	$ 112,171
Opry and Attractions	**8,760**	1,237	5,050
Corporate and Other	**(58,535)**	(61,320)	(60,378)
Casualty loss	**(1,225)**	(42,321)	
Preopening costs	**(408)**	(55,287)	
Total operating income (loss)	**79,531**	(65,986)	56,843
Interest expense, net of amounts capitalized	**(74,673)**	(81,426)	(76,592)
Interest income	**12,460**	13,124	15,087
Income (loss) from unconsolidated companies	**1,086**	608	(5)
Gain on extinguishment of debt		1,299	18,677
Other gains and (losses)	**(916)**	(535)	2,847
Income (loss) before income taxes and discontinued operations	**$ 17,488**	$ (132,916)	$ 16,857

	December 31, 2011	December 31, 2010
IDENTIFIABLE ASSETS:		
Hospitality	**$ 2,320,853**	$ 2,309,800
Opry and Attractions	**78,482**	78,453
Corporate and Other	**163,675**	232,279
Discontinued operations	**390**	401
Total identifiable assets	**$ 2,563,400**	$ 2,620,933

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

	2011	2010	2009
CAPITAL EXPENDITURES:			

Hospitality	**$ 110,151**	$ 159,576	$ 42,995
Opry and Attractions	**4,745**	23,767	3,626
Corporate and other	**17,696**	11,304	6,444
Total capital expenditures	**$ 132,592**	$ 194,647	$ 53,065

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18. Quarterly Financial Information (Unaudited)

The following is selected unaudited quarterly financial data for the fiscal years ended December 31, 2011 and 2010 (amounts in thousands, except per share data).

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

	2011			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 220,738	$ 236,775	$ 225,232	$ 269,399
Depreciation and amortization	29,057	29,271	32,367	34,594
Operating income	14,726	31,200	13,837	19,768
Income (loss) before income taxes and discontinued operations	(2,928)	13,432	(722)	7,706