

GAYLORD ENTERTAINMENT CO /DE

Form 10-Q

May 06, 2011

**Table of Contents**

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

(Mark One)

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

**For the quarterly period ended March 31, 2011**

**or**

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

**Commission file number 1-13079  
GAYLORD ENTERTAINMENT COMPANY  
(Exact name of registrant as specified in its charter)**

Delaware

73-0664379

(State or other jurisdiction of incorporation or organization)

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

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

(Zip Code)  
(615) 316-6000

(Registrant's telephone number, including area code)

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

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

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

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

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

**Class**

**Outstanding as of April 30, 2011**

Common Stock, \$.01 par value

48,360,210 shares

---

**GAYLORD ENTERTAINMENT COMPANY**  
**FORM 10-Q**  
**For the Quarter Ended March 31, 2011**  
**INDEX**

	<b>Page</b>
<u>Part I Financial Information</u>	
<u>Item 1. Financial Statements.</u>	
<u>Condensed Consolidated Statements of Operations For the Three Months Ended March 31, 2011 and 2010</u>	3
<u>Condensed Consolidated Balance Sheets March 31, 2011 and December 31, 2010</u>	4
<u>Condensed Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2011 and 2010</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	23
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	44
<u>Item 4. Controls and Procedures.</u>	45
<u>Part II Other Information</u>	
<u>Item 1. Legal Proceedings.</u>	46
<u>Item 1A. Risk Factors.</u>	46
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	46
<u>Item 3. Defaults Upon Senior Securities.</u>	46
<u>Item 5. Other Information.</u>	46
<u>Item 6. Exhibits.</u>	46
<u>SIGNATURES</u>	47
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-101 INSTANCE DOCUMENT</u>	
<u>EX-101 SCHEMA DOCUMENT</u>	
<u>EX-101 CALCULATION LINKBASE DOCUMENT</u>	
<u>EX-101 LABELS LINKBASE DOCUMENT</u>	
<u>EX-101 PRESENTATION LINKBASE DOCUMENT</u>	



**Table of Contents****Part I FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS.****GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(In thousands, except per share data)**

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Revenues	<b>\$ 220,738</b>	\$ 214,481
Operating expenses:		
Operating costs	<b>133,878</b>	130,555
Selling, general and administrative	<b>43,078</b>	41,902
Casualty loss	<b>(1)</b>	
Depreciation and amortization	<b>29,057</b>	27,071
Operating income	<b>14,726</b>	14,953
Interest expense, net of amounts capitalized	<b>(20,809)</b>	(20,115)
Interest income	<b>3,173</b>	3,222
Income (loss) from unconsolidated companies	<b>173</b>	(73)
Net gain on extinguishment of debt		1,199
Other gains and (losses), net	<b>(191)</b>	(13)
Loss before income taxes and discontinued operations	<b>(2,928)</b>	(827)
(Benefit) provision for income taxes	<b>(967)</b>	975
Loss from continuing operations	<b>(1,961)</b>	(1,802)
Income (loss) from discontinued operations, net of income taxes	<b>4</b>	(48)
Net loss	<b>\$ (1,957)</b>	\$ (1,850)
Basic loss per share:		
Loss from continuing operations	<b>\$ (0.04)</b>	\$ (0.04)
Income from discontinued operations, net of income taxes		
Net loss	<b>\$ (0.04)</b>	\$ (0.04)
Fully diluted loss per share:		

Edgar Filing: GAYLORD ENTERTAINMENT CO /DE - Form 10-Q

Loss from continuing operations	\$ (0.04)	\$ (0.04)
Income from discontinued operations, net of income taxes		
Net loss	\$ (0.04)	\$ (0.04)

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

**Table of Contents****GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)  
(In thousands)**

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents unrestricted	\$ 86,968	\$ 124,398
Cash and cash equivalents restricted	1,150	1,150
Trade receivables, less allowance of \$806 and \$882, respectively	63,927	31,793
Estimated fair value of derivative assets	11	22
Deferred income taxes	6,719	6,495
Other current assets	43,739	48,992
Total current assets	202,514	212,850
Property and equipment, net of accumulated depreciation	2,203,681	2,201,445
Notes receivable, net of current portion	142,457	142,651
Long-term deferred financing costs	11,240	12,521
Other long-term assets	50,077	51,065
Long-term assets of discontinued operations	416	401
Total assets	\$ 2,610,385	\$ 2,620,933
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 58,805	\$ 58,574
Accounts payable and accrued liabilities	158,226	175,343
Estimated fair value of derivative liabilities	7,235	12,475
Current liabilities of discontinued operations	342	357
Total current liabilities	224,608	246,749
Long-term debt and capital lease obligations, net of current portion	1,103,411	1,100,641
Deferred income taxes	104,630	101,140
Other long-term liabilities	140,502	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	484	481



Common stock, \$.01 par value, 150,000 shares authorized, 48,357 and 48,144 shares issued and outstanding, respectively		
Additional paid-in capital	921,936	916,359
Treasury stock of 385 shares, at cost	(4,599)	(4,599)
Retained earnings	143,643	145,600
Accumulated other comprehensive loss	(24,681)	(28,089)
Total stockholders' equity	1,036,783	1,029,752
Total liabilities and stockholders' equity	\$ 2,610,385	\$ 2,620,933

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

**Table of Contents**

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Months Ended March 31, 2011 and 2010**  
**(Unaudited)**  
**(In thousands)**

	<b>2011</b>	<b>2010</b>
Cash Flows from Operating Activities:		
Net loss	\$ (1,957)	\$ (1,850)
Amounts to reconcile net loss to net cash flows (used in) provided by operating activities:		
(Income) loss from discontinued operations, net of taxes	(4)	48
(Income) loss from unconsolidated companies	(173)	73
Loss on disposals of long-lived assets	201	13
(Benefit) provision for deferred income taxes	(1,346)	1,458
Depreciation and amortization	29,057	27,071
Amortization of deferred financing costs	1,309	1,314
Amortization of discount on convertible notes	3,043	2,802
Stock-based compensation expense	2,323	1,668
Excess tax benefit from stock-based compensation		(134)
Net gain on extinguishment of debt		(1,199)
Changes in:		
Trade receivables	(32,134)	(9,321)
Interest receivable	5,089	4,866
Accounts payable and accrued liabilities	(11,478)	(322)
Other assets and liabilities	(1,882)	1,116
Net cash flows (used in) provided by operating activities continuing operations	(7,952)	27,603
Net cash flows (used in) provided by operating activities discontinued operations	(26)	71
Net cash flows (used in) provided by operating activities	(7,978)	27,674
Cash Flows from Investing Activities:		
Purchases of property and equipment	(37,497)	(7,733)
Collection of notes receivable	2,465	4,025
Other investing activities	1,570	245
Net cash flows used in investing activities continuing operations	(33,462)	(3,463)
Net cash flows used in investing activities discontinued operations		
Net cash flows used in investing activities	(33,462)	(3,463)
Cash Flows from Financing Activities:		
Repurchases of senior notes		(25,082)
Proceeds from exercise of stock option and purchase plans	4,052	381
Excess tax benefit from stock-based compensation		134
Other financing activities, net	(42)	(186)

Net cash flows provided by (used in) financing activities	continuing operations	4,010	(24,753)
Net cash flows provided by financing activities	discontinued operations		
Net cash flows provided by (used in) financing activities		4,010	(24,753)
Net change in cash and cash equivalents		(37,430)	(542)
Cash and cash equivalents	unrestricted, beginning of period	124,398	180,029
Cash and cash equivalents	unrestricted, end of period	\$ 86,968	\$ 179,487

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

**Table of Contents**

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

**1. BASIS OF PRESENTATION:**

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and its subsidiaries (the Company ) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC ). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the financial information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company s Annual Report on Form 10-K as of and for the year ended December 31, 2010 filed with the SEC. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. All adjustments are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for the full year because of seasonal and short-term variations.

**2. NEWLY ISSUED ACCOUNTING STANDARDS:**

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

**3. NASHVILLE FLOOD:**

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

**Table of Contents***Casualty Loss*

During the three months ended March 31, 2011, casualty loss in the accompanying condensed consolidated statement of operations was comprised of the following (in thousands):

	<b>Three Months Ended March 31, 2011</b>				
	<b>Hospitality</b>	<b>Opry and Attractions</b>	<b>Corporate and Other</b>	<b>Total</b>	
Site remediation	\$ (179)	\$ 8	\$ (41)	\$ (212)	
Non-capitalized repairs of buildings and equipment		2	13	15	
Other	6	21	169	196	
Net casualty loss	\$ (173)	\$ 31	\$ 141	\$ (1)	

**4. INCOME PER SHARE:**

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

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Weighted average shares outstanding	<b>48,221</b>	47,011
Effect of dilutive stock options		
Weighted average shares outstanding assuming dilution	<b>48,221</b>	47,011

For the three months ended March 31, 2011 and 2010, the effect of dilutive stock-based compensation awards was the equivalent of approximately 839,000 and 434,000 shares, respectively, of common stock outstanding. Because the Company had a loss from continuing operations in the three months ended March 31, 2011 and 2010, these incremental shares were excluded from the computation of dilutive earnings per share for those periods as the effect of their inclusion would have been anti-dilutive.

The Company had stock-based compensation awards outstanding with respect to approximately 884,000 and 3,047,000 shares of common stock as of March 31, 2011 and 2010, respectively, that could potentially dilute earnings per share in the future but were excluded from the computation of diluted earnings per share for the three months ended March 31, 2011 and 2010, respectively, as the effect of their inclusion would have been anti-dilutive.

As discussed in Note 8, and more fully in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2010, in 2009, the Company issued 3.75% Convertible Senior Notes (the "Convertible Notes") due 2014. It is the Company's intention to settle the face value of the Convertible Notes in cash upon conversion/maturity. Any conversion spread associated with the conversion/maturity of the Convertible Notes may be settled in cash or shares of the Company's common stock. The effect of potentially issuable shares under this conversion spread for the three months ended March 31, 2011 was the equivalent of approximately 3,079,000 shares of common stock outstanding. Because the Company had a loss from continuing operations in the three months ended March 31, 2011, 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. The Convertible Notes are currently convertible through June 30, 2011; however, at this time, the Company has received no notices of note holders electing to convert their Convertible Notes.

In connection with the issuance of these notes, the Company sold common stock purchase warrants to counterparties affiliated with the initial purchasers of the Convertible Notes. The initial strike price of these

**Table of Contents**

warrants is \$32.70 per share of the Company's common stock and the warrants cover an aggregate of approximately 13.2 million shares of the Company's common stock, subject to anti-dilution adjustments. If the average closing price of the Company's stock during a reporting period exceeds this strike price, these warrants will be dilutive. The warrants may only be settled in shares of the Company's common stock. The effect of potentially issuable shares under these warrants for the three months ended March 31, 2011 was the equivalent of approximately 1,052,000 shares of common stock outstanding. Because the Company had a loss from continuing operations in the three months ended March 31, 2011, 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.

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Net loss	\$(1,957)	\$(1,850)
Unrealized gain (loss) on natural gas swaps, net of deferred taxes of \$22 and \$(105)	40	(166)
Unrealized gain on interest rate swaps, net of deferred taxes of \$1,836 and \$452	3,331	812
Other	38	(12)
<b>Comprehensive income (loss)</b>	<b>\$ 1,452</b>	<b>\$(1,216)</b>

A rollforward of the amounts included in accumulated other comprehensive loss related to the fair value of financial derivative instruments that qualify for hedge accounting, net of taxes, for the three months ended March 31, 2011 is as follows (in thousands):

	<b>Interest Rate</b>	<b>Natural Gas</b>	<b>Total</b>
	<b>Derivatives</b>	<b>Derivatives</b>	<b>Derivatives</b>
Balance at December 31, 2010	\$ (7,860)	\$ (145)	\$ (8,005)
<b>2011 changes in fair value, net of deferred taxes</b>	<b>3,331</b>	<b>40</b>	<b>3,371</b>
<b>Reclassification to earnings</b>			
<b>Balance at March 31, 2011</b>	<b>\$ (4,529)</b>	<b>\$ (105)</b>	<b>\$ (4,634)</b>

**6. PROPERTY AND EQUIPMENT:**

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

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
Land and land improvements	\$ 215,121	\$ 214,989
Buildings	2,247,512	2,241,813
Furniture, fixtures and equipment	497,229	482,011
Construction in progress	59,174	51,843
	<b>3,019,036</b>	<b>2,990,656</b>

Accumulated depreciation	(815,355)	(789,211)
Property and equipment, net	\$ 2,203,681	\$ 2,201,445

**Table of Contents****7. NOTES RECEIVABLE:**

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

During the three months ended March 31, 2011 and 2010, the Company recorded interest income of \$3.2 million on these bonds, which each included \$3.1 million of interest that accrued on the bonds and \$0.1 million related to amortization of the discount on the bonds. The Company received payments of \$10.7 million and \$11.8 million during the three months ended March 31, 2011 and 2010, respectively, relating to these notes receivable.

**8. DEBT:**

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

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
\$1.0 Billion Credit Facility, interest at 3-month LIBOR plus 2.50% or bank's base rate plus 0.50%, maturing July 25, 2012	<b>\$ 700,000</b>	\$ 700,000
Convertible Senior Notes, interest at 3.75%, maturing October 1, 2014, net of unamortized discount of \$50,406 and \$53,449	<b>309,594</b>	306,551
Senior Notes, interest at 6.75%, maturing November 15, 2014	<b>152,180</b>	152,180
Capital lease obligations	<b>442</b>	484
Total debt	<b>1,162,216</b>	1,159,215
Less amounts due within one year	<b>(58,805)</b>	(58,574)
Total long-term debt	<b>\$ 1,103,411</b>	\$ 1,100,641

As of March 31, 2011, the Company was in compliance with all of its covenants related to its debt.

**Convertible Senior Notes**

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

Based on the Company's stock price during the three months ended March 31, 2011, one of the conditions permitting conversion (as defined in the indenture governing the Convertible Notes) had been satisfied, and thus the Convertible Notes are currently convertible through June 30, 2011. At this time, the Company has received no notices of note holders electing to convert their Convertible Notes. Based on the Company's borrowing capacity under its \$1.0 billion credit facility as of March 31, 2011, \$251.0 million of the Convertible Notes has been classified as long-term debt in the accompanying condensed consolidated balance sheet as of March 31, 2011. Based on the Company's March 31, 2011 closing stock price of \$34.68, the if-converted value of the Convertible Notes exceeds the face amount by \$98.2 million; however, after giving effect to the exercise of the



**Table of Contents**

call options and warrants discussed below, the incremental cash or share settlement in excess of the face amount would result in either a cash payment of \$26.2 million or a 0.8 million net share issuance by the Company, or a combination of cash and stock, at the Company's option.

Concurrently with the offering of the Convertible Notes, the Company entered into convertible note hedge transactions with respect to its common stock (the Purchased Options) with counterparties affiliated with the initial purchasers of the Convertible Notes, for purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The initial strike price of the Purchased Options is \$27.25 per share of the Company's common stock (the same as the initial conversion price of the Convertible Notes) and is subject to certain customary adjustments. The Purchased Options entitle the Company to purchase, subject to anti-dilution adjustments substantially similar to the Convertible Notes, approximately 13.2 million shares of common stock. The Company may settle the Purchased Options in shares, cash or a combination of cash and shares, at the Company's option. Separately and concurrently with entering into the Purchased Options, the Company also entered into warrant transactions whereby it sold warrants to each of the hedge counterparties entitling them to acquire, subject to anti-dilution adjustments, up to approximately 13.2 million shares of common stock at an initial exercise price of \$32.70 per share. The warrants may only be settled in shares of the Company's common stock.

**9. DERIVATIVE FINANCIAL INSTRUMENTS:**

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

***Cash Flow Hedging Strategy***

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

The interest rate swap agreement currently utilized by the Company effectively modifies the Company's exposure to interest rate risk by converting \$500.0 million, or 71%, of the Company's variable rate debt outstanding under the term loan portion of the Company's \$1.0 billion credit facility to a weighted average fixed rate of 3.94% plus the applicable margin on these borrowings, thus reducing the impact of interest rate changes on future interest expense. This agreement involves 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 match the critical terms of the borrowings under the term loan portion of the \$1.0 billion credit facility. Therefore, the Company has designated these interest rate swap agreements as cash flow hedges. As the terms of these derivatives match the terms of the underlying hedged items, there

**Table of Contents**

should be no gain (loss) from ineffectiveness recognized in income on derivatives unless there is a termination of the derivative or the forecasted transaction is determined to be unlikely to occur.

The Company has entered into natural gas price swap contracts to manage the price risk associated with a portion of the Company's forecasted purchases of natural gas and electricity used by the Company's hotels. The objective of the hedge is to reduce the variability of cash flows associated with the forecasted purchases of these commodities. At March 31, 2011, the Company had 27 variable to fixed natural gas price swap contracts that mature from April 2011 to December 2011 with an aggregate notional amount of approximately 751,565 dekatherms. The Company has designated these natural gas price swap contracts as cash flow hedges. The Company assesses the correlation of the terms of these derivatives with the terms of the underlying hedged items on a quarterly basis.

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 March 31, 2011 and December 31, 2010 is as follows (in thousands):

	Asset Derivatives		Liability Derivatives	
	March 31, 2011	December 31, 2010	March 31, 2011	December 31, 2010
<b>Derivatives designated as hedging instruments:</b>				
Interest rate swaps	\$ 11	\$ 22	\$ 7,060	\$ 12,227
Natural gas swaps			175	248
<b>Total derivatives designated as hedging instruments</b>	<b>\$ 11</b>	<b>\$ 22</b>	<b>\$ 7,235</b>	<b>\$ 12,475</b>

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

	Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Amount Reclassified from	Amount Reclassified from Accumulated OCI into Income	
	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010		Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
<b>Derivatives in Cash</b>					
<b>Flow Hedging</b>			Accumulated OCI into		
<b>Relationships</b>			Income		
Interest rate swaps	\$ 5,167	\$ 1,264	Interest expense, net of amounts capitalized	\$	\$
Natural gas swaps	62	(270)	Other gains (losses), net		



**Table of Contents**

the 2013 budget is approved and the key terms and conditions of the awards will be deemed to be established and a grant date will have occurred.

At March 31, 2011 and December 31, 2010, Restricted Stock Awards of 625,460 and 471,894 shares, respectively, were outstanding.

The compensation cost that has been charged against pre-tax income for all of the Company's stock-based compensation plans was \$2.3 million and \$1.7 million for the three months ended March 31, 2011 and 2010, respectively.

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

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

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Interest cost	<b>\$ 1,208</b>	\$ 1,188
Expected return on plan assets	<b>(1,333)</b>	(1,197)
Amortization of net actuarial loss	<b>619</b>	519
 Total net periodic pension expense	 <b>\$ 494</b>	 \$ 510

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

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Service cost	<b>\$ 14</b>	\$ 17
Interest cost	<b>258</b>	244
Amortization of net gain		(3)
Amortization of curtailment gain	<b>(61)</b>	(61)
 Total net postretirement benefit expense	 <b>\$211</b>	 \$197

**12. INCOME TAXES:**

The Company's effective tax rate as applied to pre-tax loss was 33% and (118)% for the three months ended March 31, 2011 and 2010, respectively. Under the Patient Protection and Affordable Care Act, which became law on March 23, 2010, as amended by the Health Care and Education Reconciliation Act of 2010, which became law on March 30, 2010, the Company and other companies that receive a subsidy under Medicare Part D to provide retiree prescription drug coverage will no longer receive a Federal income tax deduction for the expenses incurred in connection with providing the subsidized coverage to the extent of the subsidy received. Because future anticipated retiree health care liabilities and related subsidies were already reflected in the Company's financial statements, this change required the Company to reduce the value of the related tax benefits recognized in its financial statements during the period the law was enacted. As a result, the Company recorded a one-time, non-cash tax charge of \$0.8 million during the three months ended March 31, 2010 to reflect the impact of this change. This charge, as well as changes in the Company's valuation allowances during each period, resulted in the change to the effective tax rate noted above.

**Table of Contents**

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

**13. COMMITMENTS AND CONTINGENCIES:**

As further discussed in Note 3, 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 damage as a result of the Nashville Flood. While certain flood-related projects remain to be completed in 2011, the Company repaired the damage to these facilities and reopened them at various dates during 2010. The Company entered into several agreements with general contractors and other suppliers for the provision of certain remediation and construction services at the facilities damaged by the Nashville Flood. As of March 31, 2011, the Company had open commitments to pay \$7.7 million under those agreements and expects to execute \$5 to \$7 million of additional commitments to complete the remaining flood-related projects. The Company also has commitments for maintenance capital expenditures and other projects.

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

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

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

**Table of Contents**

total debt that is subject to the guarantees. As of March 31, 2011, the Company had not recorded any liability in the condensed consolidated balance sheet associated with the contribution agreements.

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

In connection with the Company's execution of an Agreement of Limited Partnership with NHC on June 25, 1997, the Company, its subsidiary CCK, Inc., Craig Leipold, Helen Johnson-Leipold (Mr. Leipold's wife) and Samuel C. Johnson (Mr. Leipold's father-in-law) entered into a guaranty agreement executed in favor of the National Hockey League (NHL). This agreement provides for a continuing guarantee of the following obligations for as long as either of these obligations remains outstanding: (i) all obligations under the expansion agreement between NHC and the NHL; and (ii) all operating expenses of NHC. The maximum potential amount which the Company and CCK, collectively, could be liable under the guaranty agreement is \$15.0 million, although the Company and CCK would have recourse against the other guarantors if required to make payments under the guarantee. In connection with the legal settlement with the Nashville Predators consummated on February 22, 2005, this guaranty has been limited so that the Company is not responsible for any debt, obligation or liability of NHC that arises from any act, omission or circumstance occurring after the date of the legal settlement. As of March 31, 2011, the Company had not recorded any liability in the condensed consolidated balance sheet associated with this guarantee.

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

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

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

**14. 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 March 31, 2011, the Company held certain assets and liabilities that are required to be measured at fair value on a recurring basis. These included the Company's derivative instruments related to interest rates and natural gas prices and investments held in conjunction with the Company's non-qualified contributory deferred compensation plan.

The Company's interest rate and natural gas derivative instruments consist of over-the-counter swap contracts, which are not traded on a public exchange. See Note 9 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

**Table of Contents**

consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds.

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

The Company's assets and liabilities measured at fair value on a recurring basis at March 31, 2011, were as follows (in thousands):

	<b>March 31, 2011</b>	<b>Markets for Identical Assets (Level 1)</b>	<b>Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>
Deferred compensation plan investments	\$ 13,422	\$ 13,422	\$	\$
Total assets measured at fair value	\$ 13,422	\$ 13,422	\$	\$
Variable to fixed natural gas swaps, net	\$ 164	\$	\$ 164	\$
Variable to fixed interest rate swaps	7,060		7,060	
Total liabilities measured at fair value	\$ 7,224	\$	\$ 7,224	\$

The remainder of the assets and liabilities held by the Company at March 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 7, in connection with the development of Gaylord National, the Company received two notes receivable from Prince George's County, Maryland which had an aggregate carrying value of \$130.4 million as of March 31, 2011. The aggregate fair value of these notes receivable, based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the notes, was approximately \$162 million as of March 31, 2011.

As shown in Note 8, the Company has \$700.0 million in borrowings outstanding under the \$1.0 Billion Credit Facility that accrue interest at a rate of LIBOR plus 2.50%. Because the margin of 2.50% is fixed, the carrying value of borrowings outstanding do not approximate fair value. The fair value of the \$700.0 million in borrowings outstanding under the \$1.0 Billion Credit Facility, based upon the present value of cash flows discounted at current market interest rates, was approximately \$678 million as of March 31, 2011.

As more fully discussed in Note 8, 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 March 31, 2011 was \$309.6 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 \$337 million as of March 31, 2011.

As shown in Note 8, the Company has outstanding \$152.2 million in aggregate principal amount of senior notes due 2014 that accrue interest at a fixed rate of 6.75% (the Senior Notes). The fair value of these notes, based upon quoted market prices, was \$153.3 million as of March 31, 2011.

**Table of Contents**

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

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

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

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

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

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Revenues:		
Hospitality	<b>\$ 209,342</b>	\$ 203,695
Opry and Attractions	<b>11,367</b>	10,761
Corporate and Other	<b>29</b>	25
Total	<b>\$ 220,738</b>	\$ 214,481
Depreciation and amortization:		
Hospitality	<b>\$ 25,275</b>	\$ 23,219
Opry and Attractions	<b>1,332</b>	1,362
Corporate and Other	<b>2,450</b>	2,490
Total	<b>\$ 29,057</b>	\$ 27,071
Operating income (loss):		
Hospitality	<b>\$ 29,454</b>	\$ 30,247
Opry and Attractions	<b>(643)</b>	(765)
Corporate and Other	<b>(14,086)</b>	(14,529)
Casualty loss	<b>1</b>	
Total operating income	<b>14,726</b>	14,953
Interest expense, net of amounts capitalized	<b>(20,809)</b>	(20,115)
Interest income	<b>3,173</b>	3,222
Income (loss) from unconsolidated companies	<b>173</b>	(73)
Net gain on extinguishment of debt		1,199
Other gains and (losses), net	<b>(191)</b>	(13)



Loss before income taxes and discontinued operations	\$ (2,928)	\$ (827)
--	------------	----------

**Table of Contents****16. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:**

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

The following condensed consolidating financial information includes certain allocations of revenues and expenses based on management's best estimates, which are not necessarily indicative of financial position, results of operations and cash flows that these entities would have achieved on a stand alone basis.

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**  
**Condensed Consolidating Statement of Operations**  
**For the Three Months Ended March 31, 2011**

(in thousands)	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues	\$ 1,475	\$ 220,759	\$	\$ (1,496)	\$ 220,738
Operating expenses:					
Operating costs		133,906		(28)	133,878
Selling, general and administrative	4,292	38,786			43,078
Casualty loss		(1)			(1)
Management fees		1,468		(1,468)	
Depreciation and amortization	1,027	28,030			29,057
Operating (loss) income	(3,844)	18,570			14,726
Interest expense, net of amounts capitalized	(21,074)	(29,984)	(99)	30,348	(20,809)
Interest income	25,827	3,865	3,829	(30,348)	3,173
Income from unconsolidated companies		173			173
Other gains and (losses), net		(191)			(191)
Income (loss) before income taxes	909	(7,567)	3,730		(2,928)
(Provision) benefit for income taxes	(475)	2,891	(1,449)		967
Equity in subsidiaries losses, net	(2,391)			2,391	
(Loss) income from continuing operations	(1,957)	(4,676)	2,281	2,391	(1,961)
Income (loss) from discontinued operations, net of taxes		22	(18)		4
Net (loss) income	\$ (1,957)	\$ (4,654)	\$ 2,263	\$ 2,391	\$ (1,957)

**Table of Contents**

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**  
**Condensed Consolidating Statement of Operations**  
**For the Three Months Ended March 31, 2010**

(in thousands)	<b>Issuer</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
Revenues	\$ 1,592	\$ 214,523	\$	\$ (1,634)	\$ 214,481
Operating expenses:					
Operating costs		130,565		(10)	130,555
Selling, general and administrative	5,334	36,605		(37)	41,902
Management fees		1,587		(1,587)	
Depreciation and amortization	1,284	25,787			27,071
Operating (loss) income	(5,026)	19,979			14,953
Interest expense, net of amounts capitalized	(20,465)	(28,939)		29,289	(20,115)
Interest income	24,068	4,808	3,635	(29,289)	3,222
Loss from unconsolidated companies		(73)			(73)
Net gain on extinguishment of debt	1,199				1,199
Other gains and (losses), net	3	(16)			(13)
(Loss) income before income taxes	(221)	(4,241)	3,635		(827)
(Provision) benefit for income taxes	(656)	1,472	(1,791)		(975)
Equity in subsidiaries losses, net	(973)			973	
(Loss) income from continuing operations	(1,850)	(2,769)	1,844	973	(1,802)
Loss from discontinued operations, net of taxes			(48)		(48)
Net (loss) income	\$ (1,850)	\$ (2,769)	\$ 1,796	\$ 973	\$ (1,850)

**Table of Contents**

**GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES**  
**Condensed Consolidating Balance Sheet**  
**March 31, 2011**

(in thousands)	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents unrestricted	\$ 83,117	\$ 3,851	\$	\$	\$ 86,968
Cash and cash equivalents restricted	1,150				1,150
Trade receivables, net		63,927			63,927
Estimated fair value of derivative assets	11				11
Deferred income taxes	50	5,989	680		6,719
Other current assets	3,232	40,633		(126)	43,739
Intercompany receivables, net	1,803,757		290,628	(2,094,385)	
<b>Total current assets</b>	<b>1,891,317</b>	<b>114,400</b>	<b>291,308</b>	<b>(2,094,511)</b>	<b>202,514</b>
Property and equipment, net of accumulated depreciation	40,347	2,163,334			2,203,681
Notes receivable, net of current portion		142,457			142,457
Long-term deferred financing costs	11,240				11,240
Other long-term assets	652,529	361,096		(963,548)	50,077
Long-term assets of discontinued operations			416		416
<b>Total assets</b>	<b>\$ 2,595,433</b>	<b>\$ 2,781,287</b>	<b>\$ 291,724</b>	<b>\$ (3,058,059)</b>	<b>\$ 2,610,385</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>					
Current liabilities:					
Current portion of long-term debt and capital lease obligations	\$ 58,621	\$ 184	\$	\$	\$ 58,805
Accounts payable and accrued liabilities	30,233	128,414		(421)	158,226
Estimated fair value of derivative liabilities	7,235				7,235
Intercompany payables, net Current liabilities of discontinued operations		2,008,755	85,630	(2,094,385)	
			342		342
<b>Total current liabilities</b>	<b>96,089</b>	<b>2,137,353</b>	<b>85,972</b>	<b>(2,094,806)</b>	<b>224,608</b>
	1,103,153	258			1,103,411

Long-term debt and capital lease obligations, net of current portion					
Deferred income taxes	(24,014)	128,873	(229)		104,630
Other long-term liabilities	58,428	81,779		295	140,502
Long-term liabilities of discontinued operations			451		451
Commitments and contingencies					
Stockholders' equity:					
Preferred stock					
Common stock	484	2,388	1	(2,389)	484
Additional paid-in capital	921,936	1,081,056	(40,120)	(1,040,936)	921,936
Treasury stock	(4,599)				(4,599)
Retained earnings	468,637	(650,420)	245,649	79,777	143,643
Other stockholders' equity	(24,681)				(24,681)
Total stockholders' equity	1,361,777	433,024	205,530	(963,548)	1,036,783
Total liabilities and stockholders' equity	\$ 2,595,433	\$ 2,781,287	\$ 291,724	\$ (3,058,059)	\$ 2,610,385

**Table of Contents**

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

(in thousands)	<b>Issuer</b>	<b>Guarantors</b>	<b>Non- Guarantors</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents unrestricted	\$ 117,913	\$ 6,485	\$	\$	\$ 124,398
Cash and cash equivalents restricted	1,150				1,150
Trade receivables, net		31,793			31,793
Estimated fair value of derivative assets	22				22
Deferred income taxes	67	5,748	680		6,495
Other current assets	3,364	45,754		(126)	48,992
Intercompany receivables, net	1,744,290		287,087	(2,031,377)	
<b>Total current assets</b>	<b>1,866,806</b>	<b>89,780</b>	<b>287,767</b>	<b>(2,031,503)</b>	<b>212,850</b>
Property and equipment, net of accumulated depreciation	38,686	2,162,759			