UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1998

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 X No

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

Class	Outstanding as of October 31, 1998
Common Stock, $.01 par value	32,808,448 shares

GAYLORD ENTERTAINMENT COMPANY

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 1998

INDEX

PART I - FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	1998	1997
Revenues	$ 134,904	$ 245,481
Operating expenses:		
Operating costs	81,163	159,044
Selling, general and administrative	31,168	43,732
Merger costs	--	22,645
Restructuring charge	--	13,654
Depreciation and amortization	11,171	14,460
Operating income (loss)	11,402	(8,054)
Interest expense	(8,116)	(5,809)
Interest income	6,519	5,847
Other gains (losses)	1,811	(1,399)
Income (loss) before provision for income taxes	11,616	(9,415)
Provision (benefit) for income taxes	4,473	(51,731)
Net income	$ 7,143	$ 42,316
Net income per share	$ 0.22	$ 1.30
Net income per share - assuming dilution	$ 0.22	$ 1.30
Dividends per share	$ 0.15	$ 0.30

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	1998	1997
Revenues	$ 369,888	$ 680,285
Operating expenses:		
Operating costs	220,950	418,680
Selling, general and administrative	92,463	131,193
Merger costs	--	22,645
Restructuring charge	--	13,654
Depreciation and amortization	31,601	42,706

Operating income	24,874	51,407
Interest expense	(22,673)	(20,733)
Interest income	19,463	17,561
Other gains (losses)	5,173	141,210
Income before provision for income taxes	26,837	189,445
Provision for income taxes	10,333	16,581
Income before cumulative effect of accounting change	16,504	172,864
Cumulative effect of accounting change, net of taxes	--	(7,537)
Net income	$ 16,504	$ 165,327
Income per share:		
Income before cumulative effect of accounting change	$ 0.50	$ 5.36
Cumulative effect of accounting change, net of taxes	--	(0.23)
Net income	$ 0.50	$ 5.13
Income per share - assuming dilution:		
Income before cumulative effect of accounting change	$ 0.50	$ 5.31
Cumulative effect of accounting change, net of taxes	--	(0.23)
Net income	$ 0.50	$ 5.08
Dividends per share	$ 0.45	$ 0.90

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 1998 AND DECEMBER 31, 1997
(UNAUDITED)
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Sept. 30, 1998	Dec. 31, 1997
ASSETS		
Current assets:		
Cash	$ 13,909	$ 8,712
Trade receivables, less allowance of $5,160 and $4,031, respectively	97,455	82,152
Inventories	25,458	23,206
Other assets	40,429	37,311
Total current assets	177,251	151,381
Property and equipment, net of accumulated depreciation	583,301	550,267
Intangible assets, net of accumulated amortization	98,553	84,419
Investments	77,309	73,991
Long-term notes and interest receivable	225,949	233,112

Other assets	51,386	24,392
Total assets	$ 1,213,749	$1,117,562
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,125	$ --
Accounts payable and accrued liabilities	115,186	127,694
Total current liabilities	116,311	127,694
Long-term debt	500,839	388,397
Deferred income taxes	34,627	32,579
Other liabilities	32,289	42,710
Minority interest	12,660	9,958
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, 32,808 and 32,741 shares issued and outstanding, respectively	328	327
Additional paid-in capital	500,434	498,504
Retained earnings	18,571	16,837
Other stockholders' equity	(2,310)	556
Total stockholders' equity	517,023	516,224
Total liabilities and stockholders' equity	$ 1,213,749	$1,117,562

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997
(UNAUDITED)
(AMOUNTS IN THOUSANDS)

	1998	1997
Cash Flows from Operating Activities:		
Net income	$ 16,504	$ 165,327
Amounts to reconcile net income to net cash flows provided by (used in) operating activities:		
Cumulative effect of accounting change, net of taxes	--	7,537
Gain on sale of investments	(20,118)	--
Write-off of Z Music note receivable	23,616	--
Gain on sale of television station	--	(144,259)
Write-down of television program rights	--	11,740
Depreciation and amortization	31,601	42,706
Deferred income taxes	2,050	(70,919)
Noncash interest income	(18,705)	(16,701)
Changes in:		
Trade receivables	(7,511)	(14,948)
Accounts payable and accrued liabilities	(21,305)	42,962
Other assets and liabilities	(14,707)	(7,151)
Net cash flows provided by (used in) operating activities	(8,575)	16,294
Cash Flows from Investing Activities:		
Purchases of property and equipment	(35,941)	(36,188)
Acquisition of businesses, net of cash acquired	(31,891)	(6,525)
Proceeds from sale of property and equipment	6,152	17
Proceeds from sale of investments	20,130	--
Purchase of Word Entertainment	--	(120,017)

Proceeds from sale of television station, net of direct selling costs	--	155,469
Investments in, advances to and distributions from affiliates	(10,539)	(10,150)
Other investing activities	(10,947)	(8,496)
Net cash flows used in investing activities	(63,036)	(25,890)
Cash Flows from Financing Activities:		
Repayment of long-term debt	(4,413)	(149,762)
Proceeds from issuance of long-term debt	500	420
Net borrowings under revolving credit agreements	95,159	176,169
Proceeds from exercise of stock options	332	11,467
Purchase of treasury stock	--	(1,709)
Dividends paid	(14,770)	(29,017)
Net cash flows provided by financing activities	76,808	7,568
Net change in cash	5,197	(2,028)
Cash, beginning of period	8,712	13,720
Cash, end of period	$ 13,909	$ 11,692

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION:

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and subsidiaries (the "Company") and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the financial information presented not misleading. It is suggested that these condensed consolidated financial statements 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 for the year ended December 31, 1997, filed with the Securities and Exchange Commission. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

2. INCOME PER SHARE:

The Company adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share," during 1997. SFAS No. 128 establishes standards for computing and presenting earnings per share. Under the standards established by SFAS No. 128, earnings per share is measured at two levels: basic earnings per share and diluted earnings per share. Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares outstanding after considering the additional dilution related to stock options.

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

	THREE MONTHS ENDED SEPT. 30, 1998	THREE MONTHS ENDED SEPT. 30, 1997	NINE MONTHS ENDED SEPT. 30, 1998	NINE MONTHS ENDED SEPT. 30, 1997
Weighted average shares outstanding	32,808	32,438	32,804	32,236
Effect of dilutive stock options	307	166	386	290
Weighted average shares outstanding - assuming dilution	33,115	32,604	33,190	32,526

3. COMPREHENSIVE INCOME:

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," effective for fiscal years beginning after December 15, 1997. SFAS No. 130 requires that changes in the amounts of certain items, including gains and losses on certain securities, be shown in the financial statements. The Company adopted the provisions of SFAS No. 130 on January 1, 1998. The Company's comprehensive income is substantially equivalent to net income for the three month and nine month periods ended September 30, 1998 and 1997.

4. OTHER GAINS (LOSSES):

During 1998, the Company sold its investment in the Texas Rangers Baseball Club, Ltd. for $16,072 in cash and recognized a gain of the same amount.

The Company recorded a gain of $8,538 during the second quarter of 1998 primarily related to the settlement of contingencies arising from the sales of television stations KHTV in Houston and KSTW in Seattle.

The Company recognized a loss of $23,616 during the second quarter of 1998 related to the write-off of a note receivable from Z Music, Inc. The Company is foreclosing on the note receivable and expects to take a controlling interest in the assets of Z Music, Inc. The Company is in the process of restructuring the operations of Z Music, Inc., including changing the mode of transmission from an analog to a digital signal, to reduce operating expenses.

5. NOTES RECEIVABLE:

The Company expects to receive approximately $370,000 as a result of the acquisition of Charter Communications by investor Paul G. Allen. The estimated proceeds of $370,000 include $240,000 as prepayment in full of the Company's promissory note from an affiliate of Charter Communications and $130,000 representing the value of contractual equity participation rights. The note and equity participation rights were received by the Company in connection with the sale of the Company's cable television systems to Charter Communications in 1995. The transaction will result in a pretax gain of approximately $145,000 and is expected to close in the fourth quarter of 1998. The proceeds will be used to reduce outstanding indebtedness under the Company's revolving line of credit.

6. PANDORA ACQUISITION:

In July 1998, the Company purchased Pandora Investments, S.A. ("Pandora"), a Luxembourg based company which acquires, distributes and produces theatrical feature film and television programming primarily for markets outside of the United States, for approximately $16,950 in cash. The acquisition was financed through borrowings under the revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of Pandora have been included in the condensed consolidated financial statements from the date of acquisition. The purchase price allocation has been completed on a preliminary basis, subject to adjustment should additional facts about Pandora become known.

7. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

	THREE MONTHS ENDED SEPT. 30,		NINE MONTHS ENDED SEPT. 30,	
	1998	1997	1998	1997
Revenues:				
Hospitality and attractions	$ 74,846	$ 107,364	$ 211,886	$ 262,020
Broadcasting and music	59,216	48,726	153,111	145,188
Cable networks	842	89,391	4,891	273,077
Total	$ 134,904	$ 245,481	$ 369,888	$ 680,285
Depreciation and amortization:				
Hospitality and attractions	$ 7,373	$ 8,339	$ 21,103	$ 24,134
Broadcasting and music	2,163	1,588	5,752	5,281
Cable networks	465	3,680	1,349	10,752
Corporate	1,170	853	3,397	2,539
Total	$ 11,171	$ 14,460	$ 31,601	$ 42,706
Operating income (loss):				
Hospitality and attractions	$ 12,039	$ 18,126	$ 30,224	$ 34,445
Broadcasting and music	8,044	(4,514)	20,740	6,069
Cable networks	(2,251)	22,310	(7,922)	67,587
Corporate	(6,430)	(7,677)	(18,168)	(20,395)
Merger costs and restructuring charge	--	(36,299)	--	(36,299)
Total	$ 11,402	$ (8,054)	$ 24,874	$ 51,407

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

BUSINESS SEGMENTS

The Company operates in the following business segments: hospitality and attractions; broadcasting and music; and cable networks. The hospitality and attractions segment primarily consists of the Opryland Hotel located in Nashville, Tennessee and the Company's Nashville-based attractions. The broadcasting and music segment includes the Company's television station, radio stations, music publishing business, Word Entertainment ("Word"), the Company's contemporary Christian music company, and Pandora Investments, S.A. ("Pandora"), a Luxembourg based company which acquires, distributes and produces theatrical feature film and television programming primarily for markets outside of the United States. The Company acquired Pandora in July 1998 for approximately $17 million in cash. The cable networks segment consists primarily of CMT International, a country music video cable network operated in Latin America and the Pacific Rim. CMT International ceased its European operations on March 31, 1998. The Company's unallocated corporate expenses are reported separately.

RESULTS OF OPERATIONS

The following tables contain unaudited selected summary financial data for the three month and nine month periods ended September 30, 1998 and 1997 (amounts in thousands). The Nashville Network ("TNN"), the United States and Canadian operations of Country Music Television ("CMT") and certain other related businesses (collectively, the "Cable Networks Business") formerly owned by the Company were acquired by CBS Corporation (the "CBS Merger") on October 1, 1997. The unaudited selected summary pro forma financial data is presented as if the CBS Merger had occurred on January 1, 1997. The tables also show the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues.

	Three Months Ended September 30,					
	Actual 1998	%	Actual 1997	%	Pro Forma 1997	%
Revenues:						
Hospitality and attractions	$ 74,846	55.5	$ 107,364	43.7	$ 107,364	67.5
Broadcasting and music	59,216	43.9	48,726	19.9	48,726	30.6
Cable networks	842	0.6	89,391	36.4	2,975	1.9
Total revenues	134,904	100.0	245,481	100.0	159,065	100.0
Operating expenses:						
Operating costs	81,163	60.1	159,044	64.8	110,450	69.5
Selling, general & administrative	31,168	23.1	43,732	17.8	34,659	21.8
Merger costs	--	--	22,645	9.2	22,645	14.2
Restructuring charge	--	--	13,654	5.6	13,654	8.6
Depreciation and amortization:						
Hospitality and attractions	7,373		8,339		8,339	
Broadcasting and music	2,163		1,588		1,588	
Cable networks	465		3,680		536	
Corporate	1,170		853		853	
Total depreciation and amortization	11,171	8.3	14,460	5.9	11,316	7.1
Total operating expenses	123,502	91.5	253,535	103.3	192,724	121.2
Operating income (loss):						
Hospitality and attractions	12,039	16.1	18,126	16.9	18,126	16.9
Broadcasting and music	8,044	13.6	(4,514)	(9.3)	(4,514)	(9.3)
Cable networks	(2,251)	--	22,310	25.0	(3,295)	--
Merger costs	--	--	(22,645)	--	(22,645)	--
Restructuring charge	--	--	(13,654)	--	(13,654)	--
Corporate	(6,430)	--	(7,677)	--	(7,677)	--
Total operating income (loss)	$ 11,402	8.5	$ (8,054)	(3.3)	$ (33,659)	(21.2)

	Nine Months Ended September 30,					
	Actual 1998	%	Actual 1997	%	Pro Forma 1997	%
Revenues:						
Hospitality and attractions	$ 211,886	57.3	$ 262,020	38.5	$ 262,020	63.0
Broadcasting and music	153,111	41.4	145,188	21.4	145,188	34.9
Cable networks	4,891	1.3	273,077	40.1	8,614	2.1
Total revenues	369,888	100.0	680,285	100.0	415,822	100.0
Operating expenses:						
Operating costs	220,950	59.7	418,680	61.5	270,887	65.2
Selling, general & administrative	92,463	25.0	131,193	19.3	102,424	24.6
Merger costs	--	--	22,645	3.3	22,645	5.4
Restructuring charge	--	--	13,654	2.0	13,654	3.3
Depreciation and amortization:						
Hospitality and attractions	21,103		24,134		24,134	
Broadcasting and music	5,752		5,281		5,281	
Cable networks	1,349		10,752		1,591	
Corporate	3,397		2,539		2,539	
Total depreciation and amortization	31,601	8.6	42,706	6.3	33,545	8.1
Total operating expenses	345,014	93.3	628,878	92.4	443,155	106.6
Operating income (loss):						
Hospitality and attractions	30,224	14.3	34,445	13.1	34,445	13.1
Broadcasting and music	20,740	13.5	6,069	4.2	6,069	4.2
Cable networks	(7,922)	--	67,587	24.8	(11,153)	--
Merger costs	--	--	(22,645)	--	(22,645)	--
Restructuring charge	--	--	(13,654)	--	(13,654)	--
Corporate	(18,168)	--	(20,395)	--	(20,395)	--
Total operating income (loss)	$ 24,874	6.7	$ 51,407	7.6	$ (27,333)	(6.6)

PERIODS ENDED SEPTEMBER 30, 1998 COMPARED TO PERIODS ENDED SEPTEMBER 30, 1997

Revenues

Total Revenues - Total revenues decreased $110.6 million, or 45.0%, to $134.9 million in the third quarter of 1998, and decreased $310.4 million, or 45.6%, to $369.9 million for the first nine months of 1998 primarily due to the effect of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total revenues would have decreased $24.2 million, or 15.2%, during the third quarter of 1998, and would have decreased $45.9 million, or 11.0%, for the first nine months of 1998. The decrease is primarily attributable to the closing of the Opryland theme park at the end of the 1997 operating season and the sale of television station KSTW in June 1997. Excluding the total revenues of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, total revenues increased $4.0 million, or 3.1%, in the third quarter of 1998, and increased $16.6 million, or 4.7%, in the first nine months of 1998.

Hospitality and Attractions - Revenues in the hospitality and attractions segment decreased $32.5 million, or 30.3%, to $74.8 million in the third quarter of 1998, and decreased $50.1 million, or 19.1%, to $211.9 million for the first nine months of 1998. The decreases are primarily due to the closing of the Opryland theme park at the end of the 1997 operating season. Excluding the revenues of the Opryland theme park from 1997, revenues in the hospitality and attractions segment decreased $4.4 million, or 5.5%, in the third quarter of 1998, and increased $0.2 million, or 0.1%, for the first nine months of 1998. The increase for the first nine months of 1998 relates primarily to increased revenues from the Oklahoma City Redhawks baseball team of $5.8 million and consulting and other services fee revenues related to the Opry Mills partnership of $3.8 million. This increase is partially offset by a decrease in Opryland Hotel revenues of $9.4 million, or 5.5%, to $160.3 million in the first nine months of 1998 principally because of reduced revenues from convention groups and a slowdown in the tourism market. The hotel's occupancy rate decreased to 76.3% in the first nine months of 1998 compared to 83.9% in the first nine months of 1997. The hotel sold 578,400 rooms in the first nine months of 1998 compared to 632,200 rooms sold in the same period of 1997, reflecting an 8.5% decrease from 1997. The hotel's average guest room rate increased to $140.06 in the first nine months of 1998 from $134.19 in the first nine months of 1997. The hotel's occupancy rate is anticipated to be 80-81% for the year ended December 31, 1998, which is below its historical average rate but considerably above the industry average rate.

Broadcasting and Music - Revenues in the broadcasting and music segment increased $10.5 million, or 21.5%, to $59.2 million in the third quarter of 1998, and increased $7.9 million, or 5.5%, to $153.1 million for the first nine months of 1998. The Company sold television station KSTW in June 1997. Excluding the revenues of KSTW from 1997, revenues in the broadcasting and music segment increased $20.2 million, or 15.2%, for the first nine months of 1998. The increase for the first nine months of 1998 results primarily from increased revenues from Word of $14.9 million, increased revenues from the Company's Dallas area television station KTVT of $1.4 million, and revenues from Pandora subsequent to its date of acquisition of $3.3 million.

Cable Networks - Revenues in the cable networks segment decreased $88.5 million to $0.8 million in the third quarter of 1998, and decreased $268.2 million to $4.9 million for the first nine months of 1998 due to the effects of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, revenues in the cable networks segment would have decreased $2.1 million in the third quarter of 1998, and decreased $3.7 million for the first nine months of 1998. The decreases are primarily the result of CMT International ceasing its European operations effective March 31, 1998.

Operating Expenses

Total Operating Expenses - Total operating expenses decreased $130.0 million, or 51.3%, to $123.5 million in the third quarter of 1998, and decreased $283.9 million, or 45.1%, to $345.0 million for the first nine months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating expenses would have decreased $69.2 million, or 35.9%, during the third quarter of 1998, and would have decreased $98.1 million, or 22.1%, for the first nine months of 1998. Operating costs, as a percentage of revenues, decreased to 59.7% during the first nine months of 1998 as compared to 65.2% during the first nine months of 1997 on a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997. Selling, general and administrative expenses, as a percentage of revenues, increased to 25.0% in the first nine months of 1998 from 24.6% in the first nine months of 1997 on a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997.

Operating Costs - Operating costs decreased $77.9 million, or 49.0%, to $81.2 million in the third quarter of 1998, and decreased $197.7 million, or 47.2%, to $221.0 million for the first nine months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, operating costs would have decreased $29.3 million, or 26.5%, in the third quarter of 1998, and would have decreased $49.9 million, or 18.4%, for the first nine months of 1998. The decreases on a pro forma basis are primarily the result of the December 1997 closing of the Opryland theme park and the June 1997 sale of television station KSTW. In addition, the Company recorded a nonrecurring charge to operations of $11.7 million during the third quarter of 1997 for the write-down to net realizable value of certain program rights at television station KTVT. Excluding the write-down of television program rights, and the operating costs of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, operating costs increased $2.7 million, or 3.5%, in the third quarter of 1998, and increased $3.4 million, or 1.6%, for the first nine months of 1998. The increase for the first nine months of 1998 is primarily attributable to increased operating costs of Word of $8.1 million related to increased sales and the operating costs of the newly-opened Wildhorse Saloon in Orlando, Florida of $2.3 million. The acquisition of Pandora in July 1998 increased operating costs by $2.9 million in the first nine months of 1998. Additionally, operating costs increased $1.6 million for the first nine months of 1998 related to the Opryland Lodging Group. The Opryland Lodging Group was formed in 1998 to take advantage of the Company's talent and expertise in the convention hotel industry and expand the Opryland Hotel concept into other cities. These increases were partially offset during the first nine months of 1998 by decreased operating expenses of $8.3 million related to the European operations of CMT International, which ceased operations effective March 31, 1998, as well as decreased operating costs at the Opryland Hotel of $3.0 million.

Selling, General and Administrative - Selling, general and administrative expenses decreased $12.6 million, or 28.7%, to $31.2 million in the third quarter of 1998, and decreased $38.7 million, or 29.5%, to $92.5 million for the first nine months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, selling, general and administrative expenses would have decreased $3.5 million, or 10.1%, during the third quarter of 1998, and would have decreased $10.0 million, or 9.7%, for the first nine months of 1998. The decreases are primarily the result of the closing of the Opryland theme park at the end of the 1997 operating season and the June 1997 sale of television station KSTW. Excluding the selling, general and administrative expenses of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, selling, general and administrative expenses increased $2.1 million, or 7.4%, in the third quarter of 1998, and increased $6.7 million, or 7.8%, for the first nine months of 1998. The increase for the first nine months of 1998 is primarily attributable to higher selling, general and administrative expenses of Word and Blanton-Harrell Entertainment, an artist management company, of $5.5 million and the recognition of a valuation reserve of $3.4 million related to a long-term note receivable from Z Music, Inc. as discussed below. Corporate general and administrative expenses, consisting primarily of senior management salaries and benefits, legal, human resources, accounting, and other administrative costs, decreased $3.0 million in the first nine months of 1998.

Merger Costs and Restructuring Charge - In connection with the CBS Merger, the Company recognized nonrecurring merger costs and a restructuring charge in the third quarter of 1997 of $22.6 million and $13.7 million, respectively. Merger costs included professional and registration fees, debt refinancing costs, and incentive compensation associated with the Merger. The restructuring charge included estimated costs for employee severance and termination benefits, asset write-downs, and other costs associated with the restructuring.

Depreciation and Amortization - Depreciation and amortization decreased $3.3 million, or 22.7%, to $11.2 million in the third quarter of 1998, and decreased $11.1 million, or 26.0%, to $31.6 million for the first nine months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, depreciation and amortization would have decreased $0.1 million, or 1.3%, during the third quarter of 1998, and would have decreased $1.9 million, or 5.8% for the first nine months of 1998. The decreases are primarily related to the closing of the Opryland theme park at the end of the 1997 operating season and the June 1997 sale of television station KSTW. Excluding the depreciation and amortization of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, depreciation and amortization increased $2.4 million, or 27.7%, in the third quarter of 1998, and increased $3.7 million, or 13.1%, for the first nine months of 1998. The increase for the first nine months of 1998 is primarily attributable to the depreciation expense of new acquisitions and capital expenditures.

Operating Income

Total Operating Income - Total operating income increased $19.5 million to $11.4 million in the third quarter of 1998, and decreased $26.5 million to $24.9 million for the first nine months of 1998 primarily due to the effects of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating income would have increased $45.1 million in the third quarter of 1998, and would have increased $52.2 million for the first nine months of 1998. Excluding the operating loss of the Opryland theme park during the first nine months of 1997, hospitality and attractions segment operating income decreased $6.0 million for the first nine months of 1998 primarily related to lower operating income produced by the Opryland Hotel. Excluding the operating income of KSTW and the write-down of television program rights at KTVT during the first nine months of 1997, broadcasting and music segment operating income increased $3.3 million for the first nine months of 1998 primarily related to greater operating income generated by Word and television station KTVT. Excluding the operating income of the Cable Networks Business from 1997, the operating loss of the cable networks segment decreased $3.2 million for the first nine months of 1998 primarily as a result of CMT International ceasing its European operations effective March 31, 1998. Because of the lower operating income of the Opryland Hotel and lower than anticipated advertising revenues of television station KTVT, diluted earnings per share for the year ended December 31, 1998 are anticipated to be within the range of $0.74 to $0.78 per share, excluding nonrecurring gains and losses.

Interest Expense

Interest expense increased $2.3 million to $8.1 million in the third quarter of 1998, and increased $1.9 million to $22.7 million for the first nine months of 1998. The increase for the first nine months of 1998 is primarily attributable to higher average debt levels as compared to the same period of 1997. The Company utilized the net proceeds from the sale of KSTW in June 1997 to reduce outstanding indebtedness. The Company's weighted average interest rate on its borrowings was 6.7% in the first nine months of 1998 compared to 6.6% in the first nine months of 1997.

Interest Income

Interest income increased $0.7 million to $6.5 million in the third quarter of 1998, and increased $1.9 million to $19.5 million for the first nine months of 1998. Interest income primarily results from noncash interest income earned on a long-term note receivable. See "Recent Developments -- Charter Transaction"

Other Gains (Losses)

During 1998, the Company sold its investment in the Texas Rangers Baseball Club, Ltd. for $16.1 million in cash and recognized a gain of the same amount. In addition, the Company recorded a gain of $8.5 million during the second quarter of 1998 primarily related to the settlement of contingencies arising from the sales of television stations KHTV in Houston and KSTW in Seattle.

During the second quarter of 1998, the Company recognized a loss of $23.6 million related to the write-off of a note receivable from Z Music, Inc. The Company is foreclosing on the note receivable and expects to take a controlling interest in the assets of Z Music, Inc. The Company is in the process of restructuring the operations of Z Music, Inc., including changing the mode of transmission from an analog to a digital signal, to reduce operating expenses.

In June 1997, the Company sold KSTW, its Tacoma-Seattle, Washington television station, for $160.0 million in cash. The sale resulted in a pretax gain of $144.3 million, which is included in other gains (losses) in the condensed consolidated statements of income.

Income Taxes

The provision for income taxes was $4.5 million for the third quarter of 1998 and $10.3 million for the first nine months of 1998 compared to a benefit of $51.7 million for the third quarter of 1997 and a provision of $16.6 million for the first nine months of 1997. During the third quarter of 1997, the Company recorded a deferred tax benefit of $55.0 million related to the revaluation of certain reserves as a result of the CBS Merger. The effective tax rate on income before provision for income taxes was 38.5% for the first nine months of 1998 compared to 8.8% for the first nine months of 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Company has an unsecured revolving loan (the "Revolver") which provides for borrowings of up to $600 million until its maturity in July 2002. At October 31, 1998, the Company had approximately $116 million in available borrowing capacity under the Revolver. The terms and conditions of the Revolver require the Company to maintain certain financial ratios and minimum stockholders' equity levels and subject the Company to limitations on, among other things, mergers and sales of assets, additional indebtedness, capital expenditures, investments, acquisitions, liens, and transactions with affiliates. The proceeds to the Company from the Charter Transaction will be used to reduce outstanding indebtedness under the Revolver. See "Recent Developments -- Charter Transaction"

The Company currently projects capital expenditures of approximately $45 million for 1998, of which $35.9 million had been spent as of September 30, 1998. The Company's management believes that the net cash flows from operations, together with the amount expected to be available for borrowing under the Revolver, will be sufficient to satisfy anticipated future cash requirements of the Company on both a short-term and long-term basis.

YEAR 2000

Without programming modifications, certain computer programs will not operate properly when using the two-digits used in date calculations for the year 2000. These computer programs interpret the "00" used in date calculations to represent the year 1900. During 1996, the Company formed an internal task force to determine the Company's information technology and systems risks associated with the year 2000. The purpose of the task force is to assess, test and correct the Company's hardware, software and equipment to ensure these systems operate properly in the year 2000. The task force has substantially completed its assessment of the Company's systems, has identified the Company's hardware, software and equipment that will not operate properly in the year 2000 and, is taking the appropriate action to ensure compliance. In certain instances, hardware, software and equipment that will not operate properly in the year 2000 are being replaced. As of September 30, 1998, the task force has determined that the majority of the Company's systems, in certain circumstances following already completed programming changes, will operate properly in the year 2000. As of September 30, 1998, sixty-one of the Company's sixty-three internally developed software applications are considered year 2000 compliant.

The Company expects that programming changes and software replacement for systems that are not year 2000 compliant will be completed during the first and second quarters of 1999. The Company plans to test all of its systems to ensure their proper operation in the year 2000. The Company expects that the testing phase of its year 2000 remediation effort will be substantially completed by the end of the second quarter of 1999.

The Company has requested written documentation from vendors and suppliers with whom the Company has a material relationship regarding their ability to operate properly in the year 2000. In many cases, the Company is considering alternatives related to vendors and suppliers that do not confirm their year 2000 readiness. There can be no assurance, however, that the Company's significant vendors and suppliers will have remedied their year 2000 issues in a timely manner. The failure of a significant supplier to remedy its year 2000 issues could have a material adverse effect on the Company's operations, financial position or liquidity. The Company will continue to monitor its significant vendors and suppliers to mitigate its risks.

Based upon the Company's current estimates, the costs of the Company's year 2000 remediation efforts will be between $7 million and $9 million. Included in the Company's cost estimates are the costs of replacing hardware and software of approximately $6 million, which are capitalized and amortized over their estimated useful lives. Certain software replacements included in these cost estimates were planned prior to the assessment of the year 2000 issue and were accelerated as part of the Company's year 2000 remediation effort. The remaining costs are expensed as incurred. These projected costs are based upon management's best estimates, which were derived utilizing numerous assumptions of future events. There can be no guarantee, however, that these cost estimates will be achieved and actual results could differ materially. Management's estimate of the Company's most reasonably likely worst case scenario involves the replacement of hardware, software and equipment during the third and fourth quarters of 1999 that are determined during the testing phase of the remediation effort to not be correctable. The foregoing notwithstanding, management does not currently believe that the costs of assessment, remediation, or replacement of the Company's systems, or the potential failure of third parties' systems, will have a material adverse effect on the Company's business, financial condition, results of operations, or liquidity.

SEASONALITY

Certain of the Company's operations are subject to seasonal fluctuation. Many of the operations in the hospitality and attractions segment operate on a limited basis during the first quarter of the year and conduct most of their business during the summer tourism season. The first calendar quarter is also the weakest quarter for most television and radio broadcasters, including the Company, as advertising revenues are lower in the post-Christmas period. Revenues in the music business are typically weakest in the first calendar quarter following the Christmas buying season.

RECENT DEVELOPMENTS

Charter Transaction

In July 1998, investor Paul G. Allen announced the acquisition of Charter Communications for approximately $4.5 billion (the "Charter Transaction"). The Company expects to receive approximately $370 million as a result of the Charter Transaction. The estimated proceeds of $370 million include approximately $240 million as prepayment in full of the Company's promissory note from an affiliate of Charter Communications and approximately $130 million representing the value of contractual equity participation rights. The note and equity participation rights were received by the Company in connection with the sale of its cable television systems to Charter Communications in 1995. The transaction will result in a pretax gain of approximately $145 million and is expected to close in the fourth quarter of 1998.

Opryland Hotel - Texas

During the fourth quarter of 1998, the Company announced plans to develop a 1,500-room hotel and convention center in Grapevine, Texas, near Dallas. The project is anticipated to cost $300 million, and the Company is seeking financial partners. The hotel and convention center, which will be called Opryland Hotel - Texas, is anticipated to open in the first quarter of 2003.

FORWARD-LOOKING STATEMENTS / RISK FACTORS

This Form 10-Q contains certain forward-looking statements regarding, among other things, the anticipated financial and operating results of the Company. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The Company undertakes no obligation to release publicly any modifications or revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions investors that future financial and operating results may differ materially from those projected in forward-looking statements made by, or on behalf of, the Company. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Company's future operating results depend on a number of factors which were derived utilizing numerous assumptions and other important factors that, if altered, could cause actual results to differ materially from those projected in forward-looking statements. These factors, many of which are beyond the Company's control, include growth in the popularity of country music and country lifestyles; growth in the popularity of Christian music and family values lifestyles; the ability to control costs relating to the development of the Opry Mills retail complex; the ability to integrate acquired operations into the Company's businesses; the ability of the Opryland Lodging Group to develop successfully hotel properties in other markets; the advertising market in the United States in general and in the Company's Dallas television and Nashville radio markets in particular; the perceived attractiveness of Nashville, Tennessee, and the Company's properties as convention and tourist destinations; consumer tastes and preferences for the Company's programming and other entertainment offerings; competition; the impact of weather on construction schedules; and consolidation in the broadcasting and cable distribution industries.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inapplicable

Part II - Other Information

Item 1. LEGAL PROCEEDINGS

Inapplicable

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Inapplicable

Item 3. DEFAULTS UPON SENIOR SECURITIES

Inapplicable

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Inapplicable

Item 5. OTHER INFORMATION

A proposal submitted by a stockholder in accordance with applicable rules and regulations for presentation at the Company's Annual Meeting of Stockholders in 1999 and received at the Company's executive offices no later than December 2, 1998 will be considered for inclusion in the Company's Proxy Statement and form of proxy relating to such annual meeting. For other proposals of stockholders to be timely (but not considered for inclusion in the Company's Proxy Statement), a stockholder's notice should be delivered to or mailed and received at the principal executive offices of the Company no later than March 9, 1999 and should otherwise comply with the advance notice provisions of the Company's by-laws.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) See Index to Exhibits following the Signatures page.
(b) No reports on Form 8-K were filed during the quarter ended September 30, 1998.

SIGNATURES

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

GAYLORD ENTERTAINMENT COMPANY

Date: November 13, 1998

By: /s/ Joseph B. Crace

Joseph B. Crace
Senior Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

10	1997 Stock Option and Incentive Plan Amended and Restated as of August 15, 1998

27 Financial Data Schedule (for SEC use only)

EXHIBIT 10

GAYLORD ENTERTAINMENT COMPANY
1997 STOCK OPTION AND INCENTIVE PLAN
AMENDED AND RESTATED AS OF AUGUST 15, 1998

1. PURPOSE; TYPES OF AWARDS; CONSTRUCTION.

The purpose of this Amended and Restated 1997 Stock Option and Incentive Plan of Gaylord Entertainment Company (the "Plan") is to afford an incentive to officers, directors, key employees, consultants and advisors of Gaylord Entertainment Company (the "Company"), or any Subsidiary (as defined herein) which now exists or hereafter is organized or acquired by the Company, to acquire a proprietary interest in the Company, to continue as officers, directors, employees, consultants and advisors, to increase their efforts on behalf of the Company and to promote the success of the Company's business.

It is further intended that options granted by the Compensation or other Committee (the "Committee") of the Board of Directors of the Company (the "Board") pursuant to Section 8 of the Plan shall constitute "incentive stock options" ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and options granted by the Committee pursuant to Section 7 of the Plan shall constitute "nonqualified stock options" ("Nonqualified Stock Options"). The Committee may also grant stock appreciation rights ("Stock Appreciation Rights" or "SARs") pursuant to Section 9 of the Plan and shares of restricted stock ("Restricted Stock") pursuant to Section 10 of the Plan.

The provisions of the Plan are intended to satisfy the requirements of Section 16(b) of the Securities Exchange Act of 1934, and shall be interpreted in a manner consistent with the requirements thereof, as now or hereafter construed, interpreted, and applied by regulations, rulings, and cases. The Plan is also designated so that awards granted hereunder intended to comply with the requirements for "performance-based" compensation under Section 162(m) of the Code may comply with such requirements. The creation and implementation of the Plan shall not diminish or prejudice other compensation plans or programs approved from time to time by the Board.

2. DEFINITIONS.

As used in this Plan, the following words and phrases shall have the meanings indicated:

(a) "Common Stock" shall mean shares of Common Stock, par value $.01 per share, of the Company.

(b) "Disability" shall mean a Grantee's (as defined in Section 3 hereof) inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve (12) months.

(c) "Fair Market Value" per share of Common Stock as of a particular date shall mean (i) the closing sales price per share of Common Stock on the national securities exchange on which the Common Stock is principally traded, for the last preceding date on which there was a sale of such Common Stock on such exchange, or (ii) if the shares of Common Stock are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market for the last preceding date on which there was a sale of such Common Stock in such market, or (iii) if the shares of Common Stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine.

(d) "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

(e) "Option" or "Options" shall mean a grant to a Grantee of an option or options to purchase shares of Common Stock. Options granted by the Committee pursuant to the Plan shall constitute either Incentive Stock Options or Nonqualified Stock Options.

(f) "Parent" shall mean any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of granting an Option, each of the companies other than the Company owns stock or equity interests (including partnership interests) possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or equity interests in one of the other companies in such chain.

(g) "Performance Goals" means performance goals based on one or more of the following criteria: (i) pre-tax income or after-tax income; (ii) operating cash flow; (iii) operating profit; (iv) return on equity, assets, capital, or investment; (v) earnings or book value per share; (vi) sales or revenues; (vii) operating expenses; (viii) cost of capital; (ix) Common Stock price appreciation; and (x) implementation or completion of critical projects or processes. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Company or any Subsidiary, or a division or strategic business unit of the Company, or may be applied to the performance of the Company relative to a market index, a group of other companies, or a combination thereof, all as determined by the Committee. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). Each of the foregoing Performance Goals shall be determined, to the extent applicable, in accordance with generally accepted accounting principles and shall be subject to certification by the Committee; provided, that the Committee shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting the Company or any Subsidiary or the financial statements of the Company or any Subsidiary, in response to changes in applicable laws or regulations, or to account for items of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of business or related to a change in accounting principles.

(h) "Subsidiary" shall mean any company (other than the Company) in an unbroken chain of companies beginning with the Company if, at the time of granting an Option, each of the companies other than the last company in the unbroken chain owns stock or equity interests (including partnership interests) possessing fifty percent (50%) or more of the total combined voting power of all classes of stock or equity interests in one of the other companies in such chain.

(i) "Ten Percent Stockholder" shall mean a Grantee who, at the time an Incentive Stock Option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.

(j) "Retirement" means retirement by an employee from active employment with the Company or any Subsidiary (i) on or after attaining age 65, or (ii) with the express written consent of the Company on or after attaining age 55.

(k) "Voting Trust" shall mean the trust created by that certain Voting Trust Agreement, dated as of October 3, 1990, as amended October 7, 1991, and as may be amended hereafter from time to time, and "Voting

Trustees" shall mean the trustees of the Voting Trust.

3. ADMINISTRATION.

The Plan shall be administered by the Committee, which will be comprised solely of "Non-Employee Directors" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or by the Board if for any reason the Committee is not so comprised, in which case all references herein to the Committee shall refer to the Board.

The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Options, SARs, and Restricted Stock; to determine which Options shall constitute Incentive Stock Options and which Options shall constitute Nonqualified Stock Options and whether such Options will be accompanied by Stock Appreciation Rights; to determine the purchase price of the shares of Common Stock covered by each Option (the "Option Price") and SARs, the kind of consideration payable (if any) with respect to awards, and the various methods for payment; to determine the period during which Options may be exercised and during which Restricted Stock shall be subject to restrictions, and whether in whole or in installments; to determine the persons to whom, and the time or times at which awards shall be granted (such persons are referred to herein as "Grantees"); to determine the number of shares to be covered by each award; to determine the terms, conditions, and restrictions of any Performance Goals and the number of Options, SARs, or shares of Restricted Stock subject thereto; to interpret the Plan; to prescribe, amend, and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the agreements (which need not be identical) entered into in connection with awards granted under the Plan (the "Agreements"); to cancel or suspend awards, as necessary; and to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more of its members or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan. All decisions, determinations, and interpretations of the Committee shall be final and binding on all Grantees of any awards under this Plan.

The Board shall fill all vacancies, however caused, in the Committee. The Board may from time to time appoint additional members to the Committee, and may at any time remove one or more Committee members and substitute others. One member of the Committee shall be selected by the Board as chairman. The Committee shall hold its meetings at such times and places as it shall deem advisable. All determinations of the Committee shall be made by a majority of its members either present in person or participating by conference telephone at a meeting or by written consent. The Committee may appoint a secretary and make such rules and regulations for the conduct of its business as it shall deem advisable, and shall keep minutes of its meetings.

No members of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any award granted hereunder.

4. ELIGIBILITY.

Directors, officers, key employees, consultants and advisors of the Company or any Subsidiary shall be eligible to receive awards hereunder; provided, however, that only consultants or advisors who have rendered bona fide services to the Company or any Subsidiary in connection with its business operations, and not in connection with the offer or sale of securities in capital-raising transactions, shall be eligible to receive awards hereunder. In determining the persons to whom awards shall be granted and the number of shares to be covered by each award, the Committee, in its sole discretion, shall take into account the contribution by the eligible participants to the management, growth, and profitability of the business of the Company and such other factors as the Committee shall deem relevant.

5. STOCK.

The maximum number of shares of Common Stock reserved for the grant of awards under the Plan shall be 3,000,000 (including shares of Common Stock reserved for the grant of awards issued in connection with the Distribution Agreement (as defined below)), subject to adjustment as provided in Section 11 hereof. Such shares may, in whole or in part, be authorized but unissued shares or shares that shall have been or may be reacquired by the Company.

If any outstanding award under the Plan should, for any reason, expire or be canceled, forfeited, or terminated, without having been exercised in full, the shares of Common Stock allocable to the unexercised, canceled, forfeited, or terminated portion of such award shall (unless the Plan shall have been terminated) become available for subsequent grants of awards under the Plan.

The maximum number of shares of Common Stock with respect to which awards (including Options, SARs, and Restricted Stock) may be granted under the Plan to any eligible employee during any consecutive three-year period shall be 500,000, subject to adjustment as provided in Section 11 hereof. Notwithstanding the foregoing, shares of Common Stock issued or issuable to any person in connection with the Agreement and Plan of Distribution, dated as of September 30, 1997, between the Company and Gaylord Entertainment Company, a Delaware corporation (the "Distribution Agreement") shall not be counted for purposes of the maximum number of shares limitation in the preceding sentence.

6. TERMS AND CONDITIONS OF OPTIONS.

Each Option granted pursuant to the Plan shall be evidenced by a written agreement between the Company and the Grantee (the "Option Agreement"), in such form as the Committee shall from time to time approve, which Option Agreement shall comply with and be subject to the following terms and conditions:

(a) Number of Shares. Each Option Agreement shall state the number of shares of Common Stock to which the Option relates.

(b) Type of Option. Each Option Agreement shall specifically state that the Option constitutes an Incentive Stock Option or a Nonqualified Stock Option.

(c) Option Price. Each Option Agreement shall state the Option Price, which, in the case of an Incentive Stock Option, shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Common Stock covered by the Option on the date of grant. The Option Price shall be subject to adjustment as provided in Section 11 hereof. Unless otherwise stated in the resolution, the date on which the Committee adopts a resolution expressly granting an Option shall be considered the day on which such Option is granted.

(d) Medium and Time of Payment. The Option Price shall be paid in full, at the time of exercise, in any manner that the Committee shall deem appropriate or that the Option Agreement shall provide for, including, in cash, in shares of Common Stock having a Fair Market Value equal to such Option Price, in cash provided through a broker-dealer sale and remittance procedure, approved by the Committee, in a combination of cash and Common Stock, or in such other manner as the Committee shall determine.

(e) Term and Exercisability of Options. Each Option shall be exercisable at such times and under such conditions as the Committee, in its discretion, shall determine; provided, however, that in the case of an Incentive Stock Option, such exercise period shall not exceed ten (10) years from the date of grant of such Option. The exercise period shall be subject to earlier termination as provided in Section 6(f) hereof. An Option may be exercised, as to any or all full shares of Common Stock as to which the Option has become exercisable, by giving written notice of such exercise to the Committee or its designated agent.

(f) Termination of Employment.

(i) Generally. Except as otherwise provided herein or as determined by the Committee, an Option may not be exercised unless the Grantee is then in the service or employ of the Company or a Parent or Subsidiary (or a company or a parent or subsidiary company of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies), and unless the Grantee has remained continuously in such service or employ since the date of grant of the Option. Unless otherwise determined by the Committee at or after the date of grant, in the event that the employment of a Grantee or the service provided to the Company by the Grantee terminates (other than by reason of death, Disability, Retirement, or for Cause) all Options that are exercisable at the time of such termination may be exercised for a period of 90 days from the date of such termination or until the expiration of the stated term of the Option, whichever period is shorter. For purposes of interpreting this Section 6(f) only, the service of a director as a non-employee member of the Board shall be deemed to be employment by the Company.

(ii) Death or Disability. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates by reason of death, or if the Grantee's employment or service terminates by reason of Disability, all Options theretofore granted to such Grantee will become fully vested and exercisable (notwithstanding any terms of the Options providing for delayed exercisability) and may be exercised by the Grantee, by the legal representative of the Grantee's estate, or by the legatee under the Grantee's will at any time until the expiration of the stated term of the Option. In the event that an Option granted hereunder is exercised by the legal representative of a deceased or disabled Grantee, written notice of such exercise must be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative or legatee to exercise such Option.

(iii) Retirement. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates by reason of Retirement, any Option held by the Grantee may thereafter be exercised, to the extent it was exercisable at the time of such Retirement or on such accelerated basis as the Committee may determine at or after the date of grant (but before the date of such Retirement), at any time until the expiration of the stated term of the Option.

(iv) Cause. If a Grantee's employment with, or service to, the Company or a Parent or Subsidiary terminates for "Cause" (as determined by the Committee in its sole discretion) the Option, to the extent not theretofore exercised, shall terminate on the date of termination of employment.

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

(g) Other Provisions. The Option Agreements evidencing Options under the Plan shall contain such other terms and conditions, not inconsistent with the Plan, as the Committee may determine.

7. NONQUALIFIED STOCK OPTIONS.

Options granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject only to the general terms and conditions specified in Section 6 hereof.

8. INCENTIVE STOCK OPTIONS.

Options granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be subject to the following special terms and conditions, in addition to the general terms and conditions specified in Section 6 hereof

(a) Value of Shares. The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of equity securities of the Company with respect to which Incentive Stock Options granted under this Plan and all other option plans of any Parent or Subsidiary become exercisable for the first time by each Grantee during any calendar year shall not exceed $100,000. To the extent such $100,000 limit has been exceeded with respect to any Options first becoming exercisable, including acceleration upon a Change in Control, and notwithstanding any statement in the Option Agreement that it constitutes an Incentive Stock Option, the portion of such Option(s) that exceeds such $100,000 limit shall be treated as a Nonqualified Stock Option.

(b) Ten Percent Stockholder. In the case of an Incentive Stock Option granted to a Ten Percent Stockholder, (i) the Option Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of the shares of Common Stock on the date of grant of such Incentive Stock Option, and (ii) the exercise period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.

9. STOCK APPRECIATION RIGHTS.

The Committee is authorized to grant SARs to Grantees on the following terms and conditions:

(a) In General. Unless the Committee determines otherwise, an SAR (i) granted in tandem with a Nonqualified Stock Option may be granted at the time of grant of the related Nonqualified Stock Option or at any time thereafter, and (ii) granted in tandem with an Incentive Stock Option may only be granted at the time of grant of the related Incentive Stock Option. An SAR granted in tandem with an Option shall be exercisable only to the extent the underlying Option is exercisable and shall terminate when the underlying Option terminates.

(b) SARs. An SAR shall confer on the Grantee a right to receive an amount with respect to each share subject thereto, upon exercise thereof, equal to the excess of (i) the Fair Market Value of one share of Common Stock on the date of exercise over (ii) the grant price of the SAR (which in the case of an SAR granted in tandem with an Option shall be equal to the exercise price of the underlying Option, and which in the case of any other SAR shall be such price as the Committee may determine).

(c) Performance Goals. The Committee may condition the exercise of any SAR upon the attainment of specified Performance Goals, in its sole discretion.

10. RESTRICTED STOCK.

The Committee may award shares of Restricted Stock to any eligible employee or director. Each award of Restricted Stock under the Plan shall be evidenced by an instrument, in such form as the Committee shall from time to time approve (the "Restricted Stock Agreement"), and shall comply with the following terms and conditions (and with such other terms and conditions not inconsistent with the terms of this Plan as the Committee, in its discretion, shall establish including, without limitation, the requirement that a Grantee provide consideration for Restricted Stock upon the lapse of restrictions):

(a) The Committee shall determine the number of shares of Common Stock to be issued to the Grantee pursuant to the award.

(b) Shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee shall determine from the date on which the award is granted (the "Restricted Period"). The Committee may impose such other restrictions and conditions on the shares as it deems appropriate including the satisfaction of Performance Goals. Certificates for shares of stock issued pursuant to Restricted Stock awards shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such shares of stock in contravention of such restrictions shall be null and void and without effect. During the Restricted Period, such certificates shall be held in escrow by an escrow agent appointed by the Committee. In determining the Restricted Period of an award, the Committee may provide that the foregoing restrictions lapse at such times, under such circumstances, and in such installments, as the Committee may determine.

(c) Subject to such exceptions as may be determined by the Committee, if the Grantee's continuous employment with the Company or any Parent or Subsidiary shall terminate for any reason prior to the expiration of the Restricted Period of an award, any shares remaining subject to restrictions (after taking into account the provisions of Subsection (f) of this Section 10.) shall thereupon be forfeited by the Grantee and transferred to, and reacquired by, the Company or a Parent or Subsidiary at no cost to the Company or such Parent or Subsidiary.

(d) During the Restricted Period the Grantee shall possess all incidents of ownership of such shares, subject to Subsection (b) of this Section 10, including the right to receive cash dividends with respect to such shares and to vote such shares; provided, that shares of Common Stock distributed in connection with a stock split or stock dividend shall be subject to restriction and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such shares are distributed.

(e) Upon the occurrence of any of the events described in Section 11(c), all restrictions then outstanding with respect to shares of Restricted Stock awarded hereunder shall automatically expire and be of no further force or effect.

(f) The Committee shall have the authority (and the Restricted Stock Agreement may so provide) to cancel all or any portion of any outstanding restrictions prior to the expiration of the Restricted Period with respect to any or all of the shares of Restricted Stock awarded on such terms and conditions as the Committee shall deem appropriate.

11. EFFECT OF CERTAIN CHANGES.

(a) If there is any change in the shares of Common Stock through the declaration of extraordinary cash dividends, stock dividends, recapitalization, stock splits, or combinations or exchanges of such shares, or other similar transactions, the number of shares of Common Stock available for awards (both the maximum number of shares issuable under the Plan as a whole and the maximum number of shares issuable on a per-employee basis, each as set forth in Section 5 hereof, the number of such shares covered by outstanding awards, the Performance Goals, and the price per share of Options or SARs shall be proportionately adjusted by the Committee to reflect such change in the issued shares of Common Stock; provided, that any fractional shares resulting from such adjustment shall be eliminated; and provided, further, that, with respect to Incentive Stock Options, such adjustment shall be made in accordance with Section 424(h) of the Code.

(b) In the event of the dissolution or liquidation of the Company; in the event of any corporate separation or division, including but not limited to, split-up, split-off or spin-off; or in the event of other similar transactions, the Committee may, in its sole discretion, provide that either:

(i) the Grantee of any award hereunder shall have the right to exercise an Option (at its then Option Price) and receive such property, cash, securities, or any combination thereof upon such exercise as would have been received with respect to the number of shares of Common Stock for which such Option might have been exercised immediately prior to such dissolution, liquidation, or corporate separation or division; or

(ii) each Option shall terminate as of a date to be fixed by the Committee and that not less than thirty (30) days' written notice of the date so fixed shall be given to each Grantee, who shall have the right, during the period of thirty (30) days preceding such termination, to exercise all or part of such Option.

In the event of a proposed sale of all or substantially all of the assets of the Company or the merger of the Company with or into another corporation, any award then outstanding shall be assumed or an equivalent award shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless such successor corporation does not agree to assume the award or to substitute an equivalent award, in which case the Committee shall, in lieu of such assumption or substitution, provide for the realization of such outstanding awards in the manner set forth in Section 11(b)(i) or 11(b)(ii) above.

(c) If, while any awards remain outstanding under the Plan, any of the following events shall occur (which events shall constitute a "Change in Control" of the Company):

(i) the "beneficial ownership," as defined in Rule 13d-3 under the Exchange Act, of securities representing more than a majority of the combined voting power of the

Company are acquired by any "person" as defined in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (C) the Voting Trust and the Voting Trustees, (D) Edward L. Gaylord or any member of his Immediate Family, or any "person" controlled by, controlling or under common control with Edward L. Gaylord or any member of his Immediate Family; or (E) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company); or

(ii) the shareholders of the Company approve a definitive agreement to merge or consolidate the Company with or into another company (other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) a majority of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation), or to sell or otherwise dispose of all or substantially all of its assets, or adopt a plan of liquidation; or

(iii) during any period of two consecutive years, individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by the Company's shareholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period);

then from and after the date on which any such Change in Control shall have occurred (the "Acceleration Date"), any Option, SAR, and share of Restricted Stock awarded pursuant to this Plan shall be exercisable or otherwise nonforfeitable in full, as applicable, whether or not otherwise exercisable or forfeitable.

Following the Acceleration Date, the Committee shall, in the case of a merger, consolidation, or sale or disposition of assets, promptly make an appropriate adjustment to the number and class of shares of Common Stock available for awards, and to the amount and kind of shares or other securities or property receivable upon exercise or other realization of any outstanding awards after the effective date of such transaction, and, if applicable, the price thereof.

(d) In the event of a change in the Common Stock of the Company as presently constituted that is limited to a change of all of its authorized shares of Common Stock into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Common Stock within the meaning of the Plan.

(e) Except as herein before expressly provided in this Section 11, the Grantee of an award hereunder shall have no rights by reason of any subdivision or consolidation of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spin-off of assets or stock of another company; and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of

shares of Common Stock subject to an award. The grant of an award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structures or to merge or to consolidate or to dissolve, liquidate, or sell, or transfer all or part of its business or assets or engage in any similar transactions.

12. SURRENDER AND EXCHANGES OF AWARDS.

The Committee may permit the voluntary surrender of all or a portion of any Option granted under the Plan or any option granted under any other plan, program, or arrangement of the Company or any Subsidiary ("Surrendered Option"), to be conditioned upon the granting to the Grantee of a new Option for the same number of shares of Common Stock as the Surrendered Option, or may require such voluntary surrender as a condition precedent to a grant of a new Option to such Grantee. Subject to the provisions of the Plan, such new Option (1) may be an Incentive Stock Option or a Nonqualified Stock Option and (2) shall be exercisable at the price, during such period, and on such other terms and conditions as are specified by the Committee at the time the new Option is granted. The Committee may also grant Restricted Stock in exchange for Surrendered Options to any holder of such Surrendered Option.

13. PERIOD DURING WHICH AWARDS MAY BE GRANTED.

Awards may be granted pursuant to the Plan from time to time within a period of ten (10) years from the date of the Distribution (as defined in the Distribution Agreement), provided that awards granted prior to such tenth anniversary date may be extended beyond such date.

14. LIMITS ON TRANSFERABILITY OF AWARDS.

Awards of Incentive Stock Options (and any SAR related thereto) shall not be transferable otherwise than by will or by the laws of descent and distribution, and all Incentive Stock Options are exercisable during the Grantee's lifetime only by the Grantee. Awards of Nonqualified Stock Options (and any SAR related thereto) shall not be transferable, without the prior written consent of the Committee, other than (i) by will or by the laws of descent and distribution, (ii) by a Grantee to a member of his or her Immediate Family, or (iii) to a trust for the benefit of the Grantee or a member of his or her Immediate Family. Awards of Restricted Stock shall be transferable only to the extent set forth in the Restricted Stock Agreement.

15. EFFECTIVE DATE.

The Plan shall be deemed to have taken effect on October 1, 1997.

16. AGREEMENT BY GRANTEE REGARDING WITHHOLDING TAXES.

If the Committee shall so require, as a condition of exercise of an Option or SAR or other realization of an award, each Grantee shall agree that no later than the date of exercise or other realization of an award granted hereunder, the Grantee will pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state, or local taxes of any kind required by law to be withheld upon the exercise of an Option or other realization of an award. Alternatively, the Committee may provide that a Grantee may elect, to the extent permitted or required by law, to have the Company deduct federal, state, and local taxes of any kind required by law to be withheld upon the exercise of an Option or realization of any award from any payment of any kind due to the Grantee. The Committee may, in its sole discretion, permit withholding obligations to be satisfied in shares of Common Stock subject to the award.

17. AMENDMENT AND TERMINATION OF THE PLAN.

The Board at any time and from time to time may suspend, terminate, modify, or amend the Plan without stockholder approval to the fullest extent permitted by the Exchange Act and the rules and regulations thereunder; provided, however, that no suspension, termination, modification, or amendment of the Plan may adversely affect any award previously granted hereunder, unless the written consent of the Grantee is obtained.

18. RIGHTS AS A SHAREHOLDER.

Except as provided in Section 10(d) hereof, a Grantee or a transferee of an award shall have no rights as a shareholder with respect to any shares covered by the award until the date of the issuance of a stock certificate to him or her for such shares. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities, or other property) or distribution of other rights for which the record date is prior to the date such stock certificate is issued, except as provided in Section 11 hereof.

19. NO RIGHTS TO SERVICE OR EMPLOYMENT.

Nothing in the Plan or in any award granted or Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ of the Company or any Subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement or to interfere with or limit in any way the right of the Company or any such Subsidiary to terminate such Grantee's service to or employment by the Company or such Subsidiary. Awards granted under the Plan shall not be affected by any change in duties or position of a Grantee as long as such Grantee continues to provide service to or is in the employ of the Company or any Subsidiary.

20. BENEFICIARY.

A Grantee may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary.

21. UNFUNDED STATUS OF PLAN.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Grantee by the Company, nothing contained herein shall give any such Grantee any rights that are greater than those of a general

creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Common Stock or payments in lieu of or with respect to awards hereunder; provided, however, that, unless the Committee otherwise determines with the consent of the affected participant, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

22. GOVERNING LAW.

The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware.

<ARTICLE> 5
<MULTIPLIER> 1,000

<PERIOD-TYPE>	9-MOS	
<FISCAL-YEAR-END>		DEC-31-1998
<PERIOD-START>		JAN-01-1998
<PERIOD-END>		SEP-30-1998
<CASH>		13,909
<SECURITIES>		0
<RECEIVABLES>		102,615
<ALLOWANCES>		5,160
<INVENTORY>		25,458
<CURRENT-ASSETS>		177,251
<PP&E>		583,301
<DEPRECIATION>		0
<TOTAL-ASSETS>		1,213,749
<CURRENT-LIABILITIES>		116,311
<BONDS>		501,964
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		328
<OTHER-SE>		516,695
<TOTAL-LIABILITY-AND-EQUITY>		1,213,749
<SALES>		369,888
<TOTAL-REVENUES>		369,888
<CGS>		0
<TOTAL-COSTS>		345,014
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		22,673
<INCOME-PRETAX>		26,837
<INCOME-TAX>		10,333
<INCOME-CONTINUING>		16,504
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		16,504
<EPS-PRIMARY>		0.50
<EPS-DILUTED>		0.50