UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ____________ TO ____________

COMMISSION FILE NO. 1-13079

GAYLORD ENTERTAINMENT COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	73-0664379 (I.R.S. employer identification number)
ONE GAYLORD DRIVE, NASHVILLE, TENNESSEE (Address of principal executive offices)	37214 (Zip Code)

(Registrant's telephone number, including area code) (615) 316-6000

Securities registered pursuant to Section 12(b) of the Act:

COMMON STOCK -- $.01 PAR VALUE (Title of Class)	NEW YORK STOCK EXCHANGE (Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of Class)

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

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

As of March 18, 1999, 32,809,448 shares of Common Stock were outstanding. The aggregate market value of the shares of Common Stock held by non-affiliates of the registrant based on the closing price of the Common Stock on the New York

Stock Exchange on March 18, 1999 was approximately $464,664,000. Shares of Common Stock held by non-affiliates exclude only those shares beneficially owned by officers and directors.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Stockholders for the year ended December 31, 1998 are incorporated by reference into Part II of this Form 10-K. Portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held May 13, 1999 are incorporated by reference into Part III of this Form 10-K.

GAYLORD ENTERTAINMENT COMPANY

1998 FORM 10-K ANNUAL REPORT

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

INTRODUCTION AND HISTORY

Gaylord Entertainment Company (the "Company") is a diversified entertainment company operating principally in three industry segments: (i) hospitality and attractions; (ii) broadcasting and music; and (iii) cable networks.

The Company traces its origins to a newspaper publishing business founded in 1903 in the Oklahoma Territory by a group including the Gaylord and Dickinson families. In 1928, the Company entered the radio broadcasting business and, in 1949, expanded its broadcasting interests to include television stations. The Company currently owns a television station that is affiliated with the CBS television network and three radio stations. See "-- Broadcasting and Music."

In 1983, the Company acquired Opryland USA, an interrelated group of businesses tracing their origins to the Grand Ole Opry music radio show created in 1925, which has become the cornerstone of the company's hospitality and attractions businesses. Opryland USA has developed an entertainment and convention/resort complex in Nashville, Tennessee, that is anchored by the Opry House (the current home of the Grand Ole Opry), the Opryland Hotel, which is one of the nation's largest convention/resort hotels, and, until the end of 1997, the Opryland theme park. Beginning in 2000, the former Opryland theme park site will be home to Opry Mills, a $200 million entertainment/retail complex to be built in partnership with The Mills Corporation. See "-- Hospitality and Attractions."

Also in 1983, Opryland USA entered the cable networks business by launching The Nashville Network ("TNN"), a cable network with a national audience featuring country lifestyles, entertainment, and sports, and, in 1991, the Company acquired a 67% interest in Country Music Television ("CMT"), a cable network with a 24-hour country music video format. The Company subsequently expanded CMT outside the U.S., and the first of the CMT International cable networks was launched in Europe in 1992. CMT International, which programs primarily country music videos, was later expanded into Asia and the Pacific Rim, as well as Latin America. In 1994, the Company entered into an agreement to manage the operations of Z Music, a cable network currently featuring contemporary Christian music videos. During 1998, the Company obtained a controlling interest in Z Music. In January 1997, the Company acquired the assets of Word Entertainment ("Word"), one of the largest contemporary Christian music companies in the world. See "-- Cable Networks" and "-- Broadcasting and Music."

Prior to September 30, 1997, the Company was a wholly owned subsidiary of a corporation which was then known as Gaylord Entertainment Company ("Old Gaylord"). On October 1, 1997, Old Gaylord consummated a transaction with CBS Corporation ("CBS") and G Acquisition Corp., a wholly owned subsidiary of CBS ("Sub"), pursuant to which Sub was merged (the "CBS Merger") with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of CBS. Prior to the CBS Merger, Old Gaylord was restructured (the "Restructuring") by transferring its assets and liabilities, other than TNN, the U.S. and Canadian operations of CMT, and certain other related assets and liabilities (collectively, the "Cable Networks Business"), to the Company and its subsidiaries. Following the Restructuring, on September 30, 1997, Old Gaylord distributed (the "Distribution") pro rata to its stockholders all of the outstanding capital stock of the Company. In connection with these transactions, the Company and Old Gaylord entered into various agreements relating to the future relationship between the Company and Old Gaylord (as a subsidiary of CBS) after the CBS Merger (the "CBS Transitional Agreements"), the net cost of which, if any, is expected to be immaterial to the Company. Immediately following the CBS Merger, the Company changed its name to Gaylord Entertainment Company.

Unless the context otherwise requires, references in this Annual Report on Form 10-K to the "Company" for periods prior to the Distribution are to Old Gaylord.

HOSPITALITY AND ATTRACTIONS

The Company's hospitality and attractions operations consist primarily of an interrelated group of businesses including the Grand Ole Opry, the Opryland Hotel, the Wildhorse Saloon, the Ryman Auditorium, the General Jackson (an entertainment showboat), and other related businesses. See Note 14 to the Company's Consolidated Financial Statements for the amounts of revenues, operating income, and identifiable assets attributable to the Company's hospitality and attractions operations.

Convention/Resort Hotel Operations

The Opryland Hotel. The Opryland Hotel, situated on approximately 120 acres in the Opryland complex, is one of the largest hotels in the United States in terms of number of guest rooms, and it has more meeting and exhibit space per room than any other convention hotel in the world. The Opryland Hotel attracts convention business, which accounted for approximately 80% of the hotel's revenues in each of 1998, 1997, and 1996, from major trade associations and corporations. It also serves as a destination resort for vacationers seeking accommodations in close proximity to the Grand Ole Opry and the Springhouse Golf Club, the Company's 18-hole championship golf course, as well as to other attractions in the Nashville area. The Company believes that the ambiance created at the Opryland Hotel by combining a state of the art convention facility, live musical entertainment, and old-fashioned Southern hospitality and charm are factors that differentiate it from other convention/resort hotels.

The following table sets forth information concerning the Opryland Hotel for each of the five years in the period ended December 31, 1998.

	YEARS ENDED DECEMBER 31,				
	1998	1997	1996	1995	1994
Average number of guest rooms..........	2,884	2,866	2,613	1,907	1,878
Occupancy rate.........................	79.1%	85.4%	84.7%	87.5%	87.9%
Average room rate......................	$ 141.28	$ 135.03	$ 131.21	$ 132.99	$ 130.15
Food and beverage revenues (in					

thousands)...........................	$ 72,659	$ 76,408	$ 59,904	$ 50,418	$ 48,694
Total revenues (in thousands)..........	$223,781	$231,354	$196,226	$153,062	$147,049

To serve conventions, the Opryland Hotel has 2,884 guest rooms, four ballrooms with approximately 123,900 square feet, 85 banquet/meeting rooms, and total dedicated exhibition space of approximately 289,000 square feet. In addition to extensive convention facilities, the Opryland Hotel features the Delta, a 4.5 acre atrium containing a New Orleans street scene with shops; a 1.5 acre garden conservatory; a 1.5 acre water-oriented interior space called the Cascades; fifteen food and beverage outlets including a food court featuring a variety of cuisines; three swimming pools; and twenty-nine retail outlets. In the Delta, hotel guests and visitors can take boat rides on the Delta's indoor river. Live entertainment is featured in the Cascades and in the hotel's restaurants and lounges, and special productions for conventions are often staged in the hotel or on the General Jackson showboat. The Springhouse Golf Club attracts conventions requiring the availability of golf and makes the hotel more attractive to vacationers. The Springhouse Golf Club also hosts an annual PGA Tour event, the BellSouth Senior Classic at Opryland, which is televised on NBC.

The Opryland Hotel directs its convention marketing efforts primarily to major trade, industry, and professional associations and corporations. The Company believes that the primary factors in successfully marketing the Opryland Hotel to meeting planners have been the reputation of the Opryland Hotel's services and facilities; the Opryland Hotel's ability to offer comprehensive convention services at a single facility; the quality and variety of entertainment and activities available at the hotel and in the Opryland complex generally; and the central location of Nashville within the United States. The Opryland Hotel typically enters into contracts for conventions several years in advance. To date, Opryland Hotel has experienced a minimal number of cancellations. Conventions under contract that cancel are required to pay certain penalties and face the possible loss of future convention space at the hotel. As of February 28, 1999, convention bookings for the balance of 1999 and for 2000 were approximately 597,706 and 600,973 guest room nights, respectively,

representing approximately 67.7% and 57.1%, respectively, of available guest room nights for such periods, and the hotel had advance convention bookings extending into the year 2020.

The Company also markets the Opryland Hotel as a destination resort through national and local advertising and a variety of promotional activities. As part of its marketing activities, the Company advertises promotional "packages" on TNN and CMT and through other media, including KTVT in Dallas. Pursuant to the CBS Transitional Agreements, the Company continues to have access to promotional spots on TNN and CMT, consistent with past practices, allowing the Company to promote the Opryland Hotel and other properties on these cable networks for a period of five years. Such promotions include "Springtime Getaway," the International Country Music Fan Fair Celebration in June of each year, "Opryland Summer Vacation" and "A Country Christmas," which begins each year in November and runs through Christmas Day. The Country Christmas program has contributed to the hotel's high occupancy rate during the months of November and December, traditionally a slow period for the hotel industry.

The Inn at Opryland. During 1998 the Company purchased a 307-room hotel facility with approximately 6,500 square feet of meeting space and a 175-seat restaurant adjacent to the Opryland complex for approximately $16 million and renamed the facility the Inn at Opryland.

The General Jackson. The General Jackson, a 300-foot, four-deck paddle wheel showboat, operates on the Cumberland River, which flows past the Opryland complex. Its Victorian Theatre can seat 620 people for banquets and 1,000 people for theater-style presentations. The showboat stages Broadway-style shows and other theatrical productions. It is one of many sources of entertainment that the Company makes available to conventions held at the Opryland Hotel and contributes to the Company's revenues from convention participants. During the day it serves primarily tourists visiting the Opryland complex and the Nashville area.

Opryland Lodging Group. In February 1998, the Company announced the formation of a new hotel management company (the "Opryland Lodging Group") to expand the Opryland Hotel concept to other areas of the country. Opryland Lodging Group's business strategy is to develop properties in selected locations across the U.S. to serve meetings and conventions in the same manner as the Opryland Hotel, as well as to explore opportunities to acquire and manage existing properties, provide consulting services and pursue joint ventures with other businesses.

Plans for the properties to be developed include the following components which the Company believes are the foundation of its success with the Opryland Hotel in Nashville: (i) state-of-the-art meeting facilities, including a high ratio of square footage of meeting and exhibit space per guest room; (ii) expansive atriums themed to capture geographical and cultural aspects of the region in which the property is located; and (iii) entertainment components and venues creating a guest experience not typically found in convention hotels.

Opryland Lodging Group has researched various markets in the United States and has determined that those markets in the southern half of the country are most desirable to convention planners due to more favorable year-round weather conditions. Two markets, Osceola County, Florida, near Orlando, and Grapevine, Texas, near Dallas-Fort Worth, have been chosen for the first two properties to be developed. Opryland Lodging Group has entered into contracts to acquire real property (subject to contingencies) for the Grapevine location and is currently negotiating a lease to occupy a specific site in Osceola County. Conceptual and schematic design work is in progress for the hotels to be developed in these markets. Initial plans for each of the properties include 1,400-1,600 guest rooms and approximately 350,000 square feet of meeting and exhibit space.

The Company intends to commence construction on the Osceola County property during the second quarter of 1999 with an anticipated opening in 2002. The Grapevine property construction is expected to commence in late 1999 or early 2000 with an anticipated opening in 2003. Total development costs for each of the hotels is expected to be in excess of $300 million. The Company is currently evaluating various financing alternatives for these projects.

Opry Mills

From 1972 until the end of 1997, the Company operated the Opryland theme park, a musical show park that emphasized live productions of country, rock 'n' roll, gospel, bluegrass, and Broadway show tunes. In November 1997, the Company announced plans to close the Opryland theme park and to develop Opry Mills, a $200 million entertainment/retail complex, in partnership with The Mills Corporation. The Company owns a one-third interest in the partnership. The new 1.2 million leasable square foot Opry Mills retail complex is expected to enhance the Opryland properties, particularly the Opryland Hotel, the Grand Ole Opry, and the General Jackson. Unlike the Opryland theme park, which operated full-time only in the summer and part-time during the Christmas season and on weekends in the spring and autumn, Opry Mills will provide shopping, entertainment, and dining experiences for visitors to the Company's existing properties on a year-round basis. The Company currently expects that Opry Mills will open in the spring of 2000.

Country Music Entertainment

The Grand Ole Opry. The Grand Ole Opry, the most widely known platform for country music in the world, is a live country music show with performances every Friday and Saturday night and frequent summer matinees. The Opry House, home of the Grand Ole Opry, is located in the Opryland complex. The show is broadcast by WSM-AM radio every Friday and Saturday night from the Opry House, and TNN telecasts a 30-minute live segment every Saturday night. Pursuant to the CBS Transitional Agreements, this live segment of the Grand Ole Opry will continue to be shown on TNN until at least September of 2002. The show has been radio broadcast since 1925 on WSM-AM, making it the longest running live radio program in the world.

The Grand Ole Opry currently has 71 performing members who are stars or other notables in the country music field. Members perform at the Grand Ole Opry, and there are no financial inducements attached to membership in the Grand Ole Opry other than the prestige associated with membership. In addition, the Grand Ole Opry presents performances by many other country music artists. Members include traditional favorites such as Loretta Lynn and George Jones along with contemporary artists like Garth Brooks, Vince Gill, and Lorrie Morgan. The following is a list of the current members of the Grand Ole Opry (including year of membership).

MEMBERS OF THE GRAND OLE OPRY

Bill Anderson-1961
Ernie Ashworth-1964
Clint Black-1991
Garth Brooks-1990
Jim Ed Brown-1963
Bill Carlisle-1953
Roy Clark-1987
John Conlee-1981
Wilma Lee Cooper-1957
Skeeter Davis-1959
Diamond Rio-1998
Little Jimmy Dickens*-1948
Joe Diffie-1993
Roy Drusky-1958
Holly Dunn-1989
The 4 Guys-1967
Larry Gatlin & The Gatlin
  Brothers Band-1976
Don Gibson-1958
Vince Gill-1991
Billy Grammer-1959
Jack Greene-1967
Tom T. Hall-1980
George Hamilton IV-1960
Emmylou Harris-1992
Jan Howard-1971
Alan Jackson-1991
Stonewall Jackson-1969
Jim & Jesse-1964
George Jones*-1969
Hal Ketchum-1994
Alison Krauss-1993
Hank Locklin-1960
Charlie Louvin-1955
Patty Loveless-1988
Loretta Lynn*-1962
Barbara Mandrell-1972
Martina McBride-1995
Mel McDaniel-1986
Reba McEntire-1986
Ronnie Milsap-1976
Lorrie Morgan-1984
Jimmy C. Newman-1956
The Osborne Brothers-1964
Bashful Brother Oswald-1995
Dolly Parton-1969
Johnny PayCheck-1997
Stu Phillips-1967
Ray Pillow-1966
Charley Pride-1993

Jeanne Pruett-1973
Del Reeves-1966
Riders in the Sky-1982
Johnny Russell-1985
Jeannie Seely-1967
Ricky Van Shelton-1988
Jean Shepard-1955
Ricky Skaggs-1982
Connie Smith-1971
Mike Snider-1990
Hank Snow*-1950
Marty Stuart-1992
Randy Travis-1986
Travis Tritt-1992
Porter Wagoner-1957
Billy Walker-1960
Charlie Walker-1967
Steve Wariner-1996
The Whites-1984
Teddy Wilburn-1953
Boxcar Willie-1981
Trisha Yearwood-1999

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* Members of the Country Music Hall of Fame.

The Opry House, which was built in 1974 to replace the Ryman Auditorium as the home of the Grand Ole Opry, contains a 45,000 square foot auditorium with 4,400 seats, a television production center that includes a 300-seat studio as well as lighting, audio, and video control rooms, and set design and scenery shops. The Opry House is used by the Company for the production of television and other programming and for third parties such as national television networks and the Public Broadcasting System. The Opry House is also rented for concerts, theatrical productions, and special events and is used by the Opryland Hotel for convention entertainment and events. Pursuant to the CBS Transitional Agreements, TNN and CMT will have access to and use of the Opry House and certain other properties owned by the Company until at least September of 2002.

The Wildhorse Saloon. Since 1994, the Company has owned and operated the Wildhorse Saloon, a country music dance club on historic Second Avenue in downtown Nashville. The three story, 56,000 square-foot facility includes a 3,000 square-foot dance floor, 190-seat restaurant and banquet facility, and a 15' x 22' television screen featuring, among other things, country music videos. The club also has a broadcast-ready stage and facilities to house mobile production units from which broadcasts of live concerts may be distributed nationwide. In April, 1998, a second Wildhorse Saloon was opened at the Walt Disney World(R) Resort near Orlando, Florida by a joint venture created in 1995 to expand the Wildhorse Saloon concept beyond Nashville to major, high-profile tourism cities around the country. The joint venture was originally owned 51% by the Company and 49% by The Levy Restaurant Group ("Levy"). Effective December 31, 1998, the Company purchased Levy's interest in the partnership. The Orlando Wildhorse entertainment venue and restaurant comprises approximately 27,000 square feet.

Ryman Auditorium. In 1994, the Company re-opened the renovated Ryman Auditorium, the former home of the Grand Ole Opry, for concerts and musical productions, including musicals produced by the Company such as "Always . . . Patsy Cline" and "Lost Highway," a tribute to the life and music of Hank Williams. In 1998, the Ryman Auditorium presented a new production called "Bye Bye Love," based on the lives and music of the Everly Brothers. The Ryman Auditorium, built in 1892, is listed on the National Register of Historic Places and seats approximately 2,100. Recent performers at the Ryman Auditorium include James Brown, Bob Dylan, Amy Grant, Lyle Lovett, The Dave Matthews Band, Ricky Skaggs, and Bruce Springsteen.

Other Attractions

Oklahoma City Redhawks. In 1998, the Company acquired additional interests in OKC Athletic Club Limited Partnership, a limited partnership that owns the Oklahoma City Redhawks, a minor league baseball club, and in certain concession rights. The additional interests were acquired in exchange for cash consideration of approximately $2.2 million. The Company currently owns a combined 65% interest in OKC Athletic Club Limited Partnership.

BROADCASTING AND MUSIC

The Company's broadcasting and music operations during 1998 consisted primarily of one television station, three radio stations, Word and Acuff-Rose Music Publishing, Inc. ("Acuff-Rose") (formerly known as Opryland Music Group). See Note 14 to the Company's Consolidated Financial Statements for the amounts of revenues, operating income, and identifiable assets attributable to the Company's broadcasting and music operations.

KTVT

The Company has been engaged in television broadcasting since 1949, at one time owning as many as seven television stations. As of December 31, 1998, the Company owned and operated one television station: KTVT, in Dallas-Fort Worth, Texas, which has been affiliated with the CBS television network since 1995.

As of November 1998, based on the Nielsen Station Index produced by the A.C. Nielsen Company ("Nielsen"), KTVT, broadcasting on channel 11, was the fourth ranked station out of 13 commercial stations in the Dallas-Fort Worth Designated Market Area ("DMA"). A DMA is an exclusive geographic area consisting of all counties in which the local stations receive a preponderance of total viewing hours. The Dallas-Fort Worth DMA, consisting of 1.95 million television households, is the seventh largest DMA in the United States. KTVT's broadcast license issued by the Federal Communications Commission (the "FCC") expires in 2006. See "-- Regulation and Legislation."

KTVT has historically generated revenues from local, regional, and national spot advertising. The majority of local, regional, and national spot advertising contracts are short-term, generally running for only a few weeks. Advertising rates charged by a television station are based primarily upon the demographics and number of television households in the area served by the station, as well as the station's ability to attract audiences as reflected in surveys made by Nielsen. DMA data, which is published by Nielsen, is a significant factor in determining television advertising rates. Rates are highest during the most desirable viewing hours (generally between 5:00 p.m. and midnight). The rates for local and national advertising are determined by KTVT. Local advertising spots are sold by KTVT's sales personnel and national advertising spots are sold by HRP, Inc., the national advertising sales agent for KTVT. Pursuant to an affiliation agreement with CBS, KTVT receives cash compensation and network programming from CBS (which represents the majority of the programming for KTVT). In turn, the affiliation agreement entitles CBS to a portion of the advertising spots on KTVT.

Radio Stations

WSM-AM and WSM-FM. The Company's radio stations WSM-AM and WSM-FM commenced broadcasting in 1925 and 1967, respectively. The Company's involvement with country music dates back to the creation of the Grand Ole Opry, which has been broadcast live on WSM-AM since 1925.

WSM-AM and WSM-FM are each broadcast from the Opryland complex and have country music formats. WSM-AM went on the air in 1925 and is one of the nation's 25 "clear channel" stations, meaning that no other station in a 750-mile radius uses the same frequency for nighttime broadcasts. As a result, the station's signal, transmitted by a 50,000 watt transmitter, can be heard at night in much of the United States and parts of Canada. The Company has radio broadcast studios in the Opryland Hotel and at the Wildhorse Saloon.

WWTN-FM. In 1995, The Company acquired the assets of radio station WWTN-FM, operated out of Nashville, Tennessee, which has a news/talk/sports format.

Music

Word Entertainment. Word is one of the largest contemporary Christian music companies in the world, with six proprietary record labels featuring artists such as Amy Grant (the top-selling contemporary Christian music artist of all time), Shirley Caesar, Bryan Duncan, Point Of Grace, and Jaci Velasquez. Word produces a wide variety of contemporary Christian and inspirational music, including adult contemporary, pop, country, rock, gospel, praise and worship, rap, metal, and rhythm and blues, with an emphasis on positive and inspirational themes. Other significant Word operations include the creation of print music, congregational hymnals, and children's videos. Word's music publishing division includes a catalog of over 40,000 songs. In addition, Word has entered into various exclusive distribution agreements for the sale of music and video products owned by third parties. Word's products are distributed through both the Christian bookstore market by its own dedicated sales force and other mainstream retail stores through its distribution agreement with Epic Records. In addition, Word produces acoustical and instrumental entertainment recordings for distribution through the mass market and sells its product line directly to churches and related educational institutions.

Blanton Harrell Entertainment. In March 1997, the Company acquired Blanton Harrell Entertainment, an international management company which, together with Word and Z Music, anchor the Company's

entertainment offerings. Blanton Harrell Entertainment manages primarily Christian music artists, including Amy Grant, Michael W. Smith, and CeCe Winans.

Acuff-Rose Music Publishing. Acuff-Rose is primarily engaged in the music publishing business and owns one of the world's largest and Nashville's oldest catalog of copyrighted country music songs. The Acuff-Rose catalog also includes popular music, with songs of legendary writers such as Hank Williams, Pee Wee King, Roy Orbison, and Don and Phil Everly. The Acuff-Rose catalog contains at least 70 songs that have been publicly performed over a million times. Standards such as "Oh, Pretty Woman," "Blue Eyes Cryin' in the Rain," and "When Will I Be Loved" are included in the roster of Acuff-Rose songs. In addition to commercially recorded music, Acuff-Rose issues licenses for the use of its songs in films, plays, print, commercials, videos, cable, and television. In addition to its U.S.-based business, through various subsidiaries and sub-publishers Acuff-Rose collects a significant percentage of royalties on licenses granted in a number of foreign countries.

Film Distribution

Pandora. In July 1998, the Company acquired Pandora Investment S.A., a Paris-based film production and distribution company. Pandora is a worldwide distributor of feature films and syndicated television programming, and conducts most of its business outside of the United States.

CABLE NETWORKS

Following the CBS Merger, the Company's cable networks operations consist primarily of CMT International and Z Music. See Note 14 to the Company's Consolidated Financial Statements for the amounts of revenues, operating income, and identifiable assets attributable to the Company's cable networks operations.

CMT International. In October 1992, the Company launched CMT International in Europe. CMT International expanded its reach to include portions of Asia and the Pacific Rim, including Australia and New Zealand, with the launch of a second cable network in 1994. In 1995, CMT International launched its third cable network in Latin America. The programming for CMT International currently consists primarily of country music videos. In February 1998, the Company announced its plans to expand the operations of CMT International in Asia and the Pacific Rim and Latin America and to cease 24-hour operations in Europe. The Company ceased its CMT Europe satellite feed on March 31, 1998. The Company is currently exploring programming opportunities in selected European markets, including the potential for block programming through existing cable channels. At December 31, 1998, CMT International had 2.3 million subscribers.

Z Music. In 1994, the Company entered into an agreement to manage Z Music, Inc. in exchange for an option to purchase 95% of Z Music's outstanding capital stock. The Company funded Z Music's operations with advances under a note receivable. During 1998, the Company foreclosed on the assets of Z Music securing the note receivable and took possession of such assets. The foreclosure was completed in fourth quarter 1998. In connection with the Company's assumption of control of Z Music's assets, the Company recognized a charge of $14.5 million net of taxes in 1998 due to the write-off of the note receivable.

The Z Music cable network features contemporary Christian music videos and is currently available in approximately 6.4 million U.S. broadcast and cable homes. The network's video programming covers a spectrum of musical styles, ranging from inspirational, country and rock videos to spiritual music videos with more overt Christian messages. The Z Music network also programs music news and artists' interviews, featuring artists with strong convictions and a passion for their message. The network's programming includes positive, uplifting music by artists that are not necessarily categorized as Christian.

ADDITIONAL INTERESTS

Bass Pro Shops. In 1993, the Company purchased a minority interest in a partnership that owns and operates Bass Pro Shops, a leading retailer of premium outdoor sporting goods and fishing tackle. Bass Pro Shops serves its customers through an extensive mail order catalog operation, a 185,000-square-foot retail

center in Springfield, Missouri, and additional retail stores in Atlanta, Georgia, Gurnee, Illinois (near Chicago), Ft. Lauderdale, Florida, Islamorada, Florida and Grapevine, Texas, near the planned site for development of a new Opryland Hotel. Bass Pro Shops has announced plans to build five additional stores, including one to be located in the new Opry Mills complex. The partnership also owns a two-thirds interest in Tracker Marine, a manufacturer of fiberglass and aluminum fishing boats, which are sold through the Bass Pro Shops catalogs and by means of wholesale distribution to authorized dealers. The Company's properties are featured in the approximately 34 million Bass Pro Shops catalogs published annually. Bass Pro Shops also owns Big Cedar Lodge, a 1,250 acre resort development on Table Rock Lake located in the Ozark Mountains in southern Missouri.

Nashville Predators. In 1997, the Company acquired a 19.9% interest in Nashville Hockey Club Limited Partnership, a limited partnership that owns the Nashville Predators, an expansion franchise of the National Hockey League that began its inaugural season in the fall of 1998, in exchange for cash consideration of approximately $12.8 million.

COMPETITION

Hospitality and Attractions

The Company's hospitality and attractions operations compete with all other forms of entertainment, lodging, and recreational activities. In addition to the competitive factors outlined below for each of the Company's businesses within the hospitality and attractions segment, the success of the hospitality and attractions segment is dependent upon certain factors beyond the Company's control including economic conditions, amount of available leisure time, transportation costs, public taste, and weather conditions.

The Opryland Hotel competes with other hotels throughout the United States and abroad, including many hotels operated by companies with greater financial, marketing, and human resources than the Company. Principal factors affecting competition within the convention/resort hotel industry include the hotel's reputation, quality of facilities, location and convenience of access, price, and entertainment. The hotel business is management and marketing intensive, and the Opryland Hotel competes with other hotels throughout the United States for high quality management and marketing personnel. Although the Opryland Hotel has historically enjoyed a relatively low rate of turnover among its managerial and marketing personnel, there can be no assurance that it will continue to be able to attract and retain high quality employees with managerial and marketing skills. The hotel also competes with other employers for non-managerial employees in the Middle Tennessee labor market, which recently has had a low level of unemployment. The low unemployment rate makes it difficult to attract qualified non-managerial employees and has been a substantial factor in the high turnover rate among those employees.

Broadcasting and Music

KTVT competes for advertising revenues primarily with television stations serving the Dallas-Fort Worth DMA, including both independent stations and network-affiliated stations. Advertising rates of KTVT are based principally on the size, market share, and demographic profile of its viewing audience. WSM-AM, WSM-FM, and WWTN-FM similarly compete for advertising revenues with other radio stations in the Nashville market on the basis of formats, ratings, market share, and the demographic makeup of their audiences. The Company's television and radio stations also compete with cable networks and local cable channels for both audience share and advertising revenues and with the Internet, radio, newspapers, billboards, and magazines for advertising revenues. Other sources of present and potential competition are prerecorded video cassettes, direct broadcast satellite services, and multi-channel, multi-point distribution services. Management competence and experience, station frequency signal coverage, network affiliation, effectiveness of programming format, sales effort, and level of customer service are all important factors in determining competitive position.

Word competes with numerous other companies that publish and distribute Christian inspirational music, many of which have longer operating histories and certain of which are tax exempt organizations. Word and Blanton Harrell Entertainment compete with other record and music publishing companies, both Christian

and secular, to sign top artists and songwriters, and new talent. The Company's ability to sign and re-sign popular recording artists and successful songwriters depends on a number of factors, including distribution and marketing capabilities, Word's management team, and the royalty and advance arrangements offered.

Cable Networks

CMT International and Z Music compete for viewer acceptance with all forms of video entertainment, including other basic cable services, premium cable services, commercial television networks, independent television stations, and products distributed for the home video markets, in addition to the motion picture industry and other communications, media, and entertainment services. CMT International and Z Music compete with other nationally and internationally distributed cable networks and local broadcast television stations for available channel space on cable television systems, with other cable networks for subscriber fees from cable systems operators, and with all forms of advertiser-supported media for advertising revenues. The Company also competes to obtain creative talents, properties, and market share, which are essential to the success of its cable networks business.

The principal competitive factors in obtaining viewer acceptance, on which cable subscriber fees and advertiser support ultimately depend, are the appeal of the networks' programming focus and the quality of their programming. Music videos constitute substantially all of CMT International's and Z Music's programming. These videos are currently provided to the Company for promotional purposes by record companies and may also be distributed to other programming services as well as to other media.

Until September of 2002, pursuant to the CBS Transitional Agreements, the Company is prohibited from owning or operating a cable network featuring country music videos or a significant amount of musical, sports, variety, or other entertainment features or series, the theme of which is perceived by the viewing public as "country entertainment." The Company is also generally prohibited, during such five-year period, from providing, or making available for viewing, "country entertainment" programming on a cable network or an over-the-air broadcast television station. Notwithstanding the foregoing, the Company can own and operate CMT International in any area outside of the United States and Canada, provided that CMT International's programming, other than country music videos, will not primarily consist of programming featuring or related to "country entertainment."

REGULATION AND LEGISLATION

Hospitality and Attractions

The Opryland Hotel is subject to certain federal, state, and local governmental regulations including, without limitation, health, safety, and environmental regulations applicable to hotel and restaurant operations. The Company believes that it is in substantial compliance with such regulations. In addition, the sale of alcoholic beverages by the Opryland Hotel requires a license and is subject to regulation by the applicable state and local authorities. The agencies involved have full power to limit, condition, suspend, or revoke any such license, and any disciplinary action or revocation could have an adverse effect upon the results of the operations of the Company's hospitality and attractions segment.

Broadcasting and Music

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

Licenses issued for radio and television stations have terms of eight years. Television and radio broadcast licenses are renewable upon application to the FCC and in the past usually have been renewed except in rare cases. Competing applications will not be accepted at the time of license renewal, and will not be entertained

at all unless the FCC first concludes that renewal of the license would not serve the public interest. A station will be entitled to renewal in the absence of serious violations of the Communications Act or the FCC regulations or other violations which constitute a pattern of abuse. The Company is aware of no reason why its radio and television station licenses should not be renewed.

FCC regulations also limit concentrations of media ownership on both the local and national levels. FCC regulations prohibit the common ownership or control of most communications media serving the same market areas (i.e., (i) television and radio ownership; (ii) television and daily newspapers; (iii) radio and daily newspapers; and (iv) television and cable television). The FCC's liberal waiver policy for joint television and radio ownership now covers the top 50 markets. The number of radio stations a single entity may own in the same market area depends on the number of stations operating in the local radio market, and the FCC is conducting a rulemaking proceeding to consider whether owning more than one television station in the same market area may be permitted. The FCC has also issued a notice of inquiry for the purpose of reevaluating the restriction on radio/newspaper cross ownership. FCC regulations do not limit the total number of television broadcast stations held by any single entity so long as all of the stations under common control do not attain an aggregate national audience reach exceeding 35%. There are no limits on the total number of radio stations commonly owned on a national basis.

The Communications Act also places certain limitations on alien ownership or control of entities holding broadcast licenses. The Restated Certificate of Incorporation of the Company (the "Restated Certificate") contains a provision permitting the Company to redeem common stock from certain holders if the Board of Directors deems such redemption necessary to prevent the loss or secure the reinstatement of any of its licenses or franchises. Communications companies may have non-citizen officers and directors.

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

Cable Networks

CMT International's programming and uplink services are handled in the United States. Although the operations of the Company's cable networks are not directly subject to regulation, any future legislation or regulatory actions that increase rate regulation or effect structural changes on the Company's cable networks could require cable networks to lower charges for their programming. Increased rate regulation could, among other things, affect the ability or willingness of cable system operators to establish or retain Z Music as a basic tier cable service.

EMPLOYEES

As of December 31, 1998, the Company had approximately 4,860 full-time and 1,380 part-time and seasonal employees. The Company believes that its relationship with its employees is good.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding executive officers of the Company as of the date hereof. All officers serve at the discretion of the Board of Directors.

NAME	AGE	POSITION
Edward L. Gaylord	79	Chairman of the Board
E. K. Gaylord II	41	Vice-Chairman of the Board
Terry E. London	49	Director, President and Chief Executive Officer
Joseph B. Crace	44	Senior Vice President and Chief Financial Officer
Jerry O. Bradley	59	President -- Acuff-Rose Music Publishing
Jack L. Gaines	57	President -- Opryland Hospitality and Attractions Group
Dan E. Harrell	50	President -- Idea Entertainment
Carl W. Kornmeyer	46	President -- Communications Group

David B. Jones.............................	55	President -- Opryland Lodging Group
Rod F. Connor, Jr..........................	46	Senior Vice President and Chief Administrative Officer

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

Mr. Edward L. Gaylord served as President and Chief Executive Officer of the Company from 1974 until October 1991, and has served as Chairman of the Board of the Company since October 1991. Mr. Gaylord has been a director of the Company since 1946. Mr. Gaylord is currently the chairman and a director of The Oklahoma Publishing Company ("OPUBCO"). Mr. Gaylord is active in numerous civic and charitable organizations, and is (among others) chairman of the Oklahoma Industries Authority, director and past president (ten years) of the State Fair of Oklahoma, chairman and director of The Oklahoma Medical Research Foundation and chairman and director of the National Cowboy Hall of Fame & Western Heritage Center. Mr. Gaylord is the father of Mr. E. K. Gaylord II and Mrs. Christine Gaylord Everest, both of whom are directors of the Company.

Mr. E. K. Gaylord II has served as Vice-Chairman of the Board of the Company since May 1996 and as a director since 1977. Mr. Gaylord has been the president of OPUBCO since June 1994 and is a director of OPUBCO. He served as executive vice president and assistant secretary of OPUBCO from June 1993 until June 1994. He also owns and operates the Lazy E Ranch in Guthrie, Oklahoma. Mr. Gaylord is a director of the National Cowboy Hall of Fame & Western Heritage Center and is a director of BASSGEC Management Company. Mr. Gaylord is the son of Mr. Edward L. Gaylord and the brother of Mrs. Christine Gaylord Everest, both of whom are directors of the Company.

Mr. London has been the President and Chief Executive Officer and a director of the Company since May 1997. Mr. London was also the acting Chief Financial Officer of the Company until February 1998. Prior to May 1997, Mr. London had served, since March 1997, as Executive Vice President and Chief Operating Officer and, from September 1993 until March 1997, as Senior Vice President and Chief Financial and Administrative Officer of the Company. He served as Vice President and Chief Financial Officer of the Company from October 1991 until September 1993, and has been employed by the Company in various capacities since 1978. Mr. London is a certified public accountant.

Mr. Crace has served as the Senior Vice President and Chief Financial Officer of the Company since February 1998. From June 1997 to February 1998, Mr. Crace was the chief executive officer of Blue Sky Group, Inc., a venture capital firm and a marketing and business development resource for entertainment, sports and health care companies. Prior to founding Blue Sky Group, Inc., Mr. Crace served in various capacities beginning in 1992 at Bob Evans Farms, Inc., a restaurant and consumer products company, including group vice president in charge of specialty products and business development and president and chief executive officer of its Hickory Specialties, Inc. subsidiary, a manufacturer of barbecue grills and accessories, charcoal briquettes, and liquid smoke.

Mr. Bradley has served as President of Acuff-Rose Music Publishing since September 1993 and, prior to that time, as General Manager of Acuff-Rose Music Publishing since July 1986. Prior to joining Acuff-Rose Music Publishing, Mr. Bradley operated Bradley Productions, an independent production company for three years and worked for RCA Records for 16 years.

Mr. Gaines has served as the President of the Opryland Hospitality and Attractions Group since February 1998. From 1994 until February 1998, Mr. Gaines operated JLG Consulting, a hotel consulting business. From 1993 until 1994, Mr. Gaines was the general manager of La Cantera Resort in San Antonio, Texas. From 1990 until 1993, Mr. Gaines was senior vice president and director of operations for Omni Hotels.

Mr. Harrell has been President of Idea Entertainment, the Company's family entertainment subsidiary that includes the operations of Word, since the Company's March 1997 acquisition of Blanton Harrell Entertainment, an artist management company that manages the careers of several prominent contemporary Christian music artists. For over 17 years prior to such acquisition, Mr. Harrell was co-owner of Blanton Harrell Entertainment.

Mr. Kornmeyer has been President of the Communications Group since October 1997. He served as Senior Vice President of Broadcast and Business Affairs of the Company's broadcasting and cable networks operations from March 1996 until October 1997. He served as Vice President of Business Affairs of the Company's broadcasting and cable networks operations from March 1994 until February 1996, and, from August 1989 through February 1994, he was Executive Director of Business and Financial Affairs of the Company's broadcasting and cable networks operations.

Mr. Jones has been the President of the newly formed Opryland Lodging Group since May 1998. From 1993 until May 1998, Mr. Jones served as President and Chief Operating Officer of John Q. Hammons Hotels, Inc.

Mr. Connor has served as the Senior Vice President and Chief Administrative Officer of the Company since December 1997. From February 1995 to December 1997, Mr. Connor was the Vice President and Corporate Controller of the Company. For over three years prior to February 1995, Mr. Connor was the Corporate Controller of the Company. Mr. Connor has been employed by the Opryland USA businesses since 1972.

ITEM 2. PROPERTIES

The Company owns its executive offices and headquarters located at One Gaylord Drive, Nashville, Tennessee, which consists of a four-story office building comprising approximately 80,000 square feet. The Company believes that its present facilities for each of its business segments as described below are generally well maintained and currently sufficient to serve each segment's particular needs.

HOSPITALITY AND ATTRACTIONS

The Company owns land in Nashville, Tennessee and the improvements thereon that comprise the Opryland complex. The Opryland complex includes the site of the Opryland Hotel (approximately 120 acres), the former site of the Opryland theme park (approximately 200 acres), the General Jackson showboat's docking facility, the production and administration facilities that are currently being leased to CBS for TNN and CMT, the Opry House, and WSM Radio's offices and studios. The Company has entered into 99-year lease agreements with The Mills Corporation for approximately 124 acres of the Opryland complex in exchange for a one-third interest in a partnership formed for the development of Opry Mills, together with other consideration. The Company also owns the Springhouse Golf Club, an 18-hole golf course situated on approximately 240 acres, a 26-acre KOA campground, and the 6.7-acre site of the Inn at Opryland, all of which are located near the Opryland complex. In addition, the Company owns the Ryman Auditorium and a Wildhorse Saloon dance hall and production facility in downtown Nashville. The Company also owns a 100,000 square foot warehouse in Old Hickory, Tennessee. The Company leases its Wildhorse Saloon site in Orlando. The Company has entered into contracts to acquire real property (subject to contingencies) for its

planned hotel in the Dallas-Fort Worth area and is currently negotiating a real property lease for its planned Orlando-area hotel.

BROADCASTING AND MUSIC

The Company owns all of KTVT's business facilities which are comprised of an office and two studios containing an aggregate of approximately 48,000 square feet in Fort Worth, Texas and an additional building of approximately 19,000 square feet in Dallas, Texas containing sales and news operations. KTVT owns its transmitter facilities and tower. The Company owns the Acuff-Rose Music Publishing building located on Nashville's "Music Row" and adjacent real estate. In August 1998, the Company acquired an office building of approximately 40,000 square feet, also located on Music Row, for use by Word for executive and administrative office space. Word leases approximately 34,000 additional square feet on various floors of a Nashville office building, which space is primarily used for sales and administrative offices. These leases expire on various dates ranging from July 1999 to November 2003. Word also leases sales offices and warehouse space in Richmond, Canada and Milton Keynes, United Kingdom. Additionally, the Company and Word guarantee the lease of warehouse space in Smyrna, Tennessee, by Menlo Logistics, Inc. for use in connection with the distribution by Menlo of Word's products.

CABLE NETWORKS

The Company owns the offices and three television studios of TNN and CMT, all of which are located within the Opryland complex and contain approximately 87,000 square feet of space. Pursuant to the CBS Transitional Agreements, these facilities are being leased to CBS. Master control and satellite uplink operations for CMT International and Z Music are also located in the facilities being leased to CBS. The services for the satellite uplink operations are being provided by CBS to the Company pursuant to the CBS Transitional Agreements. CMT International has offices in the executive office building and currently leases its transponders. Additionally, CMT International leases office space in Sydney, Australia and Miami, Florida.

ITEM 3. LEGAL PROCEEDINGS

The Company maintains various insurance policies, including general liability and property damage insurance, as well as product liability, workers' compensation, business interruption, and other policies, which it believes provide adequate coverage for its operations. Various subsidiaries of the Company are involved in lawsuits incidental to the ordinary course of their businesses, such as personal injury actions by guests and employees and complaints alleging employee discrimination. The Company believes that it is adequately insured against these claims by its existing insurance policies and that the outcome of any pending claims or proceedings will not have a material adverse effect upon its financial position or results of operations.

The Company may have potential liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("CERCLA" or "Superfund"), for response costs at two Superfund sites. The liability relates to properties formerly owned by Old Gaylord. In 1991, Old Gaylord and OPUBCO, a former subsidiary of Old Gaylord, entered into a distribution agreement (the "OPUBCO Distribution Agreement"), pursuant to which OPUBCO assumed such liabilities and agreed to indemnify Old Gaylord for any losses, damages, or other liabilities incurred by Old Gaylord in connection with such matters. Under the OPUBCO Distribution Agreement, OPUBCO is required to maintain adequate reserves to cover potential Superfund liabilities. In connection with the Restructuring, Old Gaylord assigned its rights under the OPUBCO Distribution Agreement to the Company, and Old Gaylord has a right of subrogation to the Company's right to indemnification from OPUBCO. To date, no litigation has been commenced against the Company, Old Gaylord or OPUBCO with respect to these two Superfund sites.

Although statutorily liable private parties cannot contractually transfer liability so as to render themselves no longer liable, CERCLA permits private parties to indemnify one another against CERCLA liability pursuant to a contract, and to enforce such a contract in an appropriate court. The Company believes that OPUBCO's indemnification will fully cover the Company's Superfund liabilities, if any, and that, based on the

Company's current estimates of these liabilities, OPUBCO has sufficient financial resources to fulfill its indemnification obligations under the OPUBCO Distribution Agreement.

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

Inapplicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market Information

Prior to October 1, 1997, the Company was a wholly owned subsidiary of Old Gaylord. On October 1, 1997, the Company's Common Stock began trading on the New York Stock Exchange under the symbol "GET." The table below lists the high and low sales prices for the Common Stock as reported on the New York Stock Exchange for each full quarterly period since the Common Stock began trading on October 1, 1997.

	HIGH	LOW
YEAR ENDED DECEMBER 31, 1997:		
Fourth Quarter	$33.25	$28.38
YEAR ENDED DECEMBER 31, 1998:		
First Quarter	$36.81	$29.88
Second Quarter	37.50	32.00
Third Quarter	34.19	25.25
Fourth Quarter	30.75	22.00
YEAR ENDED DECEMBER 31, 1999:		
First Quarter (through March 26, 1999)	$31.13	$24.25

(b) Holders

At March 18, 1999, the approximate number of record holders of the Common Stock was 2,981.

(c) Cash Dividends

The following table sets forth cash dividends paid by the Company per share of Common Stock for the periods indicated:

YEAR ENDED DECEMBER 31, 1997:	
Fourth Quarter	$0.15
YEAR ENDED DECEMBER 31, 1998:	
First Quarter	0.15
Second Quarter	0.15
Third Quarter	0.15
Fourth Quarter	0.20
YEAR ENDED DECEMBER 31, 1999:	
First Quarter	0.20

Although a revolving credit agreement among the Company and a syndicate of banks with NationsBank, N.A. acting as agent (the "1997 Credit Facility") does not specifically limit the Company's ability to pay dividends, the 1997 Credit Facility requires the Company to maintain certain financial ratios and minimum stockholders' equity levels, and the Company would be prohibited from paying dividends if it were in default under such provisions of the 1997 Credit Facility.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this item is incorporated by reference to the information under the caption "Selected Financial Data" in the Company's Annual Report to Stockholders for the year ended December 31, 1998 and is included in Exhibit 13.1 to this Form 10-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this item is incorporated by reference to the information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report to Stockholders for the year ended December 31, 1998 and is included in Exhibit 13.1 to this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is incorporated by reference to the information on page 34 of the Company's Annual Report to Stockholders for the year ended December 31, 1998 and is included in Exhibit 13.1 to this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated by reference to the information on pages 35 through 52 of the Company's Annual Report to Stockholders for the year ended December 31, 1998 and is included in Exhibit 13.1 to this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Inapplicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the directors of the Company is included under the caption "PROPOSAL ONE -- ELECTION OF CLASS II DIRECTORS" and information required by Item 405 of Regulation S-K is included under the caption "SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE," in each case of the Company's Proxy Statement for Annual Meeting of Stockholders to be held May 13, 1999, to be filed with the Securities and Exchange Commission pursuant to Rule 14a-6, and are incorporated herein by reference.

Pursuant to General Instruction G(3) of Form 10-K, certain information concerning executive officers of the Company is included in Part I of this Form 10-K under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is contained in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held May 13, 1999, to be filed with the Securities and Exchange Commission pursuant to Rule 14a-6, and is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is contained in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held May 13, 1999, to be filed with the Securities and Exchange Commission pursuant to Rule 14a-6, and is incorporated by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is contained in the Company's Proxy Statement for the Annual Meeting of Stockholders to be held May 13, 1999, to be filed with the Securities and Exchange Commission pursuant to Rule 14a-6, and is incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)(1) Financial Statements. The following financial statements are filed as a part of this report, with reference to the applicable pages of Exhibit 13.1 to this Form 10-K:

(a)(2) Financial Statement Schedules. The following financial statement schedules are filed as a part of this report, with reference to the applicable pages of this Form 10-K:

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

(a)(3) Exhibits. See Index to Exhibits, pages 18 through 21.

(b) Reports on Form 8-K. No current reports on Form 8-K were filed during the last quarter of the period covered by this report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GAYLORD ENTERTAINMENT COMPANY

By: /s/ EDWARD L. GAYLORD

Edward L. Gaylord
Chairman of the Board

March 31, 1999

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

SIGNATURE	TITLE	DATE
/s/ EDWARD L. GAYLORD Edward L. Gaylord	Chairman of the Board	March 31, 1999
/s/ TERRY E. LONDON Terry E. London	Director, President and Chief Executive Officer (Principal Executive Officer)	March 31, 1999
/s/ JOSEPH B. CRACE Joseph B. Crace	Senior Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	March 31, 1999
/s/ MARTIN C. DICKINSON Martin C. Dickinson	Director	March 31, 1999
/s/ CHRISTINE GAYLORD EVEREST Christine Gaylord Everest	Director	March 31, 1999
/s/ E. K. GAYLORD II E. K. Gaylord II	Vice-Chairman of the Board	March 31, 1999
/s/ CRAIG L. LEIPOLD Craig L. Leipold	Director	March 31, 1999
/s/ JOE M. RODGERS Joe M. Rodgers	Director	March 31, 1999
/s/ MARY AGNES WILDEROTTER Mary Agnes Wilderotter	Director	March 31, 1999
/s/ HOWARD L. WOOD Howard L. Wood	Director	March 31, 1999

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION

- -------   -----------

2.1+	Basic Agreement, dated as of December 15, 1993, among BASSGEC Management Company, Bass Pro Shops, Inc., Trackmar Corporation, Finley River Properties, Inc., John L. Morris, Trustee of the John L. Morris Revocable Living Trust, U/T/A dated December 23, 1986, as amended, Hospitality and Leisure Management, Inc., John L. Morris, and the Registrant's former parent Gaylord Entertainment Company ("Old Gaylord") (incorporated by reference to Exhibit 2.1 to Old Gaylord's Registration Statement on Form S-3 (Registration No. 33-74552))
2.2+	Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of March 30, 1995 (incorporated by reference to Exhibit 2 to Old Gaylord's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995)
2.3	Amendment 1 to the Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of May 24, 1995 (incorporated by reference to Exhibit 2.2 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995)
2.4	Amendment 2 to the Asset Purchase Agreement by and among Cencom Cable Television, Inc., Lenoir TV Cable, Inc., CCT Holdings Corporation and CCA Holdings Corporation dated as of September 29, 1995 (incorporated by reference to Exhibit 2.3 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995)
2.5+	Asset Purchase Agreement, dated as of November 21, 1996 by and among Thomas Nelson, Inc., Word, Incorporated and Word Direct Partners, L.P. as Sellers and Old Gaylord as Buyer (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc.)
2.6+	Amendment No. 1 to the Asset Purchase Agreement dated as of January 6, 1997, by and among Thomas Nelson, Inc., Word Incorporated and Word Direct Partners, L.P. as Sellers and Old Gaylord as Buyer (incorporated by reference to Exhibit 2.2 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc.)
2.7+	Asset Purchase Agreement, dated as of January 6, 1997, by and between Nelson Word Limited and Word Entertainment Limited (incorporated by reference to Exhibit 2.3 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc.)
2.8+	Subsidiary Asset Purchase Agreement executed on January 6, 1997 and dated as of November 21, 1996 between Word Communications, Ltd. and Word Entertainment (Canada), Inc. (incorporated by reference to Exhibit 2.4 to the Current Report on Form 8-K, dated January 6, 1997, of Thomas Nelson, Inc.)
2.9+	Asset Purchase Agreement by and between Cox Broadcasting, Inc. and Gaylord Broadcasting Company, L.P. dated January 20, 1997 (incorporated by reference to Exhibit 2.10 to Old Gaylord's Annual Report on Form 10-K, as amended by Form 10-K/A, for the year ended December 31, 1996)
2.10+	Agreement and Plan of Merger dated February 9, 1997 by and among Westinghouse Electric Corporation ("Westinghouse"), G Acquisition Corp. and Old Gaylord (incorporated by reference to Exhibit 2.1 to Old Gaylord's Current Report on Form 8-K dated February 9, 1997)
3.1	Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3 to the Registrant's Current Report on Form 8-K dated October 7, 1997)
3.2	Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on

Form 10, as amended (File No. 1-13079))

EXHIBIT NUMBER	DESCRIPTION
4.1	Specimen of Common Stock certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 10, as amended (File No. 1-13079))
4.2	Credit Agreement dated as of August 19, 1997 among Old Gaylord, the banks named therein and NationsBank of Texas, N.A., ("NationsBank") as Administrative Lender (including form of Swing Line Note, form of Revolving Credit Note, and form of Assumption Agreement)(incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 10, as amended (File No. 1-13079))
4.3	First Amendment to Credit Agreement, dated as of September 30, 1997, among Old Gaylord, the Registrant, the banks named therein, and NationsBank (incorporated by reference to Exhibit 4.3 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1997)
4.4	Second Amendment to Credit Agreement, dated as of March 24, 1998 but effective as of October 1, 1997, among the Registrant, the banks named therein, and NationsBank (incorporated by reference to Exhibit 4.4 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1997)
4.5*	Third Amendment to Credit Agreement, dated as of March 22, 1999 but effective as of December 31, 1998, among the Registrant, the banks named therein, and NationsBank, N.A. (successor by merger to NationsBank)
9.1	Voting Trust Agreement ("Voting Trust Agreement") dated as of October 3, 1990 between certain stockholders of The Oklahoma Publishing Company and Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, and E. K. Gaylord II as Voting Trustees (incorporated by reference to Exhibit 9.1 to Old Gaylord's Registration Statement on Form S-1 (Registration No 33-42329))
9.2	Amendment No. 1 to Voting Trust Agreement dated as of October 7, 1991 between certain stockholders of The Oklahoma Publishing Company and Edward L. Gaylord, Edith Gaylord Harper, Christine Gaylord Everest, and E. K. Gaylord II as Voting Trustees (incorporated by reference to Exhibit 9.2 to Old Gaylord's Registration Statement on Form S-1 (Registration No. 33-42329))
10.1	Senior Subordinated Note issued on September 29, 1995 by CCT Holdings Corporation in the original principal amount of $165,687,890 (incorporated by reference to Exhibit 10.1 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995)
10.2	Senior Subordinated Loan Agreement, dated as of September 29, 1995, between CCT Holdings and Cencom Cable Television, Inc. (incorporated by reference to Exhibit 10.2 to Old Gaylord's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 13, 1995)
10.3	Contingent Payment Agreement, dated as of September 29, 1995, between Charter Communications Entertainment, L.P., CCT Holdings Corporation and Cencom Cable Television, Inc. (incorporated by reference to Exhibit 10.3 to Old Gaylord's Current Report on Form 8-K filed with the Securities and

	Exchange Commission on October 13, 1995)
10.4	Letter Agreement dated September 14, 1994 between CBS, Inc. and the Registrant (d/b/a KTVT, Fort Worth Dallas) as modified by the Affiliation Agreement dated December 2, 1994 between the parties as amended by the letter agreement between the parties dated December 29, 1994 (incorporated by reference to Exhibit 10.20 of Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994)
10.5	Amended and Restated Limited Partnership Agreement of Bass Pro, L.P. (incorporated by reference to Exhibit 2.3 to Old Gaylord's Registration Statement on Form S-3 (Registration No. 33-74552))

EXHIBIT NUMBER	DESCRIPTION
10.6	Tax Disaffiliation Agreement by and among Old Gaylord, the Registrant and Westinghouse, dated September 30, 1997 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, dated October 7, 1997)
10.7	Post-Closing Covenants Agreement among Westinghouse, Old Gaylord, the Registrant and certain subsidiaries of the Registrant dated September 30, 1997 (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, dated October 7, 1997)
10.8	Agreement and Plan of Distribution, dated September 30, 1997, between Old Gaylord and the Registrant (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated October 7, 1997)
10.9	Opry Mills Limited Partnership Agreement, executed as of March 31, 1998, by and among Opry Mills, L.L.C., The Mills Limited Partnership, and Opryland Attractions, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998)
10.10	Contract for a Space Segment Service on the Eutelsat Hotbird 3 Satellite dated April 25, 1995 by and between British Telecommunications plc and Country Music Television, Inc. (including schedules and exhibits material to an understanding of the Agreement) (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998)
	EXECUTIVE COMPENSATION PLANS AND MANAGEMENT CONTRACTS
10.11	1997 Stock Option and Incentive Plan Amended and Restated as of August 15, 1998 (incorporated by reference to Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998)
10.12	The Opryland USA Inc. Supplemental Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 to Old Gaylord's Registration Statement on Form S-1 (Registration No. 33-42329))
10.13	The Opryland USA Inc. Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.22 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1992)
10.14	Gaylord Entertainment Company Excess Benefit Plan (incorporated by reference to Exhibit 10.30 to Old Gaylord's

	Annual Report on Form 10-K for the year ended December 31, 1994)
10.15	Gaylord Entertainment Company Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.31 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994)
10.16	Gaylord Entertainment Company Directors' Unfunded Deferred Compensation Plan (incorporated by reference to Exhibit 10.32 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1994)
10.17	Form of Severance Agreement between the Registrant and certain of its executive officers (incorporated by reference to Exhibit 10.23 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1996)
10.18	Form of Indemnity Agreement between the Registrant and its directors (incorporated by reference to Exhibit 10.24 to Old Gaylord's Annual Report on Form 10-K for the year ended December 31, 1996)
10.19	Executive Employment Agreement of Dan E. Harrell, dated March 24, 1997, with Word Entertainment Group, Inc., a subsidiary of the Registrant (incorporated by reference to Exhibit 10.17 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1997)

EXHIBIT NUMBER	DESCRIPTION
10.20	Letter Agreement, dated March 26, 1998, regarding employment of Jerry O. Bradley, by the Registrant (incorporated by reference to Exhibit 10.18 to Gaylord's Annual Report on Form 10-K for the year ended December 31, 1997)
10.21*	Letter Agreement, dated June 4, 1998, regarding change of status of Jack J. Vaughn, by the Registrant
10.22*	Senior Advisor Agreement, dated June 10, 1998, between Jack J. Vaughn and the Registrant
13.1*	Portions of the Registrant's Annual Report to Stockholders for the year ended December 31, 1998
21*	Subsidiaries of Gaylord Entertainment Company
23*	Consent of Independent Auditors
27*	Financial Data Schedule for year ended December 31, 1997 (for SEC use only)

+ As directed by Item 601(b)(2) of Regulation S-K, certain schedules and exhibits to this exhibit are omitted from this filing. Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the Commission upon request.

* Filed herewith.

To Gaylord Entertainment Company:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of Gaylord Entertainment Company as of December 31, 1998 and 1997 and for the three years in the period ended December

31, 1998 included in this Annual Report on Form 10-K and have issued our report thereon dated February 5, 1999. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedules listed in response to Item 14(a)(2) of this Annual Report on Form 10-K are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations under the Securities and Exchange Act of 1934 and are not otherwise a required part of the basic financial statements. The financial statement schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Nashville, Tennessee
March 25, 1999

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1998
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Restructuring charge	$6,073	--	--	3,779	$2,294

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 1997
(AMOUNTS IN THOUSANDS)

	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF PERIOD
Restructuring charge	$ --	13,654	--	7,581	$6,073

Exhibit 4.5

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Third Amendment"), dated as of March 22, 1999 but effective as of December 31, 1998, is entered into among GAYLORD ENTERTAINMENT COMPANY, a Delaware corporation ("Borrower"), the banks listed on the signature pages hereof (collectively, "Lenders"), and NATIONSBANK, N.A. (successor by merger to NationsBank of Texas, N.A.), as Administrative Lender (in said capacity, "Administrative Lender").

BACKGROUND

A. Borrower, Lenders and Administrative Lender are parties to that certain Credit Agreement, dated as of August 19, 1997, as amended by that certain First Amendment to Credit Agreement, dated as of September 30, 1997, and that certain Second Amendment to Credit Agreement, dated as of March 24, 1998 (said Credit Agreement, as amended, the "Credit Agreement"; the terms defined in the Credit Agreement and not otherwise defined herein shall be used herein as defined in the Credit Agreement).

B. Borrower, Lender and Administrative Lender desire to make an amendment to the Credit Agreement.

NOW, THEREFORE, in consideration of the covenants, conditions and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are all hereby acknowledged, Borrower, Lenders and Administrative Lender covenant and agree as follows:

1. AMENDMENTS TO CREDIT AGREEMENT.

(a) The definition of "Index Debt Rating" set forth in Section 1.1 of the Credit Agreement is hereby amended to read as follows:

> "Index Debt Rating" means the rating applicable to Borrower's senior, unsecured, non-credit enhanced long-term indebtedness for borrower money; provided, however, for the Index Debt Rating to be available for determination of the pricing of an interest rate or fees hereunder, the rating shall not have been issued and outstanding for more than twelve months.

(b) Section 4.2 of the Credit Agreement is hereby amended to read as follows:

> "4.2 EBITDA to Interest Charges. Borrower shall not permit the ratio of EBITDA to Interest Charges to be less than (a) 2.50 to 1 at any time during the period from the Agreement Date to and including September 30, 1998, (b) 2.80 to 1 at any time after September 30, 1998 to and including December 31, 1998, (c) 3.00 to 1 at any time after

> December 31, 1998 to and including September 30, 1999, and (d) 3.25 at any time thereafter."

(c) The Officer's Certificate-Financial in the form of Exhibit N to the Credit Agreement is hereby amended to be in the form of Exhibit N to this Third Amendment.

2. REPRESENTATIONS AND WARRANTIES TRUE; NO EVENT OF DEFAULT. By its execution and delivery hereof, Borrower represents and warrants that after giving effect to the amendments contemplated by the foregoing Section 1:

(a) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct on and as of the date hereof as though made on and as of such date, except to the extent that any such representation or warranty relates expressly to a specified date or is no longer correct because of a change in circumstances permitted by the Loan Documents;

(b) no event has occurred and is continuing which constitutes a Default or Event of Default;

(c) Borrower has full power and authority to execute and deliver this Third Amendment and the Credit Agreement, as amended hereby, and this Third Amendment and the Credit Agreement, as amended hereby, constitute the legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms, except as enforceability may be limited by applicable debtor relief laws and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law) and except as rights to indemnity may be limited by federal or state securities laws;

(d) neither the execution, delivery and performance of this Third Amendment or the Credit Agreement, as amended by this Third Amendment, will contravene or conflict with any Law to which Borrower or any of its Subsidiaries is subject or any indenture, agreement or other instrument to which Borrower or any of its Subsidiaries or any of their respective property is subject; and

(e) no authorization, approval, consent, or other action by, notice to, or filing with, any Tribunal or other Person, is required for the execution, delivery or performance by Borrower of this Third Amendment or the acknowledgment of this Third Amendment by any Guarantor.

3. CONDITIONS OF EFFECTIVENESS. This Third Amendment shall be effective as of December 31, 1998, subject to the following:

(a) Administrative Lender shall have received counterparts of this Third Amendment executed by Determining Lenders;

(b) Administrative Lender shall have received counterparts of this Third Amendment executed by Borrower and acknowledged by each Guarantor; and

(c) Administrative Lender shall have received, in form and substance satisfactory to Administrative Lender and its counsel, such other documents, certificates and instruments as Administrative Lender reasonably shall require.

4. GUARANTOR ACKNOWLEDGEMENT. By signing below, each of the Guarantors (i) acknowledges, consents and agrees to the execution and delivery of this Third Amendment, (ii) acknowledges and agrees that its obligations in respect of its Guaranty are not released, diminished, waived, modified, impaired or affected in any manner by this Third Amendment or any of the provisions contemplated herein, (iii) ratifies and confirms its obligations under its Guaranty, and (iv) acknowledges and agrees that it has no claims or offsets against, or defenses or counterclaims to, its Guaranty.

5. REFERENCE TO THE CREDIT AGREEMENT.

(a) Upon the effectiveness of this Third Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Third Amendment.

(b) The Credit Agreement, as amended by this Third Amendment, and all other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed.

6. COSTS, EXPENSES AND TAXES. Borrower agrees to pay on demand all costs and expenses of the Administrative Lender in connection with the preparation, reproduction, execution and delivery of this Third Amendment and the other instruments and documents to be delivered hereunder (including the reasonable fees and out-of-pocket expenses of counsel for the Administrative Lender with respect thereto and with respect to advising the Lenders as to their rights and responsibilities under the Credit Agreement, as amended by this Third Amendment).

7. EXECUTION IN COUNTERPARTS. This Third Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

8. GOVERNING LAW: BINDING EFFECT. This Second Amendment shall be governed by and construed in accordance with the laws of the State of Texas and shall be binding upon Borrower and each Lender and their respective successors and assigns.

9. HEADINGS. Section headings in this Third Amendment are included herein for convenience of reference only and shall not constitute a part of this Third Amendment for any other purpose.

10. ENTIRE AGREEMENT. THE CREDIT AGREEMENT, AS AMENDED BY THIS THIRD AMENDMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to be effective as of the date first above written.

GAYLORD ENTERTAINMENT COMPANY

By: --

Name: -----------------------------------

Title: -----------------------------------

NATIONSBANK, N.A.
as a Lender, Swing Line Bank, Issuing Bank and as Administrative Lender

By: --

Name: -----------------------------------

Title: -----------------------------------

THE BANK OF NEW YORK

By:

Name:

Title:

THE FUJI BANK, LIMITED, ATLANTA AGENCY

By:

Name:

Title:

SUNTRUST BANK, NASHVILLE, N.A.

By:

Name:

Title:

FIRST AMERICAN NATIONAL BANK

By:

Name:

Title:

CREDIT LYONNAIS NEW YORK BRANCH

By:

Name:

Title:

BANQUE PARIBAS

By:

Name:

Title:

By:

Name:

Title:

WELLS FARGO BANK (TEXAS), NATIONAL ASSOCIATION

By: ---
Name: -----------------------------------
Title: -----------------------------------

FIRST UNION NATIONAL BANK

By: ---
Name: -----------------------------------
Title: -----------------------------------

THE SAKURA BANK, LIMITED

By: ---
Name: -----------------------------------
Title: -----------------------------------

THE INDUSTRIAL BANK OF JAPAN, LIMITED, ATLANTA AGENCY

By: ---
Name: -----------------------------------
Title: -----------------------------------

COMERICA BANK

By: ---
Name: -----------------------------------
Title: -----------------------------------

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.

By: --
Name: ------------------------------------
Title: ------------------------------------

THE SANWA BANK, LIMITED

By: --
Name: ------------------------------------
Title: ------------------------------------

THE BANK OF NOVA SCOTIA

By: --
Name: ------------------------------------
Title: ------------------------------------

WACHOVIA BANK, N.A.

By: --
Name: ------------------------------------
Title: ------------------------------------

BANK OF TOKYO MITSUBISHI TRUST COMPANY

By: --
Name: ------------------------------------
Title: ------------------------------------

ACKNOWLEDGED AND AGREED:

IDEA ENTERTAINMENT, INC.

By: --
Name: ------------------------------------
Title: ----------------------------------

CNR, INC.

By:

   Name:

   Title:

GAYLORD BROADCASTING COMPANY, L.P.

By: Gaylord Communications, Inc.,
         its General Partner
By:

   Name:

   Title:

OPRYLAND ATTRACTIONS, INC.

By:

   Name:

   Title:

OLH, L.P.

By: Opryland Hospitality, Inc.

By:

   Name:

   Title:

ACUFF-ROSE MUSIC PUBLISHING, INC.
(formerly known as OPRYLAND MUSIC GROUP, INC.)

By:

   Name:

   Title:

Exhibit 10.21

June 4, 1998

Mr. Jack J. Vaughn
Chairman, Opryland Lodging Group
2800 Opryland Drive
Nashville, TN 37214

Re: Revised Benefit Package

Dear Jack:

In connection with our various discussions regarding your change of status to Senior Advisor beginning on January 1, 1999, and the alterations to your overall benefit package, I am enclosing with this letter the following documents for your review and approval:

1. Senior Advisor Agreement, whereby the terms of your relationship with the Company for the two years commencing on January 1, 1999 are set forth.

2. Amended and Restated Restricted Stock Agreement which reflects the agreement under which you have been awarded 50,000 shares of the Company's common stock. As you know, 10,000 shares vested on April 1, 1998, and this Amended Agreement provides for the vesting of the remaining 40,000 shares on February 1, 1999.

3. Stock Option Agreement providing you with options to purchase 50,000 shares of the Company's common stock at a strike price of $33.63, which represents the closing price of the stock on May 6, 1998.

4. A Memorandum to you from Rod Connor providing you with a summary of the benefits to which you will be entitled from the Company upon your retirement.

In view of the revised benefit package reflected in the documents referenced above, it is agreed that you will no longer be entitled to invoke the provisions of the Severance Agreement between you and the Company dated August 8, 1994.

All of these attachments, together with this letter, constitute what I understand to be our complete agreement on all matters affecting your current and future relationship with the Company. Jack, you have rendered invaluable service to the Company over your many years with us, and I trust you will agree that this package of Agreements and benefits reflects not only our appreciation for your past service to the Company, but also looks forward to the value you can bring it in your role as Senior Advisor.

The Senior Advisor Agreement, the Amended and Restated Restricted Stock Agreement, and the Stock Option Agreement each requires your signature. In addition, I would request that you execute and date this letter at the place set forth below to reflect that this letter and the documents referred to above represent a full and complete understanding of arrangements made between you and the Company.

I look forward to your continued valuable assistance to all of us.

Sincerely yours,

GAYLORD ENTERTAINMENT COMPANY

BY: -------------------------------------

Terry E. London, President and
Chief Executive Officer

Acknowledged and agreed this 10th day of June 1998.

Jack J. Vaughn

Exhibit 10.22

SENIOR ADVISOR AGREEMENT

This Senior Advisor Agreement (the "Agreement") made this 10th day of June, 1998, by and between GAYLORD ENTERTAINMENT COMPANY (the "Company") and JACK J. VAUGHN ("Vaughn").

RECITALS:

As of February 28, 1998 Vaughn relinquished his title and responsibilities as President, Opryland Hotel and Attractions, and became Chairman, Opryland Lodging Group, while retaining his position as Vice President of the Company.

Vaughn has indicated his intentions of retiring from his various positions with the Company effective December 31, 1998, but has agreed, pursuant to the terms of this Agreement, to continue to serve as a senior advisor to the Company. This Agreement sets forth the terms and conditions under which Vaughn will be retained by the Company.

AGREEMENT

1. Vaughn shall retire from all currently held positions with the Company effective December 31, 1998. During the remainder of 1998, Vaughn will retain his current salary and will be entitled to the use of a luxury car and all other benefits and perquisites available to members of the Executive Committee. The Company will also make available to Vaughn a financial planning allowance of up to $25,000 to be utilized with respect to financial and estate planning. It is anticipated that all financial planning to which this allowance applies shall be undertaken and billed for prior to December 31, 1998.

2. Commencing January 1, 1999, Vaughn shall serve as a senior advisor to the Company for a period of two years, ending on December 31, 2000. During this two-year period Vaughn will provide counseling and advisory assistance as may be requested from time to time by Jack Gaines or David Jones, or by the Chief Executive Officer of the Company; provided that Vaughn shall not be required to spend in excess of two days per week on any such matters relating to the Company; and provided further that the particular hours for rendering the services called for hereunder shall be within Vaughn's discretion. Vaughn's compensation as senior advisor for this two-year period will be $200,000 per year, payable monthly, and Vaughn shall be entitled to reimbursement (in accordance with the policies and procedures established by the Company) for all reasonable and necessary expenses incurred by him in performing services as senior advisor, provided that the Company shall be entitled to approve such expenses in advance.

3. The Company will have the right to terminate the senior advisory arrangement at any time without cause by paying out the balance of the compensation due to Vaughn under the senior advisory arrangement for the remainder of the two-year period. In the event of Vaughn's death prior to the expiration of the two-year period, the balance due for the remainder of the period shall be payable to Vaughn's estate. During the period of the senior advisory relationship, Vaughn and the Chief Executive Officer will jointly determine whether an official title should be associated with Vaughn's position.

4. For the period of the senior advisory arrangement, Vaughn will not, directly or indirectly, without the Company's prior written approval, own, manage, operate, control, or participate in the ownership, management, operation or control of, or be connected as an officer, employee, consultant, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of, any Competitive Business (as defined below); provided that the ownership of five (5%) percent or less of the voting stock of any publicly held corporation shall not constitute a violation of this Agreement. For purposes of this Agreement, Competitive Business shall mean any hotel or hospitality company or business operation located in the United States or Canada.

5. Vaughn agrees to keep the terms of this Agreement confidential and to refrain from disclosing to any person the provisions hereof unless otherwise required by law.

6. This Agreement expresses the entire understanding of the parties hereto, and shall be governed by the laws of the State of Tennessee.

Entered and agreed to as of the day and year first above written.

COMPANY

GAYLORD ENTERTAINMENT COMPANY

BY:

Terry E. London, President and
Chief Executive Officer

VAUGHN

Jack J. Vaughn

Exhibit 13.1

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

SELECTED FINANCIAL DATA

The following selected historical financial data for the five years ended December 31, 1998 is derived from the Company's audited consolidated financial statements. The unaudited selected consolidated pro forma income statement data for the year ended December 31, 1997 is presented as if the Distribution and the CBS Merger had occurred on January 1, 1997. The unaudited selected consolidated pro forma information does not purport to represent what the Company's results of operations would have been had such transactions, in fact, occurred on such date or to project the Company's financial position or results of operations for any future period. The information in the following table should be read in conjunction with the Company's consolidated financial statements and related notes included herein.

	YEARS ENDED DECEMBER 31,					
	ACTUAL	UNAUDITED PRO FORMA	ACTUAL			
	1998	1997(3)	1997(4)(5)	1996	1995	1994
	(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)					
INCOME STATEMENT DATA:						
Revenues:						
Hospitality and attractions	$ 294,504	$ 346,931	$ 346,931	$ 313,023	$ 276,638	$ 274,494
Broadcasting and music	223,743	202,680	202,680	102,368	148,175	169,538
Cable networks	6,228	11,921	276,384	331,767	282,647	243,899
Total revenues	524,475	561,532	825,995	747,158	707,460	687,931
Operating expenses:						
Operating costs	315,077	363,369(6)(7)	511,162(6)(7)	443,236	442,208(6)	427,903
Selling, general and administrative	123,681	132,511	161,280	125,459	115,361	108,624
Merger costs	--	22,645(8)	22,645(8)	--	--	--
Restructuring charge	--	13,654(8)	13,654(8)	--	--	--
Theme park closing charge	--	42,006(9)	42,006(9)	--	--	--
Depreciation and amortization:						
Hospitality and attractions	28,590	31,998	31,998	28,861	21,782	19,041
Broadcasting and music	8,037	6,945	6,945	4,421	3,954	3,854
Cable networks	1,817	1,763	10,924	12,406	9,522	7,758
Corporate	4,340	3,530	3,530	3,168	2,828	2,293
Total depreciation and amortization	42,784	44,236	53,397	48,856	38,086	32,946
Total operating expenses	481,542	618,421	804,144	617,551	595,655	569,473
Operating income:						
Hospitality and attractions	46,094	52,024	52,024	45,938	40,178	38,254
Broadcasting and music	32,647	18,056(6)	18,056(6)	23,846	19,578(6)	37,837
Cable networks	(11,511)	(21,875)(7)	56,865(7)	84,884	74,459	63,343
Corporate	(24,297)	(26,789)	(26,789)	(25,061)	(22,410)	(20,976)
Merger costs	--	(22,645)(8)	(22,645)(8)	--	--	--
Restructuring charge	--	(13,654)(8)	(13,654)(8)	--	--	--
Theme park closing charge	--	(42,006)(9)	(42,006)(9)	--	--	--
Total operating income	42,933	(56,889)	21,851	129,607	111,805	118,458
Interest expense	(30,031)	(26,994)	(27,177)	(19,538)	(4,200)	(1,292)
Interest income	25,606	23,726	24,022	22,904	7,011	950
Other gains and losses	11,359(1)(2)	146,193(10)	143,532(10)	71,741(13)	(8,264)(14)	(15,579)(14)(15)
Income from continuing operations before provision for income taxes	49,867	86,036	162,228	204,714	106,352	102,537
Provision for income taxes	18,673	(19,788)(11)	10,792(11)	73,549	40,945	39,477

Income from continuing

operations	31,194	105,824	151,436	131,165	65,407	63,060
Discontinued operations, net of taxes(1)	--	--	--	--	42,998	--
Cumulative effect of accounting change, net of taxes	--	(7,537)(12)	(7,537)(12)	--	--	--
Net income	$ 31,194	$ 98,287	$ 143,899	$ 131,165	$ 108,405	$ 63,060
Income per share:						
Income from continuing operations	$ 0.95	$ 3.27	$ 4.68	$ 4.07	$ 2.04	$ 1.98
Net income	$ 0.95	$ 3.04	$ 4.45	$ 4.07	$ 3.38	$ 1.98
Income per share - assuming dilution:						
Income from continuing operations	$ 0.94	$ 3.24	$ 4.64	$ 4.02	$ 2.01	$ 1.96
Net income	$ 0.94	$ 3.01	$ 4.41	$ 4.02	$ 3.33	$ 1.96
Dividends per share	$ 0.65	N/A	$ 1.05	$ 1.08	$ 0.89	$ 0.71

	AS OF DECEMBER 31,				
	1998	1997	1996	1995	1994
	(AMOUNTS IN THOUSANDS)				
BALANCE SHEET DATA:					
Total assets	$1,011,992	$1,117,562	$1,182,248	$1,095,812	$1,015,806
Net assets of discontinued operations (1)	--	--	--	--	214,649
Total debt, including current portion	282,981(1)	388,397	363,409	340,044	361,894
Total stockholders' equity	525,160	516,224	512,963	419,106	338,606

(1) In 1993, the Company formalized plans to sell its cable television systems segment (the "Systems") and began accounting for the Systems as discontinued operations. The Systems were sold in September 1995, which resulted in a gain of $42,998, net of income taxes of $30,824. Net proceeds were $198,800 in cash and a note receivable with a face amount of $165,688, which was recorded at $150,688, net of a $15,000 discount. During 1998, the Company collected the full amount of the note receivable and recorded a pretax gain of $15,000 related to the note receivable discount. The proceeds from the note receivable were used to reduce outstanding bank indebtedness.

(2) Comprised of:
  (a) a pretax gain of $16,072 on the sale of the Company's investment in the Texas Rangers Baseball Club, Ltd.;
  (b) a pretax gain totaling $8,538 primarily related to the settlement of contingencies from the sales of television stations KHTV in Houston and KSTW in Seattle;
  (c) a pretax loss of $23,616 on the write-off of a note receivable from Z Music; and
  (d) a pretax loss of $9,200 related to the termination of an operating lease for a satellite transponder for CMT International.

(3) Reflects the unaudited pro forma results of operations as if the CBS Merger had occurred on January 1, 1997.

(4) Includes the results of operations of the Cable Networks Business for the first nine months of 1997. On October 1, 1997, the Cable Networks Business was acquired by CBS in the CBS Merger.

(5) In January 1997, the Company purchased the net assets of Word for approximately $120,000. The results of operations of Word have been included from the date of acquisition.

(6) Includes pretax charges of $11,740 and $13,302 for 1997 and 1995, respectively, for the write-down to net realizable value of certain television program rights.

(7) Includes a pretax charge of $5,000 related to plans to cease the European operations of CMT International effective March 31, 1998.

(8) The merger costs and restructuring charge are related to the CBS Merger.
(9) Charge related to the closing of the Opryland theme park at the end of the 1997 operating season.
(10) Includes a pretax gain of $144,259 on the sale of television station KSTW in Seattle.
(11) Includes a deferred tax benefit of $55,000 related to the revaluation of certain reserves as a result of the Restructuring and CBS Merger.

(12) Reflects the cumulative effect of the change in accounting method for deferred preopening expenses to expense these costs as incurred, effective January 1, 1997, of $12,335, net of a related tax benefit of $4,798.
(13) Includes a pretax gain of $73,850 on the sale of television station KHTV in Houston.
(14) Includes pretax losses of $5,529 and $26,000 for 1995 and 1994, respectively, to reflect the loss upon the disposal of the Company's 14% limited partnership interest in the Fiesta Texas theme park.
(15) Includes a pretax gain of $10,689 on the sale of television station WVTV in Milwaukee.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

OVERVIEW

Certain events occurring during 1997 and 1998 affect the comparability of the Company's results of operations among the periods under review. The principal events are as follows:

REORGANIZATION AND CBS MERGER

Prior to September 30, 1997, the Company was a wholly owned subsidiary of Old Gaylord. On October 1, 1997, Old Gaylord consummated a transaction with CBS and Sub, a wholly owned subsidiary of CBS, pursuant to which Sub was merged with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of CBS. Prior to the CBS Merger, Old Gaylord completed the Restructuring whereby certain assets and liabilities that were part of Old Gaylord's hospitality, attractions, music, television and radio businesses, including all of its long-term debt, as well as CMT International and the management of and option to acquire 95% of Z Music, were transferred to or retained by the Company. As a result of the Restructuring and the CBS Merger, substantially all of the assets of the Cable Networks Business and its liabilities, to the extent that they arose out of or related to the Cable Networks Business, were acquired by CBS. The operating results of the Cable Networks Business are included in the consolidated statements of income through September 30, 1997.

OPRYLAND THEME PARK CLOSING

The Company closed the Opryland theme park at the end of the 1997 operating season. During 1998, the Company created a partnership with The Mills Corporation to develop Opry Mills, a $200 million entertainment / retail complex located on land previously used for the Opryland theme park. The Company holds a one-third interest in the partnership.

ACQUISITION OF WORD ENTERTAINMENT

In January 1997, the net assets of Word were purchased by the Company for approximately $120 million in cash. The purchase price included approximately $40 million of working capital.

DIVESTITURE OF KSTW

In June 1997, the Company sold television station KSTW in Seattle for $160 million in cash.

RESULTS OF OPERATIONS

The following table contains selected income statement data for each of the three years ended December 31, 1998, 1997 and 1996 (in thousands). The unaudited pro forma data for the year ended December 31, 1997 is presented as if the CBS Merger had occurred on January 1, 1997. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues.

YEARS ENDED DECEMBER 31,

	Actual 1998	%	Unaudited Pro Forma 1997	%	Actual 1997	%	Actual 1996	%
Revenues:								
Hospitality and attractions	$ 294,504	56.1%	$ 346,931	61.8%	$ 346,931	42.0%	$ 313,023	41.9%
Broadcasting and music	223,743	42.7	202,680	36.1	202,680	24.5	102,368	13.7
Cable networks	6,228	1.2	11,921	2.1	276,384	33.5	331,767	44.4
Total revenues	524,475	100.0	561,532	100.0	825,995	100.0	747,158	100.0
Operating expenses:								
Operating costs	315,077	60.1	363,369	64.7	511,162	61.9	443,236	59.3
Selling, general and administrative	123,681	23.6	132,511	23.6	161,280	19.5	125,459	16.8
Merger costs	--	--	22,645	4.0	22,645	2.7	--	--
Restructuring charge	--	--	13,654	2.4	13,654	1.7	--	--
Theme park closing charge	--	--	42,006	7.5	42,006	5.1	--	--
Depreciation and amortization:								
Hospitality and attractions	28,590		31,998		31,998		28,861	
Broadcasting and music	8,037		6,945		6,945		4,421	
Cable networks	1,817		1,763		10,924		12,406	
Corporate	4,340		3,530		3,530		3,168	
Total depreciation and amortization	42,784	8.1	44,236	7.9	53,397	6.5	48,856	6.6
Total operating expenses	481,542	91.8	618,421	110.1	804,144	97.4	617,551	82.7
Operating income (loss):								
Hospitality and attractions	46,094	15.7	52,024	15.0	52,024	15.0	45,938	14.7
Broadcasting and music	32,647	14.6	18,056	8.9	18,056	8.9	23,846	23.3
Cable networks	(11,511)	--	(21,875)	--	56,865	20.6	84,884	25.6
Corporate	(24,297)	--	(26,789)	--	(26,789)	--	(25,061)	--
Merger costs	--	--	(22,645)	--	(22,645)	--	--	--
Restructuring charge	--	--	(13,654)	--	(13,654)	--	--	--
Theme park closing charge	--	--	(42,006)	--	(42,006)	--	--	--
Total operating income (loss)	$ 42,933	8.2%	$ (56,889)	(10.1)%	$ 21,851	2.6%	$ 129,607	17.3%

YEAR ENDED DECEMBER 31, 1998, COMPARED TO YEAR ENDED DECEMBER 31, 1997

REVENUES

TOTAL REVENUES - Total revenues decreased $301.5 million, or 36.5%, to $524.5 million in 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 $37.1 million, or 6.6%, in 1998. The decrease on a pro forma basis 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 $33.7 million, or 6.9%, in 1998. The increase was primarily attributable to increased revenues in the broadcasting and music segment, principally from Word.

HOSPITALITY AND ATTRACTIONS - Revenues in the hospitality and attractions segment decreased $52.4 million, or 15.1%, to $294.5 million in 1998, 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 increased $6.1 million, or 2.1%, in 1998. The increase relates primarily to increased revenues from the Oklahoma City Redhawks baseball team of $5.9 million, consulting and other services fee revenues related to the Opry Mills partnership of $5.0 million, and revenues of $4.1 million from the Inn at Opryland, which was acquired in April 1998. This increase is partially offset by a decrease in Opryland Hotel revenues of $7.6 million, or 3.3%, to $223.8 million in 1998 principally because of fewer rooms sold to convention groups and a slowdown in the Nashville tourism market. The hotel's occupancy rate decreased to 79.1% in 1998 compared to 85.4% in 1997. The hotel sold 801,900 rooms in 1998 compared to 862,300 rooms sold in 1997, reflecting a 7.0% decrease from 1997. The hotel's average guest room rate increased to $141.28 in 1998 from $135.03 in 1997.

BROADCASTING AND MUSIC - Revenues in the broadcasting and music segment increased $21.1 million, or 10.4%, to $223.7 million in 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 $33.3 million, or 17.5%, in 1998. The increase results primarily from increased revenues from Word of $19.9 million and revenues from Pandora subsequent to the date of its acquisition of $11.3 million.

CABLE NETWORKS - Revenues in the cable networks segment decreased $270.2 million to $6.2 million in 1998 due to the effect 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 $5.7 million in 1998, primarily as the result of CMT International ceasing its European operations effective March 31, 1998.

OPERATING EXPENSES

TOTAL OPERATING EXPENSES - Total operating expenses decreased $322.6 million, or 40.1%, to $481.5 million in 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating expenses would have decreased $136.9 million, or 22.1%, in 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 operating expenses of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, total operating expenses decreased $67.1 million, or 12.2%, in 1998, which is primarily attributable to nonrecurring charges in 1997, as discussed below. Operating costs, as a percentage of revenues, decreased to 60.1% during 1998 as compared to 64.7% during 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, remained unchanged at 23.6% during 1998 as compared to 1997 on a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997.

OPERATING COSTS - Operating costs decreased $196.1 million, or 38.4%, to $315.1 million in 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, operating costs would have decreased $48.3 million, or 13.3%, in 1998. The decrease on a pro forma basis is primarily the result of the December 1997 closing of the Opryland theme park and the June 1997 sale of television station KSTW. In addition, during 1997 the Company recorded nonrecurring charges to operations of $11.7 million for the write-down to net realizable value of certain program rights at television station KTVT and $5.0 million related to plans to cease the European operations of CMT International. Excluding the write-down of television program rights, the CMT International European charge and the operating costs of the Cable Networks Business, the Opryland theme park and KSTW from the 1997 results, operating costs increased $13.8 million, or 4.6%, in 1998. The increase during 1998 is primarily attributable to increased operating costs of Word of $11.3 million related to increased sales and the operating costs of the newly-opened Wildhorse Saloon in Orlando, Florida of $3.5 million. The acquisition of Pandora in July 1998 increased operating costs by $8.4 million during 1998. Additionally, operating costs increased $3.2 million related to the Oklahoma City Redhawks baseball team and increased $2.7 million related to the Company's efforts to expand the Opryland Hotel concept into other cities. These increases were partially offset during 1998 by decreased operating expenses of $12.0 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 $2.5 million.

SELLING, GENERAL AND ADMINISTRATIVE - Selling, general and administrative expenses decreased $37.6 million, or 23.3%, to $123.7 million in 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, selling, general and administrative expenses would have decreased $8.8 million, or 6.7%, during 1998. The decrease is 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 $8.8 million, or 7.7%, in 1998. The increase is primarily attributable to higher selling, general and administrative expenses of Word and Blanton Harrell Entertainment, an artist management company, of $7.7 million and increased valuation reserves of $2.9 million related to a long-term note receivable from Z Music, as discussed below. Additionally, selling, general and administrative expenses increased $2.3 million related to the newly-opened Wildhorse Saloon in Orlando, Florida. Corporate general and administrative expenses, consisting primarily of senior management salaries and benefits, legal, human resources, accounting, and other administrative costs, decreased $3.6 million in 1998.

MERGER COSTS AND RESTRUCTURING CHARGE - In connection with the CBS Merger, the Company recognized nonrecurring merger costs and a restructuring charge in 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 CBS Merger. The restructuring charge included estimated costs for employee severance and termination benefits of $6.5 million, asset write-downs of $3.7 million, and other costs associated with the restructuring of $3.5 million. As of December 31, 1998, the Company has recorded charges of $11.4 million against the restructuring accrual of which $6.1 million represents actual cash expenditures, $4.6 million represents non-cash asset write-downs and other restructuring costs, and $0.7 million represents reversal of restructuring costs based upon favorable settlement of contingencies. The restructuring accrual has a remaining balance at December 31, 1998 of $2.3 million and is included in accounts payable and accrued liabilities in the consolidated balance sheet.

THEME PARK CLOSING CHARGE - During 1997, the Company recorded a pretax charge of $42.0 million related to the closing of the Opryland theme park at the end of the 1997 operating season. Included in this charge were asset write-downs of $32.0 million related primarily to property, equipment and inventory, estimated costs for employee severance and termination benefits of $5.1 million, and other costs related to the closing of the park of $4.9 million.

DEPRECIATION AND AMORTIZATION - Depreciation and amortization decreased $10.6 million, or 19.9%, to $42.8 million in 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, depreciation and amortization would have decreased $1.5 million, or 3.3%, during 1998. The decrease is 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 $5.3 million, or 14.0%, in 1998. The increase is primarily attributable to the depreciation expense of new acquisitions and capital expenditures.

OPERATING INCOME

Total operating income increased $21.1 million to $42.9 million during 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating income would have increased $99.8 million in 1998. Excluding merger costs, the restructuring charge, the Opryland theme park closing charge, the write-down of television program rights, the CMT International European charge and the operating results of the Cable Networks Business, the Opryland theme park and KSTW from the 1997 results, total operating income increased $5.8 million, or 15.5%, in 1998.

Excluding the operating income of the Opryland theme park during 1997, hospitality and attractions segment operating income decreased $5.4 million in 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 1997, broadcasting and music segment operating income increased $3.3 million in 1998 primarily related to greater operating income generated by Word and the acquisition of Pandora. Excluding the operating income of the Cable Networks Business and the CMT International charge related to ceasing European operations in 1997, the operating loss of the cable networks segment decreased $5.4 million in 1998 primarily as a result of CMT International ceasing its European operations effective March 31, 1998.

INTEREST EXPENSE

Interest expense increased $2.9 million to $30.0 million in 1998. The increase in 1998 was primarily attributable to higher average debt levels as compared to 1997. During the fourth quarter of 1998, the Company used proceeds of $238.4 million from a long-term note receivable to reduce outstanding indebtedness. See "Liquidity and Capital Resources" 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 6.6% in 1998 and 1997.

INTEREST INCOME

Interest income increased $1.6 million to $25.6 million in 1998. Interest income primarily resulted from interest income earned on a long-term note receivable, which was paid in full during the fourth quarter of 1998. See "Liquidity and Capital Resources"

OTHER GAINS AND LOSSES

Other gains and losses during 1998 were comprised of the following pretax amounts, in millions:

	GAIN / (LOSS)
Write-off of Z Music note receivable	$ (23.6)
Gain on sale of Texas Rangers investment	16.1
Gain on long-term note receivable discount	15.0
Loss on termination of transponder operating lease	(9.2)
Settlement of contingencies from television station sales	8.5
Other gains, net	4.6
	$ 11.4

The Company recorded a pretax loss of $23.6 million during 1998 related to the write-off of a note receivable from Z Music. The Company foreclosed on the note receivable and took a controlling interest in the assets of Z Music. Also during 1998, the Company sold its investment in the Texas Rangers Baseball Club, Ltd. for $16.1 million and recognized a gain of the same amount.

During 1995, the Company sold its cable television systems (the "Systems"). Net proceeds consisted of $198.8 million in cash and a 10-year note receivable with a face amount of $165.7 million. The note receivable was recorded net of a $15.0 million discount to reflect the note at fair value. During 1998, the Company received $238.4 million representing prepayment of the entire balance of the note receivable and related accrued interest. The Company recorded a $15.0 million pretax gain during 1998 related to the note receivable discount recorded as part of the Systems sale transaction.

During 1998, the Company terminated an operating lease for a satellite transponder related to the European operations of CMT International. The termination of the satellite transponder lease resulted in a pretax charge of $9.2 million during 1998. Additionally, the Company recorded a gain of $8.5 million during 1998 primarily related to the settlement of contingencies arising from the sale of television stations KHTV in Houston and KSTW in Seattle.

In June 1997, the Company sold television station KSTW in Seattle for $160.0 million in cash. The sale resulted in a pretax gain of $144.3 million, which is included in other gains and losses in 1997.

INCOME TAXES

The Company's provision for income taxes was $18.7 million in 1998 compared to $10.8 million in 1997. During 1997, the Company recorded a deferred tax benefit of $55.0 million related to the revaluation of certain reserves as a result of the Restructuring and CBS Merger. The Company's effective tax rate on its income before provision for income taxes was 37.4% for 1998 compared to 6.7% for 1997.

YEAR ENDED DECEMBER 31, 1997, COMPARED TO YEAR ENDED DECEMBER 31, 1996

REVENUES

TOTAL REVENUES - Total revenues increased $78.8 million, or 10.6%, to $826.0 million in 1997. The increase was primarily attributable to the acquisition of Word in January 1997. Excluding the revenues of Word subsequent to the date of the Word acquisition, total revenues decreased $33.4 million, or 4.5%, to $713.7 million in 1997, primarily as a result of the CBS Merger. Revenues of the Cable Networks Business were $264.5 million in 1997 prior to the CBS Merger and $320.6 million in 1996. Excluding the revenues of Word and the Cable Networks Business from 1997 and 1996, total revenues increased $22.7 million, or 5.3%, to $449.3 million in 1997. This increase was primarily attributable to increased revenues in the hospitality and attractions segment, principally the Opryland Hotel, offset in part by decreased revenues in the broadcasting and music segment resulting from the 1997 sale of television station KSTW.

HOSPITALITY AND ATTRACTIONS - Revenues in the hospitality and attractions segment increased $33.9 million, or 10.8%, to $346.9 million in 1997. Opryland Hotel revenues increased $35.1 million, or 17.9%, to $231.4 million in 1997, principally due to the hotel expansion. The hotel's occupancy rate increased to 85.4% in 1997 compared to 84.7% in 1996. The hotel sold 862,300 rooms in 1997 compared to 780,300 rooms in 1996, reflecting a 10.5% increase. The hotel's average guest room rate increased to $135.03 in 1997 from $131.21 in 1996. Opryland theme park revenues decreased $1.5 million in 1997 due primarily to a 6.8% decrease in theme park attendance as compared with 1996.

BROADCASTING AND MUSIC - Revenues increased $100.3 million, or 98.0%, to $202.7 million in 1997. The increase was primarily attributable to the acquisition of Word in January 1997. Excluding the revenues of Word subsequent to the date of the Word acquisition, total revenues decreased $12.0 million, or 11.7%, to $90.4 million. The decrease results primarily from the June 1997 sale of television station KSTW. Revenues of KSTW were $12.2 million and $25.7 million in 1997 and 1996, respectively.

CABLE NETWORKS - Revenues decreased $55.4 million, or 16.7%, to $276.4 million in 1997. This decrease resulted from the CBS Merger on October 1, 1997. Excluding the revenues of the Cable Networks Business from 1997 and 1996, revenues increased $0.8 million, or 6.9%, to $11.9 million. CMT International revenues increased $1.8 million, or 17.8%, to $11.9 million in 1997.

OPERATING EXPENSES

TOTAL OPERATING EXPENSES - Total operating expenses increased $186.6 million, or 30.2%, to $804.1 million in 1997, a substantial portion of which was attributable to the acquisition of Word in January 1997 and the nonrecurring charges discussed below. Operating costs, as a percentage of revenues, increased to 61.9% during 1997 as compared to 59.3% during 1996. Selling, general and administrative expenses, as a percentage of revenues, increased to 19.5% in 1997 from 16.8% in 1996. A portion of the increase was also due to corporate operating expenses, which increased $1.7 million to $26.8 million in 1997.

OPERATING COSTS - Operating costs increased $67.9 million, or 15.3%, to $511.2 million in 1997. A significant portion of the increase resulted from the operating costs of Word in 1997. Excluding the operating costs of Word subsequent to the January 1997 Word acquisition date, operating costs decreased $0.3 million to $443.0 million in 1997. Excluding the operating costs of the Cable Networks Business from 1997 and 1996 and the operating costs of Word subsequent to the date of the Word acquisition, operating costs increased $34.0 million, or 13.0%, to $295.2 million. During 1997, the Company recorded a nonrecurring charge to operations of $11.7 million for the write-down to net realizable value of certain program rights at television station KTVT. In addition, the Company recorded a $5.0 million charge to operations related to its plans to cease the European operations of CMT International effective March 31, 1998. Operating costs increased $20.0 million during 1997 at the Opryland Hotel, primarily as a result of the hotel expansion, and increased $3.6 million during 1997 at CMT International. These increases were offset, in part, by a decrease of $9.9 million related to the 1997 sale of television station KSTW.

SELLING, GENERAL AND ADMINISTRATIVE - Selling, general and administrative expenses increased $35.8 million, or 28.6%, to $161.3 million in 1997. Excluding the selling, general and administrative expenses of Word subsequent to the January 1997 Word acquisition date, selling, general and administrative expenses increased $2.9 million, or 2.3%, to $128.4 million in 1997. Excluding the selling, general and administrative expenses of the Cable Networks Business from 1997 and 1996 and the selling, general and administrative expenses of Word subsequent to the date of the Word acquisition, selling, general and administrative expenses increased $3.7 million, or 3.9%, to $99.6 million. The increase for the year was primarily attributable to administrative cost increases of $3.2 million and selling and promotional cost increases of $2.0 million at the Opryland Hotel. This increase was offset, in part, by a decrease related to the 1997 sale of television station KSTW of $2.5 million.

DEPRECIATION AND AMORTIZATION - Depreciation and amortization increased $4.5 million, or 9.3%, to $53.4 million in 1997. The increase was primarily attributable to the acquisition of Word in January 1997. Excluding the depreciation and amortization of Word subsequent to the date of the Word acquisition, depreciation and amortization increased $1.5 million, or 3.0%, to $50.3 million in 1997. Excluding the depreciation and amortization of the Cable Networks Business from 1997 and 1996 and the depreciation and amortization of Word subsequent to the date of the Word acquisition, depreciation and amortization increased $2.7 million, or 7.1%, to $41.2 million. The increase in 1997 was primarily attributable to increased depreciation and amortization expense of $2.9 million related to the expansion of the Opryland Hotel.

OPERATING INCOME

Total operating income decreased $107.8 million to $21.9 million during 1997. Excluding the non-recurring charges related to the write-down of television program rights at television station KTVT, the charge to operations related to CMT International's plan to cease operations in Europe, merger costs and restructuring charge, and the Opryland theme park closing charge, total operating income decreased $12.7 million to $116.9 million. This decrease was primarily attributable to the CBS Merger. The operating income of the Cable Networks Business was $78.7 million and $98.6 million in 1997 and 1996, respectively. Excluding the non-recurring items discussed above, the operating income of the Cable Networks Business in 1997 and 1996 and the operating income of Word subsequent to the January 1997 Word acquisition date, total operating income decreased $1.0 million, or 3.1%, to $30.0 million in 1997. This decrease was primarily attributable to increased operating losses of CMT International offset, in part, by increased operating income of the Opryland Hotel.

INTEREST EXPENSE

Interest expense increased $7.6 million to $27.2 million in 1997. The increase was attributable to higher average debt levels, due primarily to the financing of the Word acquisition in January 1997. The Company utilized the net proceeds from the sale of television station KSTW in June 1997 to reduce outstanding indebtedness. The Company's weighted average interest rate on its bank debt and senior notes combined was 6.6% in 1997 compared to 6.9% in 1996.

INTEREST INCOME

Interest income increased $1.1 million to $24.0 million in 1997. Interest income primarily resulted from noncash interest income earned on a long-term note receivable from the sale of the Systems.

OTHER GAINS AND LOSSES

In June 1997, the Company sold television station KSTW in Seattle for $160.0 million in cash. The sale resulted in a pretax gain of $144.3 million, which is included in other gains and losses in 1997.

In January 1996, the Company sold television station KHTV in Houston for $97.8 million, including certain working capital and other adjustments of approximately $4.3 million. The sale resulted in a pretax gain of $73.9 million, which is included in other gains and losses in 1996.

INCOME TAXES

The Company's provision for income taxes was $10.8 million in 1997 compared to $73.5 million in 1996. During 1997, the Company recorded a deferred tax benefit of $55.0 million related to the revaluation of certain reserves as a result of the Restructuring and CBS Merger. The Company's effective tax rate on its income before provision for income taxes was 6.7% for 1997 compared to 35.9% for 1996.

ACCOUNTING CHANGE

Effective January 1, 1997, the Company changed its method of accounting for deferred preopening expenses to expense these costs as incurred. Prior to 1997, preopening expenses were deferred and amortized over five years on a straight-line basis. The Company recorded a $7.5 million charge, net of taxes of $4.8 million, to record the cumulative effect of this accounting change. This change did not have a significant impact on results of operations before the cumulative effect of this accounting change for 1997. On a pro forma basis, this change would have decreased net income by $3.0 million, or $0.09 per share, for the year ended December 31, 1996.

LIQUIDITY AND CAPITAL RESOURCES

Pursuant to the Restructuring, the Company assumed all of Old Gaylord's long-term indebtedness, including Old Gaylord's obligations under a revolving credit facility entered into by Old Gaylord in August 1997 (the "1997 Credit Facility"). The lenders under the 1997 Credit Facility are a syndicate of banks with NationsBank of Texas, N.A. acting as agent (the "Agent"). The maximum amount that can be borrowed under the 1997 Credit Facility is $600 million. The final maturity of the 1997 Credit Facility is July 2002. The 1997 Credit Facility is unsecured and is guaranteed by certain of the Company's subsidiaries.

Amounts outstanding under the 1997 Credit Facility bear interest at a rate, at the Company's option, equal to either (i) the higher of the Agent's prime rate or the federal funds rate plus 0.5%, or (ii) LIBOR plus a margin ranging from 0.4% to 1% depending on the Company's debt ratings or ratio of debt to capitalization. In addition, the Company is required to pay a commitment fee ranging between 0.125% and 0.25% per year, also depending on the Company's debt ratings or ratio of debt to capitalization, on the average unused portion of the 1997 Credit Facility, as well as an annual administrative fee.

The 1997 Credit Facility requires the Company to maintain certain financial ratios and minimum stockholders' equity levels and subjects the Company to limitations on, among other things, mergers and sales of assets, additional indebtedness, capital expenditures, investments, acquisitions, liens, and transactions with affiliates. At December 31, 1998, the Company was in compliance with all financial covenants under the 1997 Credit Facility.

During 1995, the Company sold the Systems to CCT Holdings Corp ("CCTH"). Net proceeds consisted of $198.8 million in cash and a 10-year note receivable with a face amount of $165.7 million. In addition as part of the sale transaction, the Company received contractual equity participation rights equal to 15% of the net distributable proceeds, as defined, from certain future asset sales by the buyer of the Systems. During the fourth quarter of 1998, the Company received $238.4 million representing prepayment of the entire balance of the CCTH note receivable and related accrued interest. Subsequent to December 31, 1998, the Company received cash and recognized a pretax gain of approximately $130 million representing the value of the 15% contractual equity participation rights upon the sale of the Systems. The proceeds from the note receivable prepayment and the equity participation rights were used to reduce outstanding indebtedness under the 1997 Credit Facility.

The Company owns a minority limited partnership interest in Bass Pro, L.P. Subsequent to December 31, 1998, the Company advanced Bass Pro approximately $28 million under an unsecured note agreement which bears interest at 8% and is due in 2003. Interest under the note agreement is payable annually.

At February 28, 1999, the Company had approximately $440 million in available borrowing capacity under the 1997 Credit Facility.

The Company currently projects capital expenditures of approximately $48 million for 1999. The Company's management believes that the net cash flows from operations, together with the amount expected to be available for borrowing under the 1997 Credit Facility, 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 responsible for assessing, testing and correcting the Company's information technology and systems risks associated with 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 December 31, 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 December 31, 1998, sixty-two of the Company's sixty-three internally developed software applications are considered year 2000 compliant.

As to systems not currently determined to be year 2000 compliant, the Company is currently replacing or repairing hardware, software and equipment that it anticipates will not work properly in the year 2000. The Company expects that replacements and repairs of hardware, software and equipment for systems that are not currently considered year 2000 compliant will be substantially completed during the first and second quarters of 1999. The Company is testing all of its systems to ensure their proper operation upon the arrival of 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 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 or equipment during the third and fourth quarters of 1999 that is 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. The first calendar quarter is 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.

NEWLY ISSUED ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective for fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. The Company will adopt the provisions of SFAS No. 133 effective January 1, 2000 and does not anticipate the adoption of SFAS No. 133 to have a material effect on the Company's financial statements.

FORWARD-LOOKING STATEMENTS / RISK FACTORS

This report contains certain forward-looking statements regarding, among other things, the anticipated financial and operating results of the Company. 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.

In addition, investors are cautioned not to place undue reliance on forward-looking statements contained in this report because they speak only as of the date hereof. The Company undertakes no obligation to release publicly any modifications or revisions to forward-looking statements contained in this report to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	1998	1997	1996
Revenues	$ 524,475	$ 825,995	$ 747,158
Operating expenses:			
Operating costs	315,077	511,162	443,236
Selling, general and administrative	123,681	161,280	125,459
Merger costs	--	22,645	--
Restructuring charge	--	13,654	--
Theme park closing charge	--	42,006	--
Depreciation and amortization	42,784	53,397	48,856
Operating income	42,933	21,851	129,607
Interest expense	(30,031)	(27,177)	(19,538)
Interest income	25,606	24,022	22,904
Other gains and losses	11,359	143,532	71,741
Income before provision for income taxes	49,867	162,228	204,714
Provision for income taxes	18,673	10,792	73,549
Income before cumulative effect of accounting change	31,194	151,436	131,165
Cumulative effect of accounting change, net of taxes	--	(7,537)	--
Net income	$ 31,194	$ 143,899	$ 131,165
Income per share:			
Income before cumulative effect of accounting change	$ 0.95	$ 4.68	$ 4.07
Cumulative effect of accounting change, net of taxes	--	(0.23)	--
Net income	$ 0.95	$ 4.45	$ 4.07
Income per share - assuming dilution:			
Income before cumulative effect of accounting change	$ 0.94	$ 4.64	$ 4.02
Cumulative effect of accounting change, net of taxes	--	(0.23)	--
Net income	$ 0.94	$ 4.41	$ 4.02

The accompanying notes are an integral part of these statements.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

	1998	1997
ASSETS		
Current assets:		
Cash	$ 18,746	$ 8,712
Trade receivables, less allowance of $5,517 and $4,031, respectively	94,429	82,152
Inventories	27,018	23,206

Other assets	49,009	37,311
Total current assets	189,202	151,381
Property and equipment, net of accumulated depreciation	586,898	550,267
Intangible assets, net of accumulated amortization	117,529	84,419
Investments	78,140	73,991
Long-term notes and interest receivable	9,015	233,112
Other assets	31,208	24,392
Total assets	$ 1,011,992	$1,117,562
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 6,269	$ --
Accounts payable and accrued liabilities	115,837	127,694
Total current liabilities	122,106	127,694
Long-term debt	276,712	388,397
Deferred income taxes	52,747	32,579
Other liabilities	33,039	42,710
Minority interest	2,228	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	26,699	16,837
Other stockholders' equity	(2,301)	556
Total stockholders' equity	525,160	516,224
Total liabilities and stockholders' equity	$ 1,011,992	$1,117,562

The accompanying notes are an integral part of these statements.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS)

	1998	1997	1996
Cash Flows from Operating Activities:			
Net income	$ 31,194	$ 143,899	$ 131,165
Amounts to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	42,784	53,397	48,856
Provision (benefit) for deferred income taxes	20,168	(80,570)	2,119
Gain on long-term note receivable	(15,000)	--	--
Gain on sale of investments	(20,118)	--	--
Write-off of Z Music note receivable	23,616	--	--
Cumulative effect of accounting change, net of taxes	--	7,537	--
Theme park closing charge	--	42,006	--
Write-down of television program rights	--	11,740	--
Noncash interest income	--	(22,936)	(20,479)
Gain on sale of television stations	--	(144,259)	(73,850)
Changes in:			
Trade receivables	(4,485)	(6,744)	(8,914)
Interest receivable on long-term note	48,385	--	--
Accounts payable and accrued liabilities	(19,521)	24,506	(8,281)
Other assets and liabilities	(28,782)	(2,195)	(5,273)
Net cash flows provided by operating activities	78,241	26,381	65,343
Cash Flows from Investing Activities:			
Purchases of property and equipment	(51,193)	(49,239)	(115,542)
Acquisition of businesses, net of cash acquired	(31,796)	(120,191)	--
Proceeds from sale of property and equipment	6,336	4,228	185
Proceeds from sale of investments	20,130	--	--
Principal proceeds from collection of long-term note receivable	165,688	--	--
Proceeds from sale of television stations, net of direct selling costs paid	--	155,266	96,840
Cash acquired by CBS in the Merger	--	(7,481)	--
Investments in, advances to and distributions from affiliates	(9,852)	(10,880)	(7,893)
Payment upon disposal of Fiesta Texas partnership interest	--	--	(12,976)
Other investing activities	(10,783)	(11,351)	(8,139)
Net cash flows provided by (used in) investing activities	88,530	(39,648)	(47,525)

Cash Flows from Financing Activities:			
Net borrowings (payments) under revolving credit agreements	(134,690)	178,935	61,446
Proceeds from issuance of long-term debt	500	420	--
Repayment of long-term debt	(1,547)	(149,762)	(38,081)
Dividends paid	(21,332)	(33,929)	(34,946)
Proceeds from exercise of stock options	332	14,304	1,359
Purchase of treasury stock	--	(1,709)	(5,938)
Net cash flows provided by (used in) financing activities	(156,737)	8,259	(16,160)
Net change in cash	10,034	(5,008)	1,658
Cash, beginning of year	8,712	13,720	12,062
Cash, end of year	$ 18,746	$ 8,712	$ 13,720

The accompanying notes are an integral part of these statements.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned Compensation	Other Comprehensive Income	Total Stockholders' Equity
Balance, December 31, 1995	$ 949	$ 414,458	$ 68,353	$(61,856)	$(2,798)	$ --	$ 419,106
Comprehensive income:							
Net income	--	--	131,165	--	--	--	131,165
Comprehensive income							131,165
Cash dividends ($1.08 per share)	--	--	(34,946)	--	--	--	(34,946)
Exercise of stock options	1	1,358	--	--	--	--	1,359
Issuance of restricted stock	2	4,318	--	--	(4,320)	--	--
Compensation expense	--	--	--	--	2,271	--	2,271
5% stock dividend	47	125,031	(125,078)	--	--	--	--
Retirement of treasury stock	(32)	(61,824)	--	61,856	--	--	--
Purchase of treasury stock	--	--	--	(5,938)	--	--	(5,938)
Other	--	(54)	--	--	--	--	(54)
Balance, December 31, 1996	967	483,287	39,494	(5,938)	(4,847)	--	512,963
Comprehensive income:							
Net income	--	--	143,899	--	--	--	143,899
Unrealized gain on investments	--	--	--	--	--	2,887	2,887
Foreign currency translation	--	--	--	--	--	(116)	(116)
Comprehensive income							146,670
Cash dividends ($1.05 per share)	--	--	(33,929)	--	--	--	(33,929)
Exercise of stock options	14	14,290	--	--	--	--	14,304
Tax benefit on stock options	--	6,598	--	--	--	--	6,598
Issuance of restricted stock	1	1,321	--	--	(1,322)	--	--
Compensation expense	--	--	--	--	3,954	--	3,954
Old Gaylord stock retirement	(975)	--	--	--	--	--	(975)
New Gaylord stock distribution	324	651	--	--	--	--	975
Cable Networks Business net assets	--	--	(132,627)	--	--	--	(132,627)
Purchase of treasury stock	--	--	--	(1,709)	--	--	(1,709)
Retirement of treasury stock	(4)	(7,643)	--	7,647	--	--	--
Balance, December 31, 1997	327	498,504	16,837	--	(2,215)	2,771	516,224
Comprehensive income:							
Net income	--	--	31,194	--	--	--	31,194
Realized gain on investments	--	--	--	--	--	(2,887)	(2,887)
Foreign currency translation	--	--	--	--	--	(323)	(323)
Comprehensive income							27,984
Cash dividends ($0.65 per share)	--	--	(21,332)	--	--	--	(21,332)
Exercise of stock options	--	332	--	--	--	--	332
Tax benefit on stock options	--	60	--	--	--	--	60
Issuance of restricted stock	1	1,538	--	--	(1,539)	--	--
Compensation expense	--	--	--	--	1,892	--	1,892
Balance, December 31, 1998	$ 328	$ 500,434	$ 26,699	$ --	$(1,862)	$ (439)	$ 525,160

The accompanying notes are an integral part of these statements.

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share data)

1. DESCRIPTION OF THE BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Gaylord Entertainment Company (the "Company"), formerly New Gaylord Entertainment Company, is a diversified entertainment and communications company operating, through its subsidiaries, principally in three business segments: hospitality and attractions, broadcasting and music, and cable networks. During 1997, the Company's former parent ("Old Gaylord") consummated a transaction with CBS Corporation ("CBS") whereby certain assets and liabilities of the Company's cable networks segment were merged with CBS (the "Merger") as further described in Note 3.

Hospitality and Attractions

At December 31, 1998, the Company owns and operates the Opryland Hotel, the Grand Ole Opry, the Wildhorse Saloon, and various other tourist attractions located in Nashville, Tennessee. During 1998, the Company formed the Opryland Lodging Group to expand the Opryland Hotel concept into other cities. The Company has announced plans for hotel development projects in the Orlando, Florida and Dallas, Texas markets. During 1998, the Company created a partnership with The Mills Corporation to develop Opry Mills, a $200,000 entertainment/retail complex located on land previously used for the Opryland theme park. Opry Mills is anticipated to open in 2000. The Company closed the Opryland theme park at the end of the 1997 operating season. During 1998, the Company purchased the remaining 49% minority interest in a joint venture created to expand the Wildhorse Saloon concept beyond Nashville to other cities. The Company also owns a minority limited partnership interest in Bass Pro, L.P. ("Bass Pro"), which is a leading retailer of premium outdoor sporting goods and fishing products.

Broadcasting and Music

At December 31, 1998, the Company owns and operates one broadcast television station, KTVT (Fort Worth-Dallas, Texas), which is affiliated with the CBS television network. The Company sold its television stations, KSTW (Tacoma-Seattle, Washington) in June 1997 and KHTV (Houston, Texas) in January 1996, as further described in Note 5. During 1998, the Company acquired 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, as further described in Note 4. The Company acquired the assets of Word Entertainment ("Word"), a contemporary Christian music company, in January 1997, also as further described in Note 4. In addition, the Company owns and operates three radio stations and a music publishing company in Nashville, Tennessee.

Cable Networks

At December 31, 1998, the Company owns the CMT International cable television networks operating in Asia and the Pacific Rim, and Latin America. CMT International ceased its European operations as of March 31, 1998, as further described in Note 5. Prior to October 1997, the Company also owned The Nashville Network ("TNN"), a national basic cable television network, and operated and owned 67% of the outstanding stock of Country Music Television, Inc. ("CMT"), a country music video cable network operated in the United States and Canada. During October 1997, TNN and CMT were acquired by CBS as further described in Note 3. In addition, during 1998 the Company acquired a controlling interest in the assets of Z Music, Inc. ("Z Music"), a cable network featuring contemporary Christian music videos, as further described in Note 2.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. For accounting purposes, the consolidated financial statements include Old Gaylord and its subsidiaries, including the Company, prior to the merger with CBS. All significant intercompany accounts and transactions have been eliminated in consolidation.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, including interest on funds borrowed to finance the construction of major capital additions, and are depreciated using straight-line and accelerated methods over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Attractions-related equipment	16 years
Furniture, equipment and vehicles	3-8 years
Leasehold improvements	Life of lease

Depreciation expense includes amortization of capital leases which is computed on a straight-line basis over the term of the lease. Maintenance and repairs are charged to expense as incurred.

INTANGIBLE ASSETS

Intangible assets consist primarily of goodwill which is amortized using the straight-line method over a period not to exceed 40 years. The Company continually evaluates whether later events and circumstances have occurred that indicate the remaining balance of goodwill may not be recoverable. In evaluating possible impairment, the Company uses the most appropriate method of evaluation given the circumstances surrounding the particular acquisition, which has generally been an estimate of the related business unit's undiscounted operating income before interest and taxes over the remaining life of the goodwill.

Amortization expense related to intangible assets for 1998, 1997 and 1996 was $3,823, $4,743 and $3,212, respectively. At December 31, 1998 and 1997, accumulated amortization of intangible assets was $9,169 and $5,346, respectively.

INVESTMENTS

Investments consist primarily of a minority interest in Bass Pro, a supplier of premium outdoor sporting goods and fishing tackle which distributes its products through retail centers and an extensive mail order catalog operation. Bass Pro also owns and operates a resort hotel and development in southern Missouri. The Company accounts for the Bass Pro investment using the equity method of accounting. The Company's original investment exceeded its share of the underlying equity in the net assets of Bass Pro by approximately $36,000, which is being amortized on a straight-line basis over 40 years. The Company's recorded investment in Bass Pro was $61,568 and $62,344 at December 31, 1998 and 1997, respectively.

During 1998, the Company created a partnership with The Mills Corporation to develop Opry Mills, a $200,000 entertainment/retail complex located on land previously used for the Opryland theme park. The Company holds a one-third interest in the partnership through a non-cash capital contribution of $2,049 reflecting the book value of the land where Opry Mills will be located. The Company accounts for the Opry Mills partnership using the equity method of accounting.

The Company holds a minority interest investment in the Nashville Predators, a National Hockey League professional team, of $12,095 and $6,398 at December 31, 1998 and 1997, respectively.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities", certain of the Company's investments were considered available-for-sale investments at December 31, 1997 and were carried at market value, with the difference between cost and market value recorded as a component of stockholders' equity. These investments were sold during 1998, with a pretax gain of $3,296 recognized in other gains and losses in the consolidated statements of income.

OTHER ASSETS

Other current and long-term assets consist of:

	1998	1997
Other current assets:		
Other current receivables	$34,192	$23,207
Prepaid expenses	12,695	10,839
Program rights	1,719	2,991
Other current assets	403	274
Total other current assets	$49,009	$37,311
Other long-term assets:		
Music and film catalogs	$16,757	$16,476
Deferred software costs	5,122	346
Prepaid pension cost	5,274	2,702
Program rights	352	2,245
Other long-term assets	3,703	2,623
Total other long-term assets	$31,208	$24,392

Other current receivables result primarily from non-operating income and are due within one year. Music and film catalogs consist of the costs to acquire music and film rights and are amortized over their estimated useful lives.

The Company acquires television exhibition rights for certain theatrical and television programs. The program rights are recorded at the gross contract amount when certain conditions are met, including availability of the program for broadcast, and are amortized using an accelerated method over the shorter of the estimated number of program showings or the contract periods. At December 31, 1998, the Company had commitments for program rights and related program contracts payable of $1,667 which were not available for telecast until a future date. These amounts are not included in the accompanying consolidated balance sheets.

During 1997, the Company recorded a pretax charge of $11,740 to write-down certain program rights at KTVT to net realizable value. This write-down relates primarily to movie packages and certain syndicated programming whose value was impaired by an operating decision to purchase more first-run programming and is included in operating costs in the consolidated statements of income.

DEFERRED PREOPENING COSTS

Effective January 1, 1997, the Company changed its method of accounting for deferred preopening expenses to expense these costs as incurred in accordance with AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities". Prior to 1997, preopening expenses were deferred and amortized over five years on a straight-line basis. The Company recorded a $7,537 charge, net of taxes of $4,798, to record the cumulative effect of this accounting change. This change did not have a significant impact on results of operations before the cumulative effect of this accounting change for 1997. On a pro forma basis, this change would have decreased net income by $3,043, or $0.09 per share, for the year ended December 31, 1996.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

	1998	1997
Trade accounts payable	$ 31,198	$ 24,210
Income taxes payable	4,476	6,725
Accrued royalties	14,709	13,057
Deferred revenues	11,076	11,430
Program contracts payable	5,418	8,826
Accrued salaries and benefits	8,202	5,614
Accrued interest payable	1,176	1,462
Property and other taxes payable	13,638	13,379
Other accrued liabilities	25,944	42,991
Total accounts payable and accrued liabilities	$115,837	$127,694

Accrued royalties consist primarily of music royalties and licensing fees. Deferred revenues consist primarily of deposits on advance room bookings at the Opryland Hotel, advance ticket sales at the Company's tourism properties and music publishing advances.

INCOME TAXES

In accordance with SFAS No. 109, "Accounting for Income Taxes", the Company establishes deferred tax assets and liabilities based on the difference between the financial statement and income tax carrying amounts of assets and liabilities using existing tax rates.

STOCK-BASED COMPENSATION

SFAS No. 123, "Accounting for Stock-Based Compensation", encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to continue to account for stock-based compensation using the intrinsic value method as prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations, under which no compensation cost related to stock options has been recognized as further described in Note 10.

INCOME PER SHARE

SFAS No. 128, "Earnings per Share", was issued and is effective for fiscal periods ending after December 15, 1997. SFAS No. 128 establishes standards for computing and presenting earnings per share. The Company adopted the provisions of SFAS No. 128 in the fourth quarter of 1997. 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 year. 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, calculated using the treasury stock method. All income per share amounts in the accompanying consolidated financial statements have been restated to reflect the retroactive application of the provisions of SFAS No. 128.

Income per share amounts are calculated as follows for the years ended December 31:

	1998			1997			1996		
	Income	Shares	Per Share	Income	Shares	Per Share	Income	Shares	Per Share
Income before cumulative effect of accounting change	$31,194	32,805	$ 0.95	$ 151,436	32,341	$ 4.68	$ 131,165	32,193	$ 4.07
Effect of dilutive stock options		353			308			406	
Income before cumulative effect of accounting change - assuming dilution	$31,194	33,158	$ 0.94	$ 151,436	32,649	$ 4.64	$ 131,165	32,599	$ 4.02

The Company completed a common stock distribution in 1997 associated with the Merger as further described in Note 3. In addition, the Company paid a 5% stock dividend in 1996 as further described in Note 9. All income per share and dividend per share amounts in the accompanying consolidated financial statements have been restated to reflect the retroactive application of the common stock distribution and stock dividend.

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 presented in the consolidated statements of stockholders' equity.

FINANCIAL INSTRUMENTS

Estimated fair values and carrying amounts of the Company's financial instruments at December 31, 1998 and 1997 are as follows:

	1998		1997	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Long-term notes and interest receivable	$ 9,015	$ 9,015	$234,433	$233,112

Debt	$282,981	$282,981	$388,397	$388,397

The fair value estimates were determined using discounted cash flow analyses. For fixed-rate long-term notes receivable, the discount rate was determined based upon similar instruments. The Company's carrying value of its variable-rate debt and long-term notes receivable approximates fair value. The carrying amount of short-term financial instruments (cash, trade receivables, accounts payable and accrued liabilities) approximates fair value due to the short maturity of those instruments. Credit risk on trade receivables is minimized by the large and diverse nature of the Company's customer base.

ACCOUNTING ESTIMATES

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

NEWLY ISSUED ACCOUNTING STANDARD

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", effective for fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires all derivatives to be recognized in the statement of financial position and to be measured at fair value. The Company will adopt the provisions of SFAS No. 133 effective January 1, 2000 and does not anticipate the adoption of SFAS No. 133 to have a material effect on the Company's financial statements.

RECLASSIFICATIONS

Certain reclassifications of 1997 and 1996 amounts have been made to conform with the 1998 presentation.

2. LONG-TERM NOTES AND INTEREST RECEIVABLE:

During 1995, the Company sold its cable television systems (the "Systems") to CCT Holdings Corp. ("CCTH"). Net proceeds consisted of $198,800 in cash and a 10-year note receivable with a face amount of $165,688. The note receivable was recorded net of a $15,000 discount to reflect the note at fair value based upon financial instruments of comparable credit risk and interest rates. At December 31, 1997, the note receivable and related accrued interest were included in the consolidated balance sheet in the amount of $199,074. The note receivable was classified as held to maturity and earned interest at an initial rate of 12% with a scheduled increase to 15% in September 2000 and 2% increases each year thereafter with principal and interest payable at maturity in 2005. The Company recorded $24,376, $22,936 and $20,479 of interest income related to the note receivable during 1998, 1997 and 1996, respectively. In addition as part of the sale transaction, the Company received contractual equity participation rights equal to 15% of the net distributable proceeds, as defined, from certain future asset sales by the buyer of the Systems.

During the fourth quarter of 1998, the Company received $238,449 representing prepayment of the entire balance of the CCTH note receivable and related accrued interest. The Company recorded a $15,000 pretax gain during 1998 related to the note receivable discount recorded as part of the Systems sale transaction. The gain is included in other gains and losses in the consolidated statements of income. Subsequent to December 31, 1998, the Company received cash and recognized a pretax gain of approximately $130,000 in 1999 representing the value of the 15% contractual equity participation rights upon the sale of the Systems. The proceeds from the note receivable prepayment and the equity participation rights were used to reduce outstanding bank indebtedness.

During 1998, the Company recognized a pretax loss of $23,616 related to the write-off of a note receivable from Z Music. The Company foreclosed on the note receivable and took a controlling interest in the assets of Z Music during the fourth quarter of 1998. Prior to the foreclosure, the Company managed the operations of Z Music, had an option to acquire 95% of the common stock of Z Music, and funded Z Music's operations through advances under the note receivable. The Company is restructuring the operations of Z Music, including changing the mode of transmission from an analog to a digital signal.

3. CBS MERGER:

On October 1, 1997, Old Gaylord consummated the Merger with CBS and G Acquisition Corp., a wholly owned subsidiary of CBS ("Sub"), pursuant to which Sub was merged with and into Old Gaylord, with Old Gaylord continuing as the surviving corporation and a wholly owned subsidiary of CBS. Prior to the Merger, Old Gaylord was restructured (the "Restructuring") whereby certain assets and liabilities that were part of Old Gaylord's hospitality, attractions, music, television and radio businesses, including all of its long-term debt, as well as CMT International and the management of and option to acquire 95% of Z Music, were transferred to or retained by the Company. As a result of the Restructuring and the Merger, substantially all of the assets of Old Gaylord's cable networks business, consisting primarily of TNN and CMT, and certain other related businesses (collectively, the "Cable Networks Business") and its liabilities, to the extent that they arose out of or related to the Cable Networks Business, were acquired by CBS. In connection with the Merger, the Company and CBS (or one or more of their respective subsidiaries) entered into an agreement which provides that the Company will not engage in certain specified activities which would constitute competition with the Cable Networks Business and CBS will not engage in certain activities which would constitute competition with CMT International.

Following the Restructuring, on September 30, 1997, Old Gaylord distributed (the "Distribution") pro rata to its stockholders all of the outstanding capital stock of the Company. As a result of the Distribution, each holder of record of the Class A Common Stock, $0.01 par value, and Class B Common Stock, $0.01 par value (collectively, the "Old Gaylord Common Stock"), of Old Gaylord on the record date for the Distribution received a number of shares of Common Stock, $0.01 par value, of the Company ("Common Stock") equal to one-third the number of shares of Old Gaylord Common Stock held by such holder. Cash was distributed in lieu of any fractional shares of Common Stock.

At the time of the Merger, the book value of the net assets of the Cable Networks Business was $132,627, which has been reflected in the consolidated financial statements as a charge against retained earnings. The following is a summary of the net assets acquired by CBS:

Cash	$ 7,481
Accounts receivable, net	67,030
Other current assets	20,332
Property and equipment, net	53,386
Intangible assets, net	31,148
Other assets	10,532

Accounts payable and accrued expenses	(35,855)
Long-term debt	(4,605)
Minority interest	(15,048)
Other liabilities	(1,774)
Cable Networks Business net assets	$ 132,627

The operating results of the Cable Networks Business are included in the consolidated statements of income through September 30, 1997 and are as follows:

	Nine Months Ended September 30, 1997	Year Ended December 31, 1996
Revenues	$264,463	$320,612
Depreciation and amortization	$ 9,161	$ 10,415
Operating income, excluding allocated corporate expenses	$ 78,740	$ 98,605

Prior to the Merger, CBS was responsible for promoting and marketing TNN, CMT and CMT International, selling advertising time on TNN and CMT, marketing TNN and CMT to cable operators, and providing a satellite transponder to deliver TNN programming to cable systems. In addition, CBS owned 33% of CMT and CMT International prior to the Merger. CBS received a commission of 33% of TNN's applicable gross receipts, net of agency commissions, and a commission of 10% of CMT's gross receipts, net of agency commissions, for its services prior to the Merger. CBS commissions under these agreements were approximately $70,600 and $86,600 in 1997 and 1996, respectively.

In connection with the Merger, Restructuring and Distribution, the Company recognized nonrecurring merger costs and a restructuring charge in 1997 of $22,645 and $13,654, respectively. Merger costs included professional and registration fees, debt refinancing costs, and incentive compensation associated with the Merger. The Company recognized merger costs of $1,363 related to restricted stock issued under stock option and incentive plans which vested at the time of the Merger. The restructuring charge includes estimated costs for employee severance and termination benefits of $6,500, asset write-downs of $3,653, and other costs associated with the restructuring of $3,501. As of December 31, 1998, the Company has recorded charges of $11,360 against the restructuring accrual of which $6,035 represents actual cash expenditures, $4,625 represents non-cash asset write-downs and other restructuring costs, and $700 represents reversal of restructuring costs based upon favorable settlement of contingencies. At December 31, 1998 and 1997, the Company had a remaining restructuring accrual of $2,294 and $6,073, respectively, which is included in accounts payable and accrued liabilities in the consolidated balance sheets.

4. ACQUISITIONS:

In July 1998, the Company purchased Pandora for approximately $17,000 in cash. The acquisition was financed through borrowings under a revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of Pandora have been included in the 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.

In April 1998, the Company purchased the assets of a 307-room hotel located adjacent to the Opryland Hotel for approximately $16,000 in cash. The hotel was renamed the Inn at Opryland. The acquisition was financed through borrowings under a revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of the Inn at Opryland have been included in the consolidated financial statements from the date of acquisition.

In January 1997, the net assets of Word were purchased for approximately $120,000 in cash. The purchase price included approximately $40,000 of working capital. The acquisition was financed through borrowings under a revolving credit agreement and has been accounted for using the purchase method of accounting. The operating results of Word have been included in the consolidated financial statements from the date of acquisition. The excess of purchase price over the fair values of the net assets acquired was $64,143 and has been recorded as goodwill, which is being amortized on a straight-line basis over 40 years.

The following unaudited pro forma information presents a summary of consolidated results of the combined operations of the Company and Word for the year ended December 31, 1996, as if the acquisition had occurred on January 1, 1996:

Revenues	$ 837,226
Net income	$ 124,338
Net income per share	$ 3.86
Net income per share - assuming dilution	$ 3.81

These unaudited pro forma results have been prepared for comparative purposes only and include certain adjustments, including additional amortization expense as a result of goodwill and other intangible assets, increased interest expense on acquisition debt, and an adjustment to the provision for income taxes for such items. The pro forma amounts are not necessarily indicative of what the actual consolidated results of operations might have been if the acquisition had occurred on January 1, 1996, or of future results of operations of the consolidated entities.

5. DIVESTITURES:

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

Also during 1998, the Company recorded pretax gains totaling $8,538 primarily related to the settlement of contingencies arising from the sales of television stations KHTV in Houston and KSTW in Seattle.

During 1997, the Company recorded a pretax charge of $42,006 related to the closing of the Opryland theme park at the end of the 1997 operating season. Included in this charge are asset write-downs of $32,020 related primarily to property, equipment and inventory, estimated costs for employee severance and termination benefits of $5,100, and other costs related to closing of the park of $4,886. At December 31, 1998 and 1997, the Company had a remaining accrual of $258 and $6,439, respectively, related to the closing of the theme park, which is included in accounts payable and accrued liabilities in the consolidated balance sheets.

Also during 1997, the Company recorded a $5,000 pretax charge to operations related to its plans to cease the European operations of CMT International effective March 31, 1998. The Company fully utilized this accrual during 1998.

In addition, the Company sold television station KSTW in Seattle in 1997 for $160,000 in cash. The sale resulted in a pretax gain of $144,259, which is included in other gains and losses in the consolidated statements of income. The Company utilized the net proceeds from the sale to reduce outstanding indebtedness. The sale of the television station included program rights of $10,625 and related program contracts payable of $10,269.

In 1996, the Company sold television station KHTV in Houston for $97,800, including certain working capital and other adjustments of approximately $4,300. The sale resulted in a pretax gain of $73,850, which is included in other gains and losses in the consolidated statements of income. The sale of the television station included program rights of $32,235 and related program contracts payable of $23,766.

6. PROPERTY AND EQUIPMENT:

Property and equipment at December 31 is recorded at cost and summarized as follows:

	1998	1997
Land and land improvements	$ 95,300	$ 89,782
Buildings	472,804	452,661
Furniture, fixtures and equipment	261,286	232,834
Construction in progress	15,101	12,292
	844,491	787,569
Accumulated depreciation	257,593	237,302
Property and equipment, net	$586,898	$550,267

Depreciation expense for 1998, 1997 and 1996 was $35,602, $44,839 and $42,101, respectively. Capitalized interest for 1997 and 1996 was $186 and $3,383, respectively. The Company recorded capital leases during 1998 of $9,743, which are included in furniture, fixtures and equipment.

7. INCOME TAXES:

The provision for income taxes for the years ended December 31 consists of:

	1998	1997	1996
Current:			
Federal	$ (2,810)	$ 86,342	$69,585
State	1,315	5,020	1,845
Total current provision (benefit)	(1,495)	91,362	71,430
Deferred:			
Federal	19,747	(79,496)	1,771
State	421	(1,074)	348

Total deferred provision (benefit)	20,168	(80,570)	2,119
Total provision for income taxes	$ 18,673	$ 10,792	$73,549

Provision is made for deferred federal and state income taxes in recognition of certain temporary differences in reporting items of income and expense for financial statement purposes and income tax purposes. The effective tax rate as applied to income from continuing operations for the years ended December 31 differed from the statutory federal rate due to the following:

	1998	1997	1996
Statutory federal rate	35%	35%	35%
State taxes	1	2	2
Merger related revaluation of reserves	--	(37)	--
Non-deductible losses	1	7	--
Other items, net	--	--	(1)
	37%	7%	36%

The components of the net deferred tax liability as of December 31 are:

	1998	1997
Deferred tax assets:		
Amortization	$ 6,546	$13,733
Accounting reserves and accruals	23,495	35,153
Other, net	4,780	2,463
Total deferred tax assets	34,821	51,349
Deferred tax liabilities:		
Depreciation	42,257	38,296
Accounting reserves and accruals	45,311	45,632
Total deferred tax liabilities	87,568	83,928
Net deferred tax liability	$52,747	$32,579

During 1997, the Company recorded a deferred tax benefit of $55,000 related to the revaluation of certain reserves as a result of the Restructuring and Merger. The tax benefits associated with the exercise of stock options reduced income taxes payable by $60 and $6,598 in 1998 and 1997, respectively, and are reflected as an increase in additional paid-in capital. In addition, the Company reached settlements of routine Internal Revenue Service audits of the Company's 1991-1993 tax returns during 1997. These settlements had no material impact on the Company's financial position or results of operations.

Cash payments for income taxes were approximately $11,400, $81,700 and $83,400 in 1998, 1997 and 1996, respectively.

8. LONG-TERM DEBT:

Long-term debt at December 31 consists of:

	1998	1997
1997 Credit Facility	$252,828	$387,977
Capital lease obligations	9,384	--
Other debt	20,769	420
Total debt	282,981	388,397
Less amounts due in one year	6,269	--
Total long-term debt	$276,712	$388,397

Annual maturities of long-term debt, including capital lease obligations, are as follows:

1999	$ 6,269
2000	9,318
2001	4,128
2002	259,225
2003	1,577
Years thereafter	2,464
Total	$282,981

In August 1997, the Company entered into a revolving credit facility (the "1997 Credit Facility") and utilized the proceeds to retire outstanding indebtedness. The lenders under the 1997 Credit Facility are a syndicate of banks with NationsBank of Texas, N.A. acting as agent (the "Agent"). The maximum amount that can be borrowed under the 1997 Credit Facility is $600,000. The final maturity of the 1997 Credit Facility is July 2002. The 1997 Credit Facility is unsecured and is guaranteed by certain of the Company's subsidiaries.

Amounts outstanding under the 1997 Credit Facility bear interest at a rate, at the Company's option, equal to either (i) the higher of the Agent's prime rate or the federal funds rate plus 0.5%, or (ii) LIBOR plus a margin ranging from 0.4% to 1% depending on the Company's debt ratings or ratio of debt to capitalization. At December 31, 1998, the Company's borrowing rate under the 1997 Credit Facility was LIBOR plus 0.75%. In addition, the Company is required to pay a commitment fee ranging between 0.125% and 0.25% per year, depending on the Company's debt ratings or the ratio of debt to capitalization, on the average unused portion of the 1997 Credit Facility, as well as an annual administrative fee. The weighted average interest rates for borrowings under revolving credit agreements for 1998, 1997 and 1996 were 6.6%, 6.4% and 6.4%, respectively.

The 1997 Credit Facility requires the Company to maintain certain financial ratios and minimum stockholders' equity levels and subjects the

Company to limitations on, among other things, mergers and sales of assets, additional indebtedness, capital expenditures, investments, acquisitions, liens, and transactions with affiliates. At December 31, 1998, the Company was in compliance with all financial covenants under the 1997 Credit Facility.

During 1995, the Company amended its unsecured revolving credit agreement (the "1995 Credit Facility") to provide for an unsecured revolving loan of up to $400,000 until its expiration on December 31, 2000. According to the 1995 Credit Facility's terms, at the time borrowings were made, the Company elected an interest rate of the prime rate or LIBOR plus 0.5% to 1.0%, depending on certain of the Company's financial ratios. Additionally, the Company was required to pay annual commitment fees based on 0.25% or 0.1875% of the average daily unused portion of the total commitment available as determined by certain of the Company's financial ratios. The 1995 Credit Facility was retired with borrowings under the 1997 Credit Facility.

Capital lease obligations provide for aggregate payments, including interest, of approximately $1,900 each year. At December 31, 1998, future minimum payments for capital leases were $12,013, including $2,629 representing interest.

Other debt consists primarily of revolving lines of credit utilized by Pandora in the production of films. At December 31, 1998, Pandora's revolving lines of credit had $9,519 outstanding, provide for additional borrowings of approximately $10,000, and bear interest at LIBOR plus a margin ranging from 1.4% to 1.6%. The weighted average interest rate related to Pandora's revolving lines of credit subsequent to the acquisition of Pandora during 1998 was 7.0%.

During 1993, the Company entered into an agreement for a $35,000 term loan ("Term Loan") and issued $150,000 of 7.19% fixed-rate senior notes ("Senior Notes"). The weighted average interest rates for the borrowings under the Term Loan for 1997 and 1996 were 6.2% and 6.1%, respectively. The Term Loan and Senior Notes were prepaid during 1997 by utilizing borrowings under the 1997 Credit Facility.

Accrued interest payable for 1998 and 1997 was $1,176 and $1,462, respectively, and is included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. Cash paid for interest for 1998, 1997 and 1996, excluding amounts capitalized, was $30,217, $30,747 and $20,564, respectively.

9. STOCKHOLDERS' EQUITY:

As a result of the Distribution during 1997, each holder of record of Old Gaylord Common Stock on the record date for the Distribution received a number of shares of Common Stock of the Company equal to one-third the number of shares of Old Gaylord Common Stock held by such holder. Cash was distributed in lieu of any fractional shares of the Common Stock. Holders of Common Stock are entitled to one vote per share. Holders of Class A Common Stock and Class B Common Stock of Old Gaylord were entitled to one vote per share and five votes per share, respectively.

At December 31, 1995, treasury stock consisted of 3,110,000 Class B shares of Old Gaylord Common Stock. In August 1996, the Company's Board of Directors retired the Old Gaylord Common Stock held in treasury. The cost of the treasury stock in excess of par value was charged to additional paid-in capital. In October 1996, Old Gaylord's Board of Directors authorized the repurchase of up to $100,000 of the outstanding Old Gaylord Class A Common Stock over a three year period. Treasury stock of $7,647 held by Old Gaylord immediately prior to the Merger was retired and the cost of the treasury stock in excess of par value was charged to additional paid-in capital.

A 5% stock dividend was paid by Old Gaylord in 1996, subject to which retained earnings were reduced by $125,078. Approximately 4,742,000 additional shares of Old Gaylord Common Stock were issued in 1996 as a result of the stock dividend.

All income per share and dividend per share amounts in the consolidated financial statements have been restated to reflect the retroactive application of the Distribution and stock dividend.

10. STOCK PLANS:

At December 31, 1998 and 1997, 2,491,081 and 2,111,445 shares, respectively, of Common Stock were reserved for future issuance pursuant to the exercise of stock options under stock option and incentive plans for directors and key employees. As a result of the Distribution, the Company adopted a new stock option plan whereby all options to acquire Old Gaylord Common Stock that were held by persons who, following the Distribution, were employees, former employees or directors of the Company were converted into fully vested and exercisable options to acquire Common Stock. As a result of the conversion of options to acquire Old Gaylord Common Stock into options to acquire Common Stock, the number of options issued was adjusted with an offsetting adjustment in option price to maintain the same intrinsic value and original term of the option. Under the terms of these plans, stock options are granted with an exercise price equal to the fair market value at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable one year from the date of grant, while options granted to employees are exercisable two to five years from the date of grant. The Company accounts for these plans under APB Opinion No. 25 under which no compensation expense for employee stock options has been recognized. If compensation cost for these plans had been determined consistent with SFAS No. 123, the Company's net income and income per share for the years ended December 31 would have been reduced to the following pro forma amounts:

	1998	1997	1996
Net income:			
As reported	$ 31,194	$ 143,899	$ 131,165
Pro forma	$ 29,778	$ 142,146	$ 130,503
Income per share:			
As reported	$ 0.95	$ 4.45	$ 4.07
Pro forma	$ 0.91	$ 4.40	$ 4.05
Income per share - assuming dilution:			
As reported	$ 0.94	$ 4.41	$ 4.02
Pro forma	$ 0.90	$ 4.35	$ 4.00

Because the SFAS No. 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost may not be representative of that to be expected in future years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1998, 1997 and 1996, respectively: risk-free interest rates of 5.5%, 6.0% and 6.2%; expected volatility of 26.6%, 32.0% and 32.4%; expected lives of 7.1, 6.9 and 8.9 years; expected dividend rates of 2.7%, 2% and 2%. The weighted average fair value of options granted was $9.52, $8.77 and $10.32 in 1998, 1997 and 1996, respectively.

The plans also provide for the award of restricted stock. At December 31, 1998 and 1997, awards of restricted stock of 81,940 and 131,940 shares, respectively, of Common Stock were outstanding. Restricted stock issued prior to the Distribution and Merger vested under the change in control provisions under the plans. The market value at the date of grant of these restricted shares was recorded as unearned compensation as a component of stockholders' equity. Unearned compensation is amortized over the vesting period of the restricted stock.

During 1996, the number and exercise prices of all options outstanding were adjusted to recognize the effect of the stock dividend described in Note 9. The stock dividend adjustment resulted in an increase in the number of stock options and a reduction of the exercise prices. Stock option awards available for future grant under the stock plans at December 31, 1998 and 1997 were 185,873 and 581,323 shares of Common Stock, respectively. Stock option transactions under the plans are summarized as follows:

	1998		1997		1996	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,111,445	$ 23.06	2,864,184	$ 14.03	2,779,265	$ 12.98
Granted	400,500	31.90	998,924	28.24	286,612	25.09
Exercised	(15,814)	20.96	(1,363,834)	10.49	(128,614)	10.57
Effect of option conversions	--	--	(249,548)	--	--	--
Canceled	(5,050)	28.24	(138,281)	23.74	(73,079)	23.38
Outstanding at end of year	2,491,081	$ 24.42	2,111,445	$ 23.06	2,864,184	$ 14.03
Exercisable at end of year	1,312,159	$ 19.99	1,112,973	$ 18.41	2,329,297	$ 11.96

A summary of stock options outstanding as of December 31, 1998 is as follows:

Option Exercise Price Range	Weighted Average Exercise Price	Number of Shares	Exercisable	Weighted Average Remaining Contractual Life
$ 10.17	$10.17	362,579	362,579	2.8 years
19.47-26.05	21.33	626,462	592,640	5.0 years
27.35-34.00	29.15	1,502,040	356,940	8.8 years
$10.17-34.00	$24.42	2,491,081	1,312,159	7.0 years

11. COMMITMENTS AND CONTINGENCIES:

Rental expense related to operating leases was $5,234, $14,552 and $11,771 for 1998, 1997 and 1996, respectively. Future minimum lease commitments under all noncancelable operating leases in effect as of December 31, 1998 are as follows:

1999	$ 3,051
2000	2,691
2001	2,100

2002	899
2003	608
Years thereafter	1,558
Total	$10,907

During 1998, the Company terminated an operating lease for a satellite transponder related to the European operations of CMT International. The termination of the satellite transponder lease resulted in a pretax charge of $9,200 during 1998, which is included in other gains and losses in the consolidated statements of income.

The Company was notified during 1997 by Nashville governmental authorities of an increase in appraised value and property tax rates related to the Opryland Hotel resulting in an increased tax assessment. The Company has contested the increases and has been awarded a partial reduction in the assessed values. The Company is in the process of appealing the appraised values. At December 31, 1998, the Company's cumulative disputed property taxes are $2,800, which have not been reflected in the consolidated financial statements. The Company believes it has adequately provided for its property taxes and intends to vigorously contest the increased tax assessment.

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

12. RETIREMENT PLANS:

The Company has a noncontributory defined benefit pension plan in which substantially all of its employees are eligible to participate upon meeting the pension plan's participation requirements. The benefits are based on years of service and compensation levels. The funding policy of the Company is to contribute annually an amount which equals or exceeds the minimum required by applicable law.

The following table sets forth the funded status at December 31:

	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 41,167	$ 36,601
Service cost	2,124	2,058
Interest cost	3,036	2,697
Amendments	--	(523)
Actuarial loss	4,578	4,396
Benefits paid	(4,425)	(4,062)
Benefit obligation at end of year	46,480	41,167
Change in plan assets:		
Fair value of plan assets at beginning of year	41,048	34,084
Actual return on plan assets	7,348	6,840
Employer contributions	4,428	4,186
Benefits paid	(4,425)	(4,062)
Fair value of plan assets at end of year	48,399	41,048
Funded status	1,919	(119)

Unrecognized net actuarial loss	3,758	3,299
Unrecognized prior service cost	(403)	(478)
Prepaid pension cost	$ 5,274	$ 2,702

Net periodic pension expense reflected in the consolidated statements of income included the following components for the years ended December 31:

	1998	1997	1996
Service cost	$ 2,124	$ 2,058	$ 1,827
Interest cost	3,036	2,697	2,550
Expected return on plan assets	(3,229)	(2,837)	(2,420)
Recognized net actuarial loss	--	824	566
Amortization of prior service cost	(74)	34	--
Total net periodic pension expense	$ 1,857	$ 2,776	$ 2,523

The weighted-average discount rate used in determining the actuarial present value of the projected benefit obligation was 7.0% and 7.5% in 1998 and 1997, respectively. The rate of increase in future compensation levels and the expected long-term rate of return on plan assets were 4% and 8%, respectively, in both 1998 and 1997.

The Company also has contributory retirement savings plans in which substantially all employees are eligible to participate. The Company contributes an amount equal to the lesser of one-half of the amount of the employee's contribution or 3% of the employee's salary. Company contributions under the retirement savings plans were $1,860, $2,142 and $2,055 for 1998, 1997 and 1996, respectively.

13. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS:

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

Generally, for employees who retired prior to January 1, 1993 and who met the other age and service requirements, the Company contributes 100% of the employee and spouse's health care premium, and provides a life insurance benefit of 100% of pay up to $50. For employees retiring on or after January 1, 1993 and who meet the other age and service requirements, the Company contributes from 50% to 90% of the health care premium based on years of service, 50% of the health care premium for the spouses of eligible retirees regardless of service, and provides a life insurance benefit of $12.

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

31:

	1998	1997
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 18,044	$ 18,158
Service cost	1,565	1,488
Interest cost	1,288	1,270
Actuarial (gain) loss	2,245	(2,400)
Contributions by plan participants	77	48
Benefits paid	(623)	(520)
Benefit obligation at end of year	22,596	18,044
Unrecognized net actuarial gain	1,569	4,007
Accrued postretirement liability	$ 24,165	$ 22,051

Net postretirement benefit expense reflected in the consolidated statements of income included the following components for the years ended December 31:

	1998	1997	1996
Service cost	$1,565	$1,488	$1,174
Interest cost	1,288	1,270	1,185
Recognized net actuarial gain	(194)	--	--
Net postretirement benefit expense	$2,659	$2,758	$2,359

For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health care claims was assumed for 1998. The health care cost trend is projected to decline by 1% every two years to an ultimate level trend rate of 6% per year in 2002. The health care cost trend rates are not applicable to the life insurance benefit plan. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, a 1% increase in the assumed health care cost trend rate each year would increase the accumulated postretirement benefit obligation as of December 31, 1998 by approximately 19% and the aggregate of the service and interest cost components of net postretirement benefit expense would increase approximately 23%. Conversely, a 1% decrease in the assumed health care cost trend rate each year would decrease the accumulated postretirement benefit obligation as of December 31, 1998 by approximately 17% and the aggregate of the service and interest cost components of net postretirement benefit expense would decrease approximately 22%. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.0% and 7.5% in 1998 and 1997, respectively.

14. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

In June 1997, the Financial Accounting Standards Board issued Statement

No. 131, "Disclosures about Segments of an Enterprise and Related Information", which the Company adopted on January 1, 1998. The Company is organized and managed based upon its products and services. The following information is derived directly from the segments' internal financial reports used for corporate management purposes. The expenses, capital expenditures and identifiable assets attributable to corporate activities are not allocated to the operating segments.

	1998	1997	1996
Revenues:			
Hospitality and attractions	$ 294,504	$ 346,931	$ 313,023
Broadcasting and music	223,743	202,680	102,368
Cable networks	6,228	276,384	331,767
Total	$ 524,475	$ 825,995	$ 747,158
Operating income:			
Hospitality and attractions	$ 46,094	$ 52,024	$ 45,938
Broadcasting and music	32,647	18,056	23,846
Cable networks	(11,511)	56,865	84,884
Corporate	(24,297)	(26,789)	(25,061)
Merger costs and restructuring charge	--	(36,299)	--
Theme park closing charge	--	(42,006)	--
Total	$ 42,933	$ 21,851	$ 129,607
Depreciation and amortization:			
Hospitality and attractions	$ 28,590	$ 31,998	$ 28,861
Broadcasting and music	8,037	6,945	4,421
Cable networks	1,817	10,924	12,406
Corporate	4,340	3,530	3,168
Total	$ 42,784	$ 53,397	$ 48,856
Capital expenditures:			
Hospitality and attractions	$ 27,537	$ 27,770	$ 85,692
Broadcasting and music	17,906	9,110	4,572
Cable networks	538	9,477	21,522
Corporate	5,212	2,882	3,756
Total	$ 51,193	$ 49,239	$ 115,542

	1998	1997	1996
Identifiable assets:			
Hospitality and attractions	$ 619,894	$ 592,159	$ 644,132
Broadcasting and music	287,188	214,184	86,960
Cable networks	13,596	10,160	208,482
Corporate	91,314	301,059	242,674
Total	$ 1,011,992	$ 1,117,562	$ 1,182,248

15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1998				
Revenues	$108,021	$126,963	$ 134,904	$ 154,587
Depreciation and amortization	$ 9,830	$ 10,600	$ 11,171	$ 11,183
Operating income	$ 462	$ 13,010	$ 11,402	$ 18,059
Net income	$ 2,039	$ 7,322	$ 7,143	$ 14,690
Net income per share	$ 0.06	$ 0.22	$ 0.22	$ 0.45
Net income per share - assuming dilution	$ 0.06	$ 0.22	$ 0.22	$ 0.44
1997				
Revenues	$185,068	$249,736	$ 245,481	$ 145,710
Depreciation and amortization	$ 12,539	$ 15,707	$ 14,460	$ 10,691
Operating income (loss)	$ 15,119	$ 44,342	$ (8,054)	$ (29,556)
Income (loss) before cumulative effect of accounting change	$ 8,616	$121,932	$ 42,316	$ (21,428)
Net income (loss)	$ 1,079	$121,932	$ 42,316	$ (21,428)
Income per share:				
Income (loss) before cumulative effect of accounting change	$ 0.27	$ 3.79	$ 1.30	$ (0.66)
Net income (loss)	$ 0.03	$ 3.79	$ 1.30	$ (0.66)
Income per share - assuming dilution:				
Income (loss) before cumulative effect of accounting change	$ 0.27	$ 3.75	$ 1.30	$ (0.65)
Net income (loss)	$ 0.03	$ 3.75	$ 1.30	$ (0.65)

Certain of the Company's operations are subject to seasonal fluctuation. The first calendar quarter is 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.

During the first quarter of 1998, the Company recognized a pretax gain of $3,296 on the sale of investments. During the second quarter of 1998, the Company recognized a pretax gain related to the sale of its investment in the Texas Rangers Baseball Club, Ltd. of $15,109; a pretax loss of $23,616 related to the write-off of a note receivable from Z Music; and pretax gains totaling $8,538 primarily related to the settlement of contingencies arising from the sales of television stations KHTV in Houston and KSTW in Seattle. In the fourth quarter of 1998, the Company recorded a pretax gain of $15,000 related to a long-term note receivable and a pretax charge of $9,200 related to the termination of an operating lease for a satellite transponder.

The Company recorded a change in accounting principle of $7,537, net of taxes of $4,798, effective January 1, 1997 related to deferred preopening expenses. During the second quarter of 1997, the Company recorded a pretax gain of $144,259 on the sale of television station KSTW in Seattle. During the third quarter of 1997, the Company recorded pretax merger costs and a restructuring charge of $22,645 and $13,654, respectively, related to the Merger; a non-cash pretax charge of $11,740 to write-down program rights at television station KTVT; and a deferred income tax benefit of $55,000 related to the revaluation of certain reserves as a result of the Restructuring and Merger. In the fourth quarter of 1997, the Company recorded a pretax charge of $42,006 related to asset write-downs and related charges in conjunction with the closing of the Opryland theme park and recorded a pretax charge of $5,000 related to plans to cease the European operations of CMT International.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Gaylord Entertainment Company:

We have audited the accompanying consolidated balance sheets of Gaylord Entertainment Company (a Delaware corporation) and its subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gaylord Entertainment Company and subsidiaries as of December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Nashville, Tennessee
February 5, 1999

Exhibit 21

SUBSIDIARIES OF GAYLORD ENTERTAINMENT COMPANY

NAME	JURISDICTION OF ORGANIZATION
Acuff-Rose Music, Inc.	Tennessee
Acuff-Rose Music, Ltd.	England
Acuff-Rose Musikverlag GmbH	Germany
Acuff-Rose Scandia AB	Sweden
Acuff-Rose Music Publishing, Inc.	Tennessee
CCK, Inc.	Texas
Celebration Hymnal, LLC	Tennessee
CNR, Inc.	Delaware
Country Music Television Australia Pty. Ltd.	Australia
Country Music Television International, GmbH	Germany
Country Music Television International, Inc.	Delaware
Dayspring Music, Inc.	Tennessee
Editions Acuff Rose France SARL	France
Gaylord Broadcasting Company, L.P.	Texas
Gaylord Communications, Inc.	Texas
Gaylord Investments, Inc.	Delaware
Gaylord Production Company	Tennessee
Gaylord Program Services, Inc.	Delaware
Gaylord Television Company	Delaware
Grand Ole Opry Tours, Inc.	Tennessee
Hickory Records, Inc.	Tennessee
Idea Entertainment, C.V.	Netherlands
Idea Entertainment, Inc.	Delaware
Idea Films, LLC	Delaware
KSTW, Inc.	Washington
Milene Music, Inc.	Tennessee
OKC Athletic Club Limited Partnership	Oklahoma
OKC Concession Service Limited Partnership	Oklahoma
Oklahoma City Athletic Club, Inc.	Oklahoma
OLH, L.P.	Tennessee
Opryland Attractions, Inc.	Delaware
Opryland Hospitality, Inc.	Tennessee
Opryland Productions, Inc.	Tennessee
Opryland Theatricals, Inc.	Delaware
Pandora EURL	France
Pandora Investment (SARL)	Luxemborg
Showpark Management, Inc.	Delaware
Springhouse Music, Inc.	Tennessee
Wildhorse Saloon Entertainment Ventures, Inc.	Tennessee
Word Entertainment (Canada), Ltd.	Canada
Word Entertainment Direct, LLC	Tennessee
Word Entertainment, Ltd.	UK
Word Music Group, Inc.	Tennessee
Word Music, Inc.	Tennessee
Wordspring Music, Inc.	Tennessee
Z Music Management, Inc.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated February 5, 1999 and March 25, 1999 included in this Annual Report on Form 10-K of Gaylord Entertainment Company into the Company's previously filed Registration Statement File Numbers 333-37051 and 333-37053. It should be noted that we have not audited any financial statements of the Company subsequent to December 31, 1998, or performed any audit procedures subsequent to the date of our reports.

ARTHUR ANDERSEN LLP

Nashville, Tennessee
March 25, 1999

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