UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1998

Commission file number 1-13079

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

Delaware	73-0664379
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

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

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

GAYLORD ENTERTAINMENT COMPANY

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 1998

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PART I - FINANCIAL INFORMATION
ITEM 1. - FINANCIAL STATEMENTS

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

	1998	1997
Revenues	$126,963	$249,736
Operating expenses:		
Operating costs	73,431	143,735
Selling, general and administrative	29,922	45,952
Depreciation and amortization	10,600	15,707
Operating income	13,010	44,342
Interest expense	(7,661)	(7,342)
Interest income	6,524	5,933
Other gains (losses)	34	143,067
Income before provision for income taxes	11,907	186,000
Provision for income taxes	4,585	64,068
Net income	$ 7,322	$121,932
Net income per share	$ 0.22	$ 3.79
Net income per share - assuming dilution	$ 0.22	$ 3.75
Dividends per share	$ 0.15	$ 0.30

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

	1998	1997
Revenues	$ 234,984	$ 434,804
Operating expenses:		
Operating costs	139,787	259,636
Selling, general and administrative	61,295	87,461
Depreciation and amortization	20,430	28,246
Operating income	13,472	59,461
Interest expense	(14,557)	(14,924)
Interest income	12,944	11,714
Other gains (losses)	3,362	142,609
Income before provision for income taxes	15,221	198,860
Provision for income taxes	5,860	68,312
Income before cumulative effect of accounting change	9,361	130,548
Cumulative effect of accounting change, net of taxes	--	(7,537)
Net income	$ 9,361	$ 123,011
Income per share:		
Income before cumulative effect of accounting change	$ 0.29	$ 4.06
Cumulative effect of accounting change, net of taxes	--	(0.23)
Net income	$ 0.29	$ 3.83
Income per share - assuming dilution:		
Income before cumulative effect of accounting change	$ 0.28	$ 4.02
Cumulative effect of accounting change, net of taxes	--	(0.23)
Net income	$ 0.28	$ 3.79
Dividends per share	$ 0.30	$ 0.60

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

	June 30, 1998	December 31, 1997
ASSETS		
Current assets:		
Cash	$ 10,104	$ 8,712
Trade receivables, less allowance of $4,748 and $4,031, respectively	87,978	82,152
Inventories	21,954	23,206
Other assets	35,976	37,311
Total current assets	156,012	151,381
Property and equipment, net of accumulated depreciation	577,692	550,267
Intangible assets, net of accumulated amortization	98,092	84,419
Investments	77,298	73,991
Long-term notes and interest receivable	219,849	233,112
Other assets	27,687	24,392
Total assets	$ 1,156,630	$ 1,117,562
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,125	$ --
Accounts payable and accrued liabilities	101,084	127,694
Total current liabilities	102,209	127,694
Long-term debt	462,142	388,397
Deferred income taxes	32,964	32,579
Other liabilities	32,399	42,710
Minority interest	12,196	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, 32,807 and 32,741 shares issued and outstanding, respectively	328	327
Additional paid-in capital	500,394	498,504
Retained earnings	16,349	16,837
Other stockholders' equity	(2,351)	556
Total stockholders' equity	514,720	516,224
Total liabilities and stockholders' equity	$ 1,156,630	$ 1,117,562

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

	1998	1997
Cash Flows from Operating Activities:		
Net income	$ 9,361	$ 123,011
Amounts to reconcile net income to net cash flows provided by (used in) operating activities:		
Cumulative effect of accounting change, net of taxes	--	7,537
Gain on sale of investments	(19,155)	--
Write-off of Z Music note receivable	23,616	--
Gain on sale of television station	--	(144,259)
Depreciation and amortization	20,430	28,246
Deferred income taxes	387	(1,927)
Noncash interest income	(12,470)	(11,135)
Changes in:		
Trade receivables	(5,351)	(21,096)
Accounts payable and accrued liabilities	(25,519)	(168)
Income taxes payable	(222)	70,325
Other assets and liabilities	(10,176)	(18,723)
Net cash flows provided by (used in) operating activities	(19,099)	31,811
Cash Flows from Investing Activities:		
Purchases of property and equipment	(21,279)	(23,429)
Acquisition of businesses, net of cash acquired	(22,462)	(6,525)
Proceeds from sale of property and equipment	6,113	--
Proceeds from sale of investments	20,130	--
Purchase of Word Entertainment	--	(119,901)
Proceeds from sale of television station, net of direct selling costs	--	156,301
Investments in, advances to and distributions from affiliates	(9,691)	(9,027)
Other investing activities	(4,376)	(1,656)
Net cash flows used in investing activities	(31,565)	(4,237)
Cash Flows from Financing Activities:		
Repayment of long-term debt	(984)	(38,531)
Proceeds from issuance of long-term debt	500	420
Net borrowings under revolving credit agreements	62,095	28,666
Proceeds from exercise of stock options	294	529
Dividends paid	(9,849)	(19,283)
Net cash flows provided by (used in) financing activities	52,056	(28,199)
Net change in cash	1,392	(625)
Cash, beginning of period	8,712	13,720
Cash, end of period	$ 10,104	$ 13,095

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

GAYLORD ENTERTAINMENT COMPANY AND SUBSIDIARIES

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

1. BASIS OF PRESENTATION:

The condensed consolidated financial statements include the accounts of Gaylord Entertainment Company and subsidiaries (the "Company") and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the financial information presented not misleading. It is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997, filed with the Securities and Exchange Commission. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. The results of operations for such interim periods are not necessarily indicative of the results for the full year.

2. INCOME PER SHARE:

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

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
Weighted average shares outstanding	32,806	32,136	32,802	32,134
Effect of dilutive stock options	448	344	425	349
Weighted average shares outstanding - assuming dilution	33,254	32,480	33,227	32,483

3. COMPREHENSIVE INCOME:

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

4. OTHER GAINS (LOSSES):

During the three months ended June 30, 1998, the Company sold its investment in the Texas Rangers Baseball Club, Ltd. for $15,109 in cash and recognized a gain of the same amount.

The Company recorded a gain of $8,538 during the three months ended June 30, 1998 primarily related to the settlement of contingencies from the sale of television stations KHTV in Houston and KSTW in Seattle.

The Company recognized a loss of $23,616 during the three months ended June 30, 1998 related to the write-off of a note receivable from Z Music, Inc. The Company is foreclosing on the note receivable and expects to take a controlling interest in the assets of Z Music, Inc. The Company is restructuring the operations of Z Music, Inc., including changing the mode of transmission from an analog to a digital signal, to reduce operating expenses.

5. SUBSEQUENT EVENT:

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

6. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1998	1997	1998	1997
Revenues:				
Hospitality and attractions	$ 75,599	$ 97,352	$ 137,040	$ 154,656
Broadcasting and music	50,455	51,760	93,895	96,462
Cable networks	909	100,624	4,049	183,686
Total	$ 126,963	$ 249,736	$ 234,984	$ 434,804
Depreciation and amortization:				
Hospitality and attractions	$ 7,043	$ 9,212	$ 13,730	$ 15,795
Broadcasting and music	1,948	1,815	3,589	3,693
Cable networks	443	3,739	884	7,072
Corporate	1,166	941	2,227	1,686
Total	$ 10,600	$ 15,707	$ 20,430	$ 28,246
Operating income:				
Hospitality and attractions	$ 14,421	$ 14,911	$ 18,185	$ 16,319
Broadcasting and music	7,233	8,644	12,696	10,583
Cable networks	(2,613)	27,674	(5,671)	45,277
Corporate	(6,031)	(6,887)	(11,738)	(12,718)
Total	$ 13,010	$ 44,342	$ 13,472	$ 59,461

ITEM 2.

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

BUSINESS SEGMENTS

The Company operates in the following business segments: hospitality and attractions; broadcasting and music; and cable networks. The hospitality and attractions segment primarily consists of the Opryland Hotel in Nashville, Tennessee and the Company's Nashville-based attractions. The broadcasting and music segment includes the Company's television station, radio stations, music publishing business, and Word Entertainment ("Word"), the Company's contemporary Christian music company. The cable networks segment primarily consists of CMT International, a country music video cable network operated in Latin America and the Pacific Rim. CMT International ceased its European operations on March 31, 1998. The Company's unallocated corporate expenses are reported separately.

RESULTS OF OPERATIONS

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

	Three Months Ended June 30,					
	Actual 1998	%	Actual 1997	%	Pro Forma 1997	%
Revenues:						
Hospitality and attractions	$ 75,599	59.5	$ 97,352	39.0	$ 97,352	64.2
Broadcasting and music	50,455	39.8	51,760	20.7	51,760	34.1
Cable networks	909	0.7	100,624	40.3	2,539	1.7
Total revenues	126,963	100.0	249,736	100.0	151,651	100.0
Operating expenses:						
Operating costs	73,431	57.8	143,735	57.6	89,896	59.3
Selling, general & administrative	29,922	23.6	45,952	18.4	36,304	23.9
Depreciation and amortization:						
Hospitality and attractions	7,043		9,212		9,212	
Broadcasting and music	1,948		1,815		1,815	
Cable networks	443		3,739		534	
Corporate	1,166		941		941	
Total depreciation and amortization	10,600	8.4	15,707	6.2	12,502	8.3
Total operating expenses	113,953	89.8	205,394	82.2	138,702	91.5
Operating income (loss):						
Hospitality and attractions	14,421	19.1	14,911	15.3	14,911	15.3
Broadcasting and music	7,233	14.3	8,644	16.7	8,644	16.7
Cable networks	(2,613)	--	27,674	27.5	(3,719)	--
Corporate	(6,031)	--	(6,887)	--	(6,887)	--
Total operating income	$ 13,010	10.2	$ 44,342	17.8	$ 12,949	8.5

	Six Months Ended June 30,					
	Actual 1998	%	Actual 1997	%	Pro Forma 1997	%
Revenues:						
Hospitality and attractions	$ 137,040	58.3	$ 154,656	35.6	$ 154,656	60.2
Broadcasting and music	93,895	40.0	96,462	22.2	96,462	37.6
Cable networks	4,049	1.7	183,686	42.2	5,639	2.2
Total revenues	234,984	100.0	434,804	100.0	256,757	100.0
Operating expenses:						
Operating costs	139,787	59.5	259,636	59.7	160,437	62.5
Selling, general & administrative	61,295	26.1	87,461	20.1	67,765	26.4
Depreciation and amortization:						
Hospitality and attractions	13,730		15,795		15,795	
Broadcasting and music	3,589		3,693		3,693	
Cable networks	884		7,072		1,055	
Corporate	2,227		1,686		1,686	
Total depreciation and amortization	20,430	8.7	28,246	6.5	22,229	8.6
Total operating expenses	221,512	94.3	375,343	86.3	250,431	97.5
Operating income (loss):						
Hospitality and attractions	18,185	13.3	16,319	10.6	16,319	10.6
Broadcasting and music	12,696	13.5	10,583	11.0	10,583	11.0
Cable networks	(5,671)	--	45,277	24.6	(7,858)	--
Corporate	(11,738)	--	(12,718)	--	(12,718)	--
Total operating income	$ 13,472	5.7	$ 59,461	13.7	$ 6,326	2.5

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

Revenues

Total Revenues - Total revenues decreased $122.8 million, or 49.2%, to $127.0 million in the second quarter of 1998, and decreased $199.8 million, or 46.0%, to $235.0 million for the first six months of 1998 primarily due to the effect of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total revenues would have decreased $24.7 million, or 16.3%, during the second quarter of 1998, and would have decreased $21.8 million, or 8.5%, for the first six months of 1998. The decrease is primarily attributable to the closing of the Opryland theme park at the end of the 1997 operating season and the sale of television station KSTW in June 1997. Excluding the total revenues of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, total revenues increased $1.7 million, or 1.4%, in the second quarter of 1998, and increased $12.5 million, or 5.6%, in the first six months of 1998.

Hospitality and Attractions - Revenues in the hospitality and attractions segment decreased $21.8 million, or 22.3%, to $75.6 million in the second quarter of 1998, and decreased $17.6 million, or 11.4%, to $137.0 million for the first six months of 1998. The decreases are primarily due to the closing of the Opryland theme park at the end of the 1997 operating season. Excluding the revenues of the Opryland theme park from 1997, revenues in the hospitality and attractions segment decreased $0.7 million, or 1.0%, in the second quarter of 1998, and increased $4.4 million, or 3.3%, for the first six months of 1998. The increase for the first six months of 1998 relates primarily to increased revenues from the Company's investment in the Oklahoma City Redhawks baseball team of $3.7 million and consulting and other services fee revenues related to the Opry Mills partnership of $2.5 million. This increase is partially offset by a decrease in Opryland Hotel revenues of $2.5 million, or 2.4%, to $105.5 million in the first six months of 1998 principally because of reduced revenues from convention groups and a slowdown in the tourism market. The hotel's occupancy rate decreased to 76.3% in the first six months of 1998 compared to 82.2% in the first six months of 1997. The hotel sold 383,900 rooms in the first six months of 1998 compared to 408,900 rooms sold in the same period of 1997, reflecting a 6.1% decrease from 1997. The hotel's average guest room rate increased to $139.17 in the first six months of 1998 from $131.36 in the first six months of 1997. The hotel's occupancy rate is anticipated to be 80-81% for the year ended December 31, 1998, which is below the historical average rate but considerably above the industry average rate. Because the operations of the Opryland Hotel are significant to the Company's overall results, diluted earnings per share for the year ended December 31, 1998 are anticipated to be within the range of $0.85 to $0.90 per share, excluding the Charter Transaction gain, if any. See "Recent Developments -- Charter Transaction"

Broadcasting and Music - Revenues in the broadcasting and music segment decreased $1.3 million, or 2.5%, to $50.5 million in the second quarter of 1998, and decreased $2.6 million, or 2.7%, to $93.9 million for the first six months of 1998. The decreases are primarily the result of the June 1997 sale of television station KSTW. Excluding the revenues of KSTW from 1997, revenues in the broadcasting and music segment increased $4.1 million, or 8.8%, in the second quarter of 1998, and increased $9.7 million, or 11.5%, for the first six months of 1998. The increase for the first six months of 1998 results primarily from increased revenues from Word of $6.6 million and increased revenues from the Company's Dallas area television station KTVT of $3.5 million related primarily to carriage of the 1998 Winter Olympics.

Cable Networks - Revenues in the cable networks segment decreased $99.7 million to $0.9 million for the second quarter of 1998, and decreased $179.6 million to $4.0 million in the first six months of 1998 due to the effects of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, revenues in the cable networks segment would have decreased $1.6 million for the second quarter and first six months of 1998. The decreases are the result of CMT International ceasing its European operations effective March 31, 1998.

Operating Expenses

Total Operating Expenses - Total operating expenses decreased $91.4 million, or 44.5%, to $114.0 million in the second quarter of 1998, and decreased $153.8 million, or 41.0%, to $221.5 million for the first six months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating expenses would have decreased $24.7 million, or 17.8%, during the second quarter of 1998, and would have decreased $28.9 million, or 11.5%, for the first six months of 1998. Operating costs, as a percentage of revenues, decreased to 59.5% during the first six months of 1998 as compared to 62.5% during the first six months of 1997 on a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997. Selling, general and administrative expenses, as a percentage of revenues, decreased to 26.1% in the first six months of 1998 from 26.4% in the first six months of 1997 on a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997.

Operating Costs - Operating costs decreased $70.3 million, or 48.9%, to $73.4 million in the second quarter of 1998, and decreased $119.8 million, or 46.2%, to $139.8 million for the first six months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, operating costs would have decreased $16.5 million, or 18.3%, during the second quarter of 1998, and would have decreased $20.7 million, or 12.9%, for the first six months of 1998. The decreases are primarily the result of the December 1997 closing of the Opryland theme park and the June 1997 sale of television station KSTW. Excluding the operating costs of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, operating costs decreased $1.1 million, or 1.4%, in the second quarter of 1998, and increased $0.5 million, or 0.4%, for the first six months of 1998. The increase for the first six months of 1998 is primarily attributable to increased operating costs of Word of $3.8 million related to increased sales volume levels and the operating costs of the newly-opened Wildhorse Saloon in Orlando, Florida of $1.0 million. Additionally, operating costs increased $1.0 million for the first six months of 1998 related to the Opryland Lodging Group. The Opryland Lodging Group was formed in 1998 to take advantage of the Company's talent and expertise in the convention hotel industry and expand the Opryland Hotel concept into other cities. These increases were partially offset during the first six months of 1998 by decreased operating expenses of $5.3 million related to the European operations of CMT International, which ceased operations effective March 31, 1998, and decreased operating costs at the Opryland Hotel of $1.3 million.

Selling, General and Administrative - Selling, general and administrative expenses decreased $16.0 million, or 34.9%, to $29.9 million in the second quarter of 1998, and decreased $26.2 million, or 29.9%, to $61.3 million in the first six months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, selling, general and administrative expenses would have decreased $6.4 million, or 17.6%, during the second quarter of 1998, and would have decreased $6.5 million, or 9.5%, for the first six months of 1998. The decreases are primarily the result of the closing of the Opryland theme park at the end of the 1997 operating season and the June 1997 sale of television station KSTW. Excluding the selling, general and administrative expenses of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, selling, general and administrative expenses increased $1.6 million, or 5.6%, in the second quarter of 1998, and increased $4.3 million, or 7.5%, in the first six months of 1998. The increase for the first six months of 1998 is primarily attributable to higher selling, general and administrative expenses of Word and Blanton Harrell Entertainment, an artist management company, of $2.8 million and the recognition of a valuation reserve of $2.7 million related to a long-term note receivable from Z Music, Inc. prior to the write-off of the note receivable as discussed below. Corporate general and administrative expenses, consisting primarily of senior management salaries and benefits, legal, human resources, accounting, and other administrative costs, decreased $1.3 million in the first six months of 1998.

Depreciation and Amortization - Depreciation and amortization decreased $5.1 million, or 32.5%, to $10.6 million in the second quarter of 1998, and decreased $7.8 million, or 27.7%, to $20.4 million in the first six months of 1998. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, depreciation and amortization would have decreased $1.9 million, or 15.2%, during the second quarter of 1998, and would have decreased $1.8 million, or 8.1%, for the first six months of 1998. The decreases are primarily related to the closing of the Opryland theme park at the end of the 1997 operating season and the June 1997 sale of television station KSTW. Excluding the depreciation and amortization of the Cable Networks Business, the Opryland theme park, and KSTW from the 1997 results, depreciation and amortization increased $0.7 million, or 7.0%, in the second quarter of 1998, and increased $1.2 million, or 6.4%, in the first six months of 1998.

Operating Income

Total Operating Income - Total operating income decreased $31.3 million to $13.0 million in the second quarter of 1998, and decreased $46.0 million to $13.5 million in the first six months of 1998 primarily due to the effects of the CBS Merger. On a pro forma basis, assuming the CBS Merger had occurred on January 1, 1997, total operating income would have increased $0.1 million in the second quarter of 1998, and would have increased $7.1 million during the first six months of 1998. Excluding the operating loss of the Opryland theme park during the first six months of 1997, hospitality and attractions segment operating income increased $0.8 million for the first six months of 1998. Excluding the operating income of KSTW during the first six months of 1997, broadcasting and music segment operating income increased $2.5 million during the first six months of 1998 primarily related to greater operating income generated by television station KTVT. Excluding the operating income of the Cable Networks Business from 1997, the operating loss of the cable networks segment decreased $2.2 million in the first six months of 1998 primarily as a result of CMT International ceasing its European operations effective March 31, 1998.

Interest Expense

Interest expense increased $0.3 million to $7.7 million in the second quarter of 1998, and decreased $0.4 million to $14.6 million for the first six months of 1998. The decrease for the first six months of 1998 is attributable to lower average debt levels as compared to the same period of 1997, due primarily to the financing of the Word acquisition in January 1997. The Company utilized the net proceeds from the sale of KSTW in June 1997 to reduce outstanding indebtedness. The Company's weighted average interest rate on its borrowings was 6.7% in the first six months of 1998 compared to 6.5% in the first six months of 1997.

Interest Income

Interest income increased $0.6 million to $6.5 million in the second quarter of 1998, and increased $1.2 million to $12.9 million for the first six months of 1998. Interest income primarily results from noncash interest income earned on a long-term note receivable. See "Recent Developments -- Charter Transaction"

Other Gains (Losses)

During the second quarter of 1998, the Company sold its investment in the Texas Rangers Baseball Club, Ltd. for $15.1 million in cash and recognized a gain of the same amount. In addition, the Company recorded a gain of $8.5 million during the second quarter of 1998 primarily related to the settlement of contingencies from the sale of television stations KHTV in Houston and KSTW in Seattle.

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

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

Income Taxes

The provision for income taxes was $4.6 million for the second quarter of 1998 and $5.9 million for the first six months of 1998 compared to $64.1 million for the second quarter of 1997 and $68.3 million for the first six months of 1997. The effective tax rate on income before provision for income taxes was 38.5% for the first six months of 1998 compared to 34.4% for the first six months of 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Company has an unsecured revolving loan (the "Revolver") which provides for borrowings of up to $600 million until its maturity in July 2002. At July 31, 1998, the Company had approximately $133 million in available borrowing capacity under the Revolver. The terms and conditions of the Revolver require the Company to maintain certain financial ratios and minimum stockholders' equity levels and subject the Company to limitations on, among other things, mergers and sales of assets, additional indebtedness, capital expenditures, investments, acquisitions, liens, and transactions with affiliates. The proceeds to the Company from the Charter Transaction will be used to reduce outstanding indebtedness under the Revolver. See "Recent Developments -- Charter Transaction"

The Company currently projects capital expenditures of approximately $45 million for 1998, of which $21.3 million had been spent as of June 30, 1998. The Company's management believes that the net cash flows from operations, together with the amount expected to be available for borrowing under the Revolver, will be sufficient to satisfy anticipated future cash requirements of the Company on both a short-term and long-term basis.

YEAR 2000

Without programming modifications, certain computer programs will not operate properly when using the two-digits used in date calculations for the year 2000. These computer programs interpret the "00" used in date calculations to represent the year 1900. The Company has assessed its computer systems to determine which computer programs will not operate properly using the year 2000 dates. A plan to correct these programs has been developed and is scheduled to be completed in the first and second quarters of 1999. The Company does not expect the year 2000 concerns to have a material adverse effect on its results of operations, financial position or liquidity.

SEASONALITY

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

RECENT DEVELOPMENTS

Charter Transaction

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

Pandora Acquisition

In July 1998, the Company purchased Pandora Investments, S.A., a Luxembourg based company, which acquires, distributes and produces theatrical feature film and television programming for the international market, for approximately $16 million in cash.

Opryland Hotel - Florida

During the third quarter of 1998, the Company announced plans to develop a 1,400-room hotel and convention center in Osceola County, Florida. The project is anticipated to cost in excess of $300 million, and the Company has announced its intention to seek financial partners. The hotel and convention center, which will be called Opryland Hotel - Florida, is the first project of the Company's new Opryland Lodging Group and is anticipated to open in the first quarter of 2002.

FORWARD-LOOKING STATEMENTS/RISK FACTORS

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

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions investors that future financial and operating results may differ materially from those projected in forward-looking statements made by, or on behalf of, the Company. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Company's future operating results depend on a number of factors which were derived utilizing numerous assumptions and other important factors that 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 successfully develop 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 a convention and tourist destination; consumer tastes and preferences for the Company's programming and other entertainment offerings; competition; the impact of weather on construction schedules; and consolidation in the broadcasting and cable distribution industries.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inapplicable

Part II - Other Information

Item 1. LEGAL PROCEEDINGS

Inapplicable

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Inapplicable

Item 3. DEFAULTS UPON SENIOR SECURITIES

Inapplicable

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

The Company held its Annual Meeting of Stockholders on May 8, 1998 (the "Annual Meeting"). At the Annual Meeting the stockholders of the Company voted to elect two Class I Directors, Edward L. Gaylord and Joe M. Rodgers, for three-year terms and until their successors are duly elected and qualified. The following table sets forth the number of votes cast for and withheld/abstained with respect to each of the nominees:

Nominee	For	Withheld/ Abstained
Edward L. Gaylord	29,069,143	1,172,944
Joe M. Rodgers	29,093,412	1,148,675

The stockholders of the Company also voted to ratify the appointment of Arthur Andersen LLP as the independent public accountants for the Company in 1998. A total of 30,221,229 votes were cast for such proposal, 7,003 votes were cast against such proposal, and 13,855 votes abstained with respect to such proposal.

Item 5. OTHER INFORMATION

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

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

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

SIGNATURES

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

GAYLORD ENTERTAINMENT COMPANY

Date: August 14, 1998

By: /s/ Joseph B. Crace

Joseph B. Crace
Senior Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

27 Financial Data Schedule (for SEC use only)

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1,000

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
10,104
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