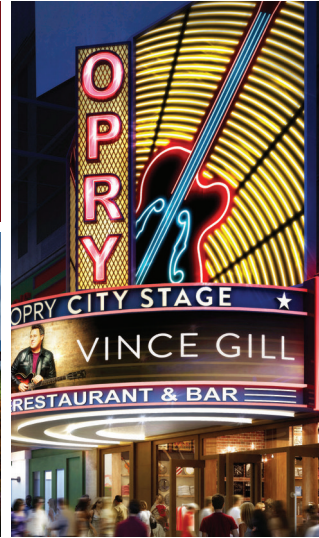




**2016
ANNUAL
REPORT**



RYMAN[®]

RYMAN HOSPITALITY PROPERTIES, INC.

A REAL ESTATE INVESTMENT TRUST





ABOUT US

Based in Nashville, Tennessee, Ryman Hospitality Properties (NYSE: RHP) is a real estate investment trust (“REIT”) specializing in group-oriented, destination hotel assets in urban and resort markets. Our managed assets include a network of four upscale, meetings-focused resorts totaling 7,811 rooms that are managed by world-class lodging operator Marriott International under the Gaylord Hotels brand. Other Marriott-managed assets include Gaylord Springs Golf Links, the Wildhorse Saloon, the General Jackson Showboat, The Inn at Opryland, a 303-room overflow hotel adjacent to Gaylord Opryland, and AC Hotel National Harbor, a 192-room hotel located near Gaylord National.

Ryman Hospitality Properties also operates a number of media and entertainment assets. These assets include the Grand Ole Opry, the legendary weekly showcase of country music’s finest performers for 91 years; the Ryman Auditorium, the storied former home of the Grand Ole Opry located in downtown Nashville; and 650 AM WSM, the Opry’s radio home.

OUR VISION

Our vision is to leverage our expertise in yielding attractive returns on group-oriented resort assets to generate income and enhanced long-term value for our stockholders. Ryman Hospitality Properties is also committed to preserving and fostering the rich heritage of our entertainment brands through aggressive management and sustained growth.

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 NASHVILLE, TN 37214
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Dear Fellow Shareholders,

2016 was another record year for our company by nearly every measure of revenue and profitability, as both our Hospitality and Entertainment segments contributed to our performance.

While it was a good year for lodging stocks in general, it was a very good year for us. We knew coming into the year that we were well positioned to outperform peers from a RevPAR growth perspective, as we believed that our group-oriented business model would provide us an opportunity to differentiate ourselves. Over the course of the year, especially the latter half, this was borne out. As shown on page iv, our shares outperformed both the S&P 500 and the NAREIT Equity REIT indices.

Let's discuss some of the highlights from last year, and then I will share some thoughts on 2017 and beyond.

ANOTHER RECORD YEAR FOR THE COMPANY

The large group business is performing very well. Our Hospitality segment reached new highs in both revenue and Adjusted EBITDA in 2016. It was also a record year for sales production, with over 2.6 million gross room nights booked for all future years—a 9% increase over the previous record set in 2015. We ended the year with 6.4 million gross room nights on the books for all future years, the highest ever for the Gaylord brand. Separate from these totals, the sales team for our newest joint venture property, Gaylord Rockies, booked over 400,000 gross room nights in 2016 for all future years, exceeding our goals for this property.

Gaylord Palms led our hotels in revenue and profit growth this year, generating a record level of Adjusted EBITDA in 2016. Both Gaylord Opryland and Gaylord Texan set new high-water marks with respect to total revenue and Adjusted EBITDA. While Gaylord National modestly underperformed our expectations, we are very excited about the future of this hotel, as our new riverfront ballroom is scheduled to open in late spring of this year and the recent opening of MGM's casino a mile away marks an important step in the emergence of National Harbor as a destination location.

Not only do we believe that the group business will remain extremely healthy, with large meetings getting even larger, we also believe competitive supply to service these growing customers will continue to remain extremely limited. With our forward book of business the healthiest it's ever been, and historically low competitive supply growth for the foreseeable future, we could not be more pleased with the outlook for our Hospitality segment.

Not to be overshadowed, our Entertainment segment also recorded its best-ever year for both revenue and profitability. Moreover, 2016 marked the third consecutive year in which this segment posted double-digit increases in revenue and Adjusted EBITDA. Our venues continue to benefit from Nashville's tremendous economic growth and visitation, as well as the capital reinvested in our Entertainment assets over the past few years, including the Ryman Auditorium expansion and the Wildhorse Saloon renovation.

GROWTH INVESTMENTS DRIVING VALUE CREATION ACROSS THE BUSINESS

We have always maintained that reinvesting in our own assets is among the highest and best uses of our capital. Our position of strength amidst a favorable competitive backdrop within Hospitality, as well as the unique collection of assets we've assembled in Entertainment, gives us the confidence to continue making strategic investments in our business. Fiscal year 2017 will be a major investment year for the company as we prepare for some tremendous milestones and grand openings in 2018.

In the Hospitality segment, we are well underway with our meeting space addition and 300 room expansion at Gaylord Texan, which we expect to open in the middle of 2018. Construction of Gaylord Rockies in Colorado, our new joint venture property, is going smoothly and progressing on schedule for a late 2018 opening. Our soaring riverfront ballroom at Gaylord National is nearing completion, and we expect it to open in late spring of this year. Also, in Nashville in 2017 we will undertake the largest phase yet of our comprehensive rooms renovation at Gaylord Opryland, overhauling approximately 1,000 rooms in the Delta wing, after completing 800 rooms in the Cascades wing in 2016.

In 2017 we also unveiled plans for SoundWaves, a \$90 million upscale water experience at Gaylord Opryland. SoundWaves will be the next major step forward in the evolution of Gaylord Opryland and will solidify its status as a one-of-a-kind destination when it opens in the middle of 2018. For our group customers it will further differentiate Gaylord Opryland's all-under-one-roof offering, accommodating more premium event options and enticing meeting attendees to extend their stays or bring their families. Meanwhile, for the surge in leisure travelers we have seen in Nashville, SoundWaves will offer an expansive oasis for our customers' enjoyment that cannot be replicated in the crowded and pricey real estate of downtown.

What is most exciting about these projects is the response we are seeing from our customers. The bookings associated with what we are doing at Gaylord Texan and Gaylord National have been very encouraging, as have the bookings for Gaylord Rockies. And our SoundWaves announcement has generated very favorable feedback from meeting planners.

In the Entertainment segment, Opry City Stage will be opening in the heart of Times Square in New York City later this year. Closer to home, in Nashville we will be hard at work turning our prime real estate on Broadway into Ole Red, a four-story music and entertainment destination in partnership with Blake Shelton. When it opens in 2018, Ole Red, together with Opry City Stage, the Grand Ole Opry and the Ryman Auditorium, will be the physical anchors to the overall growth strategy of our entertainment business across restaurants, retail, digital and other channels. We believe this portfolio of unique brands and assets inside and outside of Nashville will put us in touch with millions of fans and will enable them to experience everything they love about the country music lifestyle.

LOOKING AHEAD

With back-to-back record years of sales production, limited competitive supply on the horizon, the capital investments we have underway, and the pace of our future business on the books, we are clearly looking forward to continued strength in our Hospitality business.

As we think about the Entertainment segment, it is my firm belief that our brands are poised for strong growth in the years ahead. When considering the strength of our existing assets and the upcoming introductions of Ole Red and Opry City Stage, as well as the exciting opportunities we have before us on the content development and partnership front, we strongly believe that we're assembling a world-class collection of entertainment businesses with a very clear pathway to compelling revenue growth and cash flow generation.

When I look at the growth opportunities across both of our businesses, and the early responses we've seen from our hotel customers and entertainment fans, I simply have never been more excited about the trajectory of our business than I am at the start of 2017. We love our position, and are aggressively investing capital where we enjoy growing demand and believe we have strong competitive advantages, while prudently managing our balance sheet to deliver excellent returns for our shareholders.

In closing, 2016 truly was an exceptional year for our company. I am very pleased with our financial performance, and I strongly believe that our best years still lie ahead of us.

One final note. Approximately 15 years ago Mike Rose and I arrived to the company, which was then known as Gaylord Entertainment and has since evolved into Ryman Hospitality Properties. Mike assumed the role of Chairman and I became Chief Executive Officer. Throughout his tenure on our Board, Mike has been very active and worked tirelessly to help craft the company we have today. At the upcoming annual shareholder meeting in May, Mike will be stepping down from the Board of Directors. I would like to thank Mike for his incredible service to our company. I would also like to thank all of our shareholders for their continued support, as well as our employees, our executive team, our Board of Directors and our partners at Marriott for their hard work and commitment to making our company what it is today. We look forward to continued support from all of our stakeholders as we build upon our recent success with stronger performance in 2017 and beyond.

Warm regards,

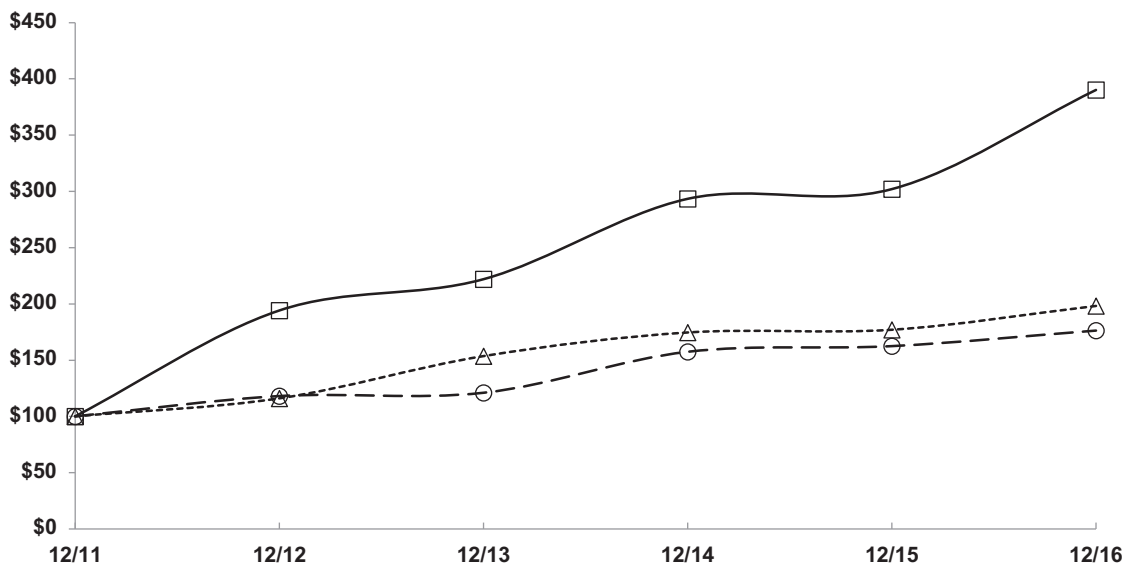
A handwritten signature in black ink, appearing to be 'C. Reed', with a long horizontal line extending to the right from the bottom of the signature.

Colin V. Reed

The graph below matches Ryman Hospitality Properties, Inc.'s cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the S&P 500 index and the FTSE NAREIT Equity REITs index. The graph tracks the performance of a \$100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2011 to 12/31/2016.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Ryman Hospitality Properties, Inc., the S&P 500 Index
and the FTSE NAREIT Equity REITs Index



—□— Ryman Hospitality Properties, Inc. ---△--- S&P 500 - ○ - FTSE NAREIT Equity REITs

*\$100 invested on 12/31/11 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

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	<u>12/11</u>	<u>12/12</u>	<u>12/13</u>	<u>12/14</u>	<u>12/15</u>	<u>12/16</u>
Ryman Hospitality Properties, Inc.	100.00	194.11	221.92	293.37	302.00	390.17
S&P 500	100.00	116.00	153.58	174.60	177.01	198.18
FTSE NAREIT Equity REITs	100.00	118.06	120.97	157.43	162.46	176.30

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

SELECTED FINANCIAL DATA

The following selected historical financial information of Ryman Hospitality Properties, Inc. and its subsidiaries (collectively referred to herein as the “Company”, “we”, “us” and “our”) as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 was derived from our audited consolidated financial statements included herein. The selected financial information as of December 31, 2014, 2013 and 2012 and for each of the two years in the period ended December 31, 2013 was derived from previously issued audited consolidated financial statements. The information in the following table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes as of December 31, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 included herein (in thousands, except per share amounts).

	Years Ended December 31,				
	2016	2015	2014	2013	2012
Income Statement Data:					
Revenues:					
Rooms	\$ 420,011	\$ 404,457	\$ 384,185	\$357,313	\$ 365,611
Food and beverage	477,493	461,157	437,673	403,725	420,707
Other hotel revenue	142,139	128,989	132,308	117,471	129,723
Entertainment	109,564	97,521	86,825	76,053	70,553
Total revenues	<u>1,149,207</u>	<u>1,092,124</u>	<u>1,040,991</u>	<u>954,562</u>	<u>986,594</u>
Operating expenses:					
Rooms	109,618	110,067	111,864	103,171	93,919
Food and beverage	267,307	261,580	248,358	237,153	242,739
Other hotel expenses	322,774	312,989	311,836	298,830	317,624
Management fees, net	22,194	14,657	16,151	14,652	4,207
Total hotel operating expenses	<u>721,893</u>	<u>699,293</u>	<u>688,209</u>	<u>653,806</u>	<u>658,489</u>
Entertainment	74,550	67,363	59,815	56,528	52,130
Corporate	29,143	28,914	27,573	26,292	46,876
REIT conversion costs (1)	—	—	—	22,190	101,964
Casualty loss	—	—	—	54	858
Preopening costs	—	909	11	—	340
Impairment and other charges (2)	—	19,200	—	2,976	—
Depreciation and amortization:					
Hospitality	100,186	105,876	103,422	103,147	107,343
Entertainment	7,034	5,747	5,258	5,368	5,119
Corporate and Other	2,596	2,760	3,598	8,013	18,229
Total depreciation and amortization	<u>109,816</u>	<u>114,383</u>	<u>112,278</u>	<u>116,528</u>	<u>130,691</u>
Total operating expenses	<u>935,402</u>	<u>930,062</u>	<u>887,886</u>	<u>878,374</u>	<u>991,348</u>
Operating income (loss):					
Hospitality	217,564	189,434	162,535	121,556	150,210
Entertainment	27,980	24,411	21,752	14,157	13,305
Corporate and Other	(31,739)	(31,674)	(31,171)	(34,305)	(65,107)
REIT conversion costs (1)	—	—	—	(22,190)	(101,964)
Casualty loss	—	—	—	(54)	(858)
Preopening costs	—	(909)	(11)	—	(340)
Impairment and other charges (2)	—	(19,200)	—	(2,976)	—
Total operating income (loss)	<u>213,805</u>	<u>162,062</u>	<u>153,105</u>	<u>76,188</u>	<u>(4,754)</u>
Interest expense	(63,906)	(63,901)	(61,447)	(60,916)	(58,582)
Interest income	11,500	12,384	12,075	12,267	12,307
Loss on extinguishment of debt (3)	—	—	(2,148)	(4,181)	—
Loss from joint ventures	(2,794)	—	—	—	—
Other gains and (losses) (4)	4,161	(10,889)	23,400	2,332	22,351
Income (loss) before income taxes	<u>162,766</u>	<u>99,656</u>	<u>124,985</u>	<u>25,690</u>	<u>(28,678)</u>
(Provision) benefit for income taxes (5)	<u>(3,400)</u>	<u>11,855</u>	<u>1,467</u>	<u>92,662</u>	<u>2,034</u>
Net income (loss)	<u>159,366</u>	<u>111,511</u>	<u>126,452</u>	<u>118,352</u>	<u>(26,644)</u>
Loss on call spread modification related to convertible notes (6)	—	—	(5,417)	(4,869)	—
Net income (loss) available to common stockholders	<u>\$ 159,366</u>	<u>\$ 111,511</u>	<u>\$ 121,035</u>	<u>\$113,483</u>	<u>\$ (26,644)</u>
Basic income per share available to common stockholders	<u>\$ 3.12</u>	<u>\$ 2.18</u>	<u>\$ 2.38</u>	<u>\$ 2.22</u>	<u>\$ (0.56)</u>
Fully diluted income per share available to common stockholders	<u>\$ 3.11</u>	<u>\$ 2.16</u>	<u>\$ 2.17</u>	<u>\$ 1.81</u>	<u>\$ (0.56)</u>
Dividends Declared per Common Share (7)	<u>\$ 3.00</u>	<u>\$ 2.70</u>	<u>\$ 2.20</u>	<u>\$ 2.00</u>	<u>\$ 6.84</u>

	As of December 31,				
	2016	2015	2014	2013	2012
Balance Sheet Data:					
Total assets	\$2,405,753	\$2,331,434	\$2,391,500	\$2,405,323	\$2,521,104
Total debt	1,502,554	1,431,710	1,319,909	1,135,114	1,020,516
Total stockholders' equity (8)	367,997	379,562	401,407	757,695	853,598

- (1) We have segregated all costs related to the transactions that facilitated our conversion to a real estate investment trust ("REIT") from normal operations and reported these amounts as REIT conversion costs in the accompanying selected financial data. During 2013, we incurred \$22.2 million of REIT conversion costs, which includes \$14.4 million in employment, severance and retention costs, \$2.7 million in professional fees, and \$5.1 million in various other transition costs. During 2012, we incurred \$102.0 million of REIT conversion costs, which includes \$33.3 million of non-cash impairment charges, \$23.1 million in professional fees, \$24.4 million in employment, severance and retention costs, and \$21.2 million in various other transition costs.
- (2) Impairment charges in 2015 include costs associated with our decision to move forward with an expansion of the guest rooms and convention space at Gaylord Texan. This capital project replaced a previously contemplated expansion that we began incurring design costs for during 2007 and had been subsequently put on hold. As the new project is substantially different from the previously contemplated project, we incurred an impairment charge of \$16.3 million in the fourth quarter of 2015. In addition, during 2015, we incurred \$2.9 million in impairment charges related to assets previously used in special events programming that was discontinued. Impairment charges in 2013 are primarily associated with disposed equipment at Gaylord National and the decision not to move forward with a proposed expansion at Gaylord Palms in the near-term.
- (3) During 2014, we settled the repurchase of and subsequently cancelled \$56.3 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$120.2 million. In addition, prior to their maturity we early settled the conversion of \$15.3 million of convertible notes that were converted by holders. We recorded a loss on extinguishment of debt of \$2.1 million in 2014 as a result of these transactions. During 2013, we settled the repurchase of and subsequently cancelled \$54.7 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$98.6 million. In addition, we settled \$1.2 million of convertible notes that were converted by a holder. We recorded a loss on extinguishment of debt of \$4.2 million in 2013 as a result of these transactions.
- (4) Other gains and (losses) for 2015 includes a \$20.2 million loss on the repurchase of a portion of the common stock warrants associated with our convertible notes. Other gains and (losses) for 2015 also includes a \$6.9 million gain associated with the reimbursement by the current developer of costs that were previously incurred related to a proposed development in Aurora, Colorado. These costs were impaired in 2012 as part of our strategic shift away from long-term development. Other gains and (losses) for 2014 includes a \$26.1 million gain associated with the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland and a \$4.2 million loss on the repurchase of a portion of the common stock warrants associated with our convertible notes. Other gains and (losses) for 2012 includes \$20.0 million in income recognized on the sale of intellectual property to Marriott. Other gains and (losses) for 2016, 2015, 2014, 2013 and 2012 includes \$2.5 million, \$2.5 million, \$2.4 million, \$2.3 million and \$2.3 million in income, respectively, received from the marketing and maintenance fund associated with the Gaylord National bonds.
- (5) Benefit for income taxes during 2013 includes a benefit of \$64.8 million related to the REIT conversion and a benefit of \$19.2 million related to our current period operations.
- (6) In 2014 and 2013, in connection with the repurchase of portions of our 3.75% convertible notes, we entered into agreements with the note hedge counterparties to our convertible notes to proportionately reduce the number of related purchased options and warrants as described in Note 5 of our consolidated financial statements included herein. In addition, in 2014, we entered into agreements with the note hedge counterparties to cash settle the remaining outstanding warrants prior to their maturity. These agreements were considered modifications to the purchased options and the warrants, and based on the terms of the agreements, we recognized a charge of \$5.4 million and \$4.9 million in 2014 and 2013, respectively, which is recorded as an increase to accumulated deficit and either additional paid-in-capital or derivative liabilities, as applicable based on whether the modification was settled in shares of common stock or cash, in the consolidated balance sheets included herein. This charge also represents a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders in the consolidated statements of operations included herein.
- (7) Dividends declared for 2016 represent quarterly dividends totaling \$3.00 per share, or an aggregate of \$153.0 million in cash. Dividends declared for 2015 represent quarterly dividends totaling \$2.70 per share, or an aggregate of \$138.4 million in cash. Dividends declared for 2014 represent quarterly dividends totaling \$2.20 per share, or an aggregate of \$112.0 million in cash. Dividends declared for 2013 represent quarterly dividends totaling \$2.00 per share, or an

aggregate of \$101.7 million in cash. Dividends declared for 2012 reflects the aggregate declared per share value of the special dividend paid on December 21, 2012. We distributed an aggregate amount of approximately \$309.8 million. Twenty percent, or \$62.0 million, of the special dividend was paid in cash, and the remainder was paid in shares of our common stock.

- (8) As a result of the modifications to the warrant agreements described above, the fair value of the warrants at the modification date was reclassified from additional paid-in-capital to derivative liabilities, resulting in a \$304.4 million reduction to stockholders' equity during 2014.

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

Overview

We are a Delaware corporation, originally incorporated in 1956, that, following our REIT conversion, began operating as a self-advised and self-administered REIT for federal income tax purposes on January 1, 2013, specializing in group-oriented, destination hotel assets in urban and resort markets. Our owned assets include a network of four upscale, meetings-focused resorts totaling 7,811 rooms that are managed by Marriott International, Inc. ("Marriott") under the Gaylord Hotels brand. These four resorts, which we refer to as our Gaylord Hotels properties, consist of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee ("Gaylord Opryland"), the Gaylord Palms Resort & Convention Center near Orlando, Florida ("Gaylord Palms"), the Gaylord Texan Resort & Convention Center near Dallas, Texas ("Gaylord Texan") and the Gaylord National Resort & Convention Center near Washington D.C. ("Gaylord National"). Our other owned assets managed by Marriott include Gaylord Springs Golf Links ("Gaylord Springs"), the Wildhorse Saloon, the General Jackson Showboat ("General Jackson"), the Inn at Opryland, a 303-room overflow hotel adjacent to Gaylord Opryland, and the AC Hotel at National Harbor, Washington D.C. ("AC Hotel"), a 192-room overflow hotel adjacent to Gaylord National that opened in April 2015. We also own and operate media and entertainment assets including the Grand Ole Opry, the legendary weekly showcase of country music's finest performers for over 90 years; the Ryman Auditorium, the storied live music venue and former home of the Grand Ole Opry located in downtown Nashville; and WSM-AM, the Opry's radio home.

Each of our award-winning Gaylord Hotels properties incorporates not only high quality lodging, but also at least 400,000 square feet of meeting, convention and exhibition space, superb food and beverage options and retail and spa facilities within a single self-contained property. As a result, our Gaylord Hotels properties provide a convenient and entertaining environment for convention guests. Our Gaylord Hotels properties focus on the large group meetings market in the United States.

In 2012, we completed restructuring transactions to facilitate our qualification as a REIT for federal income tax purposes. Our goal is to become the nation's premier hospitality REIT for group-oriented, destination hotel assets in urban and resort markets.

Marriott manages the day-to-day operations of our Gaylord Hotels properties, the Inn at Opryland, the AC Hotel, and certain of our Nashville attractions. As a result, we rely upon Marriott to generate occupancy and revenue levels at our hotel properties.

Our concentration in the hospitality industry, and in particular the large group meetings sector of the hospitality industry, exposes us to certain risks outside of our control. Past recessionary conditions in the national economy, including U.S. government sequestration, have previously resulted in economic pressures on the hospitality industry generally, and on our properties.

For much of 2016, we have experienced strong sales booking levels, as overall strength in the group sector and joint efforts with Marriott have resulted in record bookings. We continue to work with Marriott to pursue further improvements.

See "Forward-Looking Statements" and "Risk Factors" below for important information regarding forward-looking statements made in this report and risks and uncertainties we face.

Gaylord Rockies Resort & Convention Center

As further discussed in Note 4 to the consolidated financial statements included herein, in March 2016, certain subsidiaries of the Company entered into a series of agreements with affiliates of RIDA Development Corporation ("RIDA") and Ares Management, L.P. ("Ares") with respect to an equity investment in the Gaylord

Rockies Resort & Convention Center in Aurora, Colorado (“Gaylord Rockies”), which is currently being developed by RIDA and Ares. The hotel will be managed by Marriott pursuant to a long-term management contract and is expected to consist of a 1,500-room resort hotel with over 485,000 square feet of exhibition, meeting, pre-function and outdoor space. The hotel is expected to be completed in late 2018 and has a total estimated project cost of approximately \$800 million.

We acquired a 35% interest in the project for a capital contribution expected to total approximately \$86.1 million. We have funded \$70.1 million of our capital contribution and expect to fund the remainder of our capital contribution during the first quarter of 2017. Our remaining capital contributions will be funded from available cash on hand and borrowings under our revolving credit facility.

The terms of our investment provide that we will have the ability to approve certain major decisions affecting the hotel, including, but not limited to, operating budgets, major capital expenditures, material transactions involving the hotel, and approval of designated hotel senior management. We also have a right of first offer to acquire the remainder of the project and designated rights to participate in any sales process with respect to the project after exercise of our first offer rights.

A subsidiary of the Company will provide designated asset management services on behalf of the hotel during the pre-construction period in exchange for a flat fee, and after opening of the hotel, in exchange for a fee based on the hotel’s gross revenues on an annual basis.

In connection with the agreements, we agreed to provide certain guarantees of the hotel’s construction loan and mezzanine debt. See Note 4 to the consolidated financial statements included herein for additional discussion of these guarantees.

Gaylord Opryland Luxury Waterpark

In January 2017, we announced plans for a proposed \$90 million investment to create a luxury indoor/outdoor waterpark adjacent to Gaylord Opryland and expected to open in 2018. The proposed project includes approximately 111,000 square feet of indoor water attractions and activities over three levels and approximately 106,000 square feet of outdoor water amenities. The project will include areas for adults, children and families, as well as dining options and bars. The project will be funded with cash on hand and borrowings under our credit facility.

Dividend Policy and Share Repurchase Program

Pursuant to our current dividend policy, we plan to continue to pay a quarterly cash dividend to stockholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures, or 100% of REIT taxable income, whichever is greater. During 2016, the Company’s board of directors declared quarterly dividends totaling \$3.00 per share of common stock, or an aggregate of \$153.0 million in cash. During 2015, the Company’s board of directors declared quarterly dividends totaling \$2.70 per share of common stock, or an aggregate of \$138.4 million in cash. During 2014, the Company’s board of directors declared quarterly dividends totaling \$2.20 per share of common stock, or an aggregate of \$112.0 million in cash. The declaration, timing and amount of dividends will be determined by future action of our board of directors. Our dividend policy may be altered at any time by our board of directors.

On August 20, 2015, we announced that our board of directors authorized a share repurchase program for up to \$100.0 million of our common stock using cash on hand and borrowings under our revolving credit line. The repurchases were implemented through open market transactions on U.S. exchanges or in privately negotiated transactions, in accordance with applicable securities laws, with any market purchases made during open trading window periods or pursuant to any applicable SEC Rule 10b5-1 trading plans. The authorization expired December 31, 2016. During the three months ended March 31, 2016, the Company repurchased 0.5 million shares of its common stock for an aggregate purchase price of \$24.8 million, which the Company funded using

cash on hand and borrowings under its revolving credit facility. The repurchased stock, which represents the entirety of shares that were repurchased under the authorization, was cancelled by the Company.

Our Current Operations

Our ongoing operations are organized into three principal business segments:

- Hospitality, consisting of Gaylord Opryland, Gaylord Palms, Gaylord Texan, Gaylord National, the Inn at Opryland, the AC Hotel, and our investment in the Gaylord Rockies joint venture. Marriott manages each of our Gaylord Hotels properties, as well as the Inn at Opryland and the AC Hotel. Marriott will manage Gaylord Rockies upon its opening.
- Entertainment, consisting of the Grand Ole Opry, the Ryman Auditorium, WSM-AM, our other Nashville attractions and our investment in the Opry City Stage joint venture. As a result of the REIT conversion, we own our Entertainment businesses in taxable REIT subsidiaries (each such subsidiary a “TRS” and collectively, the “TRSs”), which conduct their business consistent with past practice, except for the management agreements with Marriott for the General Jackson, Wildhorse Saloon and Gaylord Springs discussed above.
- Corporate and Other, consisting of our corporate expenses.

For the years ended December 31, 2016, 2015 and 2014, our total revenues were divided among these business segments as follows:

<u>Segment</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Hospitality	90%	91%	92%
Entertainment	10%	9%	8%
Corporate and Other	0%	0%	0%

Our goal is to become the nation’s premier hospitality REIT for group-oriented, destination hotel assets in urban and resort markets. We intend to leverage our existing hotel properties with “All-in-One-Place” self-contained service offerings, as well as a longer-term growth strategy that includes acquisitions of hotels, particularly in the group meetings sector of the hospitality industry, either alone or through joint ventures or alliances with one or more third parties. We intend to pursue attractive investment opportunities which meet our acquisition parameters, specifically, group-oriented large hotels and overflow hotels with existing or potential leisure appeal.

Key Performance Indicators

The operating results of our Hospitality segment are highly dependent on the volume of customers at our hotels and the quality of the customer mix at our hotels, which are managed by Marriott. These factors impact the price that Marriott can charge for our hotel rooms and other amenities, such as food and beverage and meeting space. The following key performance indicators are commonly used in the hospitality industry:

- hotel occupancy (a volume indicator);
- average daily rate (“ADR”) – a price indicator calculated by dividing room revenue by the number of rooms sold;
- Revenue per Available Room (“RevPAR”) – a summary measure of hotel results calculated by dividing room revenue by room nights available to guests for the period;
- Total Revenue per Available Room (“Total RevPAR”) – a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period; and

- Net Definite Room Nights Booked – a volume indicator which represents the total number of definite bookings for future room nights at our hotels confirmed during the applicable period, net of cancellations.

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

The results of operations of our Hospitality segment are affected by the number and type of group meetings and conventions scheduled to attend our hotels in a given period. A variety of factors can affect the results of any interim period, including the nature and quality of the group meetings and conventions attending our hotels during such period, which meetings and conventions have often been contracted for several years in advance, the level of attrition our hotels experience, and the level of transient business at our hotels during such period.

Summary Financial Results

The following table summarizes our financial results for the years ended December 31, 2016, 2015 and 2014 (in thousands, except percentages and per share data):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Total revenues	\$1,149,207	5.2%	\$1,092,124	4.9%	\$1,040,991
Total operating expenses	935,402	0.6%	930,062	4.8%	887,886
Operating income	213,805	31.9%	162,062	5.9%	153,105
Net income	159,366	42.9%	111,511	-11.8%	126,452
Net income available to common shareholders	159,366	42.9%	111,511	-7.9%	121,035
Net income per share available to common shareholders — fully diluted	3.11	44.0%	2.16	-0.5%	2.17

2016 Results as Compared to 2015 Results

The increase in our total revenues during 2016, as compared to 2015, is attributable to increases in our Hospitality segment and Entertainment segment revenues of \$45.0 million and \$12.0 million, respectively, as discussed more fully below. Total Hospitality revenues in 2016 include \$12.7 million in attrition and cancellation fee collections, a \$5.8 million increase from 2015.

The increase in total operating expenses during 2016, as compared to 2015, is primarily the result of increases in Hospitality segment and Entertainment segment expenses of \$16.9 million and \$8.5 million, respectively, partially offset by \$19.2 million in impairment and other charges during 2015 that did not recur during 2016, as discussed more fully below.

The above factors resulted in a \$51.7 million increase in operating income for 2016, as compared to 2015.

The \$47.9 million increase in our net income in 2016, as compared to 2015, was due to the change in our operating income described above, and the following factors, each as described more fully below:

- A \$15.1 million difference in other gains and losses, net between 2016 and 2015, due primarily to 2015 including losses for the change in the fair value of derivative liabilities associated with portions of warrants related to our previous 3.75% convertible notes. There was no such event in 2016. This

change was partially offset by a \$6.9 million gain in 2015 associated with the reimbursement of costs that were previously incurred related to our proposed development in Aurora, Colorado. These costs were impaired in 2012 as part of our strategic shift away from long-term development, but were reimbursed in 2015 by the current developer.

- A provision for income taxes of \$3.4 million in 2016, as compared to a \$11.9 million tax benefit in 2015.
- A \$2.8 million loss from joint ventures during 2016 not incurred in 2015.

2015 Results as Compared to 2014 Results

The increase in our total revenues during 2015, as compared to 2014, is attributable to increases in our Hospitality segment and Entertainment segment revenues of \$40.4 million and \$10.7 million, respectively, as discussed more fully below. Total Hospitality revenues in 2015 include \$6.9 million in attrition and cancellation fee collections, a \$2.0 million decrease from 2014.

The increase in total operating expenses during 2015, as compared to 2014, is primarily the result of impairment and other charges of \$19.2 million incurred during 2015, as well as an increase in Hospitality segment and Entertainment segment expenses of \$13.5 million and \$8.0 million, respectively, as discussed more fully below.

The above factors resulted in a \$9.0 million increase in operating income for 2015, as compared to 2014.

The \$14.9 million decrease in our net income in 2015, as compared to 2014, was due to the change in our operating income described above, and the following factors, each as described more fully below:

- A \$34.3 million decrease in other gains and losses for 2015, as compared to 2014, primarily associated with 2014 including a \$26.1 million gain on the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland. Additionally, during 2015, we incurred a \$16.0 million increase in the loss on the change in the fair value of derivative liabilities associated with portions of warrants related to our previous 3.75% convertible notes, partially offset by a \$6.9 million gain in 2015 associated with the reimbursement of costs that were previously incurred related to our proposed development in Aurora, Colorado. These costs were impaired in 2012 as part of our strategic shift away from long-term development, but were reimbursed in 2015 by the current developer.
- An increase in the benefit for income taxes of \$10.4 million in 2015, as compared to 2014, primarily attributable to a federal tax law change enacted in the fourth quarter of 2015, as well as changes in valuation allowance.

Factors and Trends Contributing to Operating Performance in 2016 Compared to 2015

The most important factors and trends contributing to our operating performance in 2016 as compared to 2015 were:

- Increased occupancy and outside-the-room spending at Gaylord Palms during 2016, as compared to 2015. The increase in occupancy (an increase of 2.9 points of occupancy) is primarily the result of an increase in both groups and transient. The increase in outside-the-room spending (an increase of 12.4%) is primarily the result of an increase in banquets, as well as an increase attributable to new and refurbished dining outlets and an increase in attrition and cancellation fee collections.
- Increased ADR and outside-the-room spending at Gaylord Opryland during 2016, as compared to 2015. The increase in ADR (an increase of 3.0%) was primarily a result of an increase in both group and transient rate. The increase in outside-the-room spending (an increase of 2.9%) was primarily the result of increased banquet revenues from corporate groups, as well as increased attrition and cancellation fee collections.

- Increased outside-the-room spending at Gaylord Texan (an increase of 5.7%) during 2016, as compared to 2015, primarily as a result of an increase in banquet revenue.
- Increased net definite group room nights booked (an increase of 8.5%) during 2016, as compared to 2015.
- Increased revenue for our Entertainment segment (an increase of 12.3% for 2016, as compared to 2015), primarily due to increased attendance at the Grand Ole Opry, as well as increased ancillary business such as tours and retail at the Ryman Auditorium.

Factors and Trends Contributing to Operating Performance in 2015 Compared to 2014

The most important factors and trends contributing to our operating performance in 2015 as compared to 2014 were:

- Increased outside-the-room spending at Gaylord Texan (6.0%) and Gaylord Opryland (4.3%) during 2015, as compared to 2014, primarily due to increases in banquet revenue.
- Increased occupancy at Gaylord Texan (an increase of 5.8 percentage points of occupancy, during 2015, as compared to 2014), primarily as a result of an increase in group business.
- Increased ADR at Gaylord Texan (an increase of 5.7% for 2015, as compared to 2014), primarily as a result of room rate increases for both groups and transient business.
- Decreased occupancy at Gaylord Opryland (a decrease of 1.3 points of occupancy for 2015, as compared to 2014) primarily as a result of a norovirus outbreak and a severe weather winter storm, which took place during January and February 2015.
- In-the-year, for-the-year cancellations for 2015 decreased 6.2% as compared to 2014.
- Increased attrition levels for 2015, as compared to 2014, which partially offset the increase in operating income and Total RevPAR. Attrition for 2015 was 12.8% of bookings, compared to 10.6% in 2014.
- Increased net definite group room nights booked (an increase of 4.6% for 2015, as compared to 2014).
- Increased revenue for our Entertainment segment (an increase of 12.3% for 2015, as compared to 2014), primarily due to increased attendance and additional shows at the Grand Ole Opry, as well as increased ancillary business such as tours and retail.

Operating Results – Detailed Segment Financial Information

Hospitality Segment

Total Segment Results. The following presents the financial results of our Hospitality segment for the years ended December 31, 2016, 2015 and 2014 (in thousands, except percentages and performance metrics):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues (1):					
Rooms	\$ 420,011	3.8%	\$ 404,457	5.3%	\$ 384,185
Food and beverage	477,493	3.5%	461,157	5.4%	437,673
Other hotel revenue	142,139	10.2%	128,989	-2.5%	132,308
Total hospitality revenue	<u>1,039,643</u>	4.5%	<u>994,603</u>	4.2%	<u>954,166</u>
Hospitality operating expenses:					
Rooms	109,618	-0.4%	110,067	-1.6%	111,864
Food and beverage	267,307	2.2%	261,580	5.3%	248,358
Other hotel expenses	322,774	3.1%	312,989	0.4%	311,836
Management fees, net	22,194	51.4%	14,657	-9.3%	16,151
Depreciation and amortization	100,186	-5.4%	105,876	2.4%	103,422
Total Hospitality operating expenses	<u>822,079</u>	2.1%	<u>805,169</u>	1.7%	<u>791,631</u>
Hospitality operating income (2)	<u>\$ 217,564</u>	14.8%	<u>\$ 189,434</u>	16.5%	<u>\$ 162,535</u>
Hospitality performance metrics:					
Occupancy	75.0%	1.9%	73.6%	0.4%	73.3%
ADR	\$ 184.36	1.0%	\$ 182.56	3.0%	\$ 177.27
RevPAR (3)	\$ 138.27	2.8%	\$ 134.44	3.4%	\$ 129.98
Total RevPAR (4)	\$ 342.25	3.5%	\$ 330.61	2.4%	\$ 322.81
Net Definite Group Room Nights Booked	2,060,000	8.5%	1,898,000	4.6%	1,814,000
Same-store Hospitality performance metrics (5):					
Occupancy	75.2%	1.8%	73.9%	0.8%	73.3%
ADR	\$ 184.40	1.1%	\$ 182.34	2.9%	\$ 177.27
RevPAR (3)	\$ 138.67	2.9%	\$ 134.80	3.7%	\$ 129.98
Total RevPAR (4)	\$ 346.99	3.8%	\$ 334.14	3.5%	\$ 322.81
Net Definite Group Room Nights Booked	2,043,000	8.6%	1,881,000	3.7%	1,814,000

(1) Hospitality results and performance metrics include the results of our Gaylord Hotels and the Inn at Opryland for all periods presented. Results of the AC Hotel are included as of its opening date in April 2015.

(2) Hospitality operating income does not include impairment charges and preopening costs of \$19.2 million and \$0.9 million, respectively, during 2015. See the discussion of these items set forth below.

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

(4) We calculate Hospitality Total RevPAR by dividing the sum of room, food and beverage, and other ancillary services revenue (which equals Hospitality segment revenue) by room nights available to guests for the period. Hospitality Total RevPAR is not comparable to similarly titled measures such as revenues.

(5) Same-store Hospitality performance metrics do not include the AC Hotel, which opened in April 2015.

The increase in total Hospitality segment revenue in 2016, as compared to the same period in 2015, is primarily due to increases in revenue of \$17.4 million, \$12.6 million and \$10.7 million at Gaylord Palms, Gaylord Opryland and Gaylord Texan, respectively, as discussed below.

The increase in total Hospitality segment revenue in 2015, as compared to the same period in 2014, is primarily due to increases in revenue of \$18.1 million, \$7.8 million and \$5.1 million at Gaylord Texan, Gaylord Opryland and Gaylord National, respectively, as discussed below, as well as \$7.0 million in revenue at the AC Hotel, which opened in April 2015.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Group	71%	72%	73%
Transient	29%	28%	27%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Corporate Groups	53%	51%	47%
Associations	33%	35%	36%
Other Groups	14%	14%	17%

The decrease in rooms operating expenses in 2016, as compared to 2015, is primarily attributable to a decrease at Gaylord National, as described below. The decrease in rooms operating expenses in 2015, as compared to 2014, is primarily attributable to a decrease at Gaylord Opryland, as described below, partially offset by rooms expense at the AC Hotel, which opened in April 2015.

The increase in food and beverage operating expenses in 2016, as compared to 2015, is attributable to increases at Gaylord Palms and Gaylord Texan, as described below. The increase in food and beverage operating expenses in 2015, as compared to 2014, is attributable to increases at Gaylord Texan, Gaylord Opryland and Gaylord National, as described below.

Other hotel expenses for the years ended December 31 consist of the following (in thousands):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Administrative employment costs	\$108,475	0.9%	\$107,495	7.1%	\$100,380
Utilities	27,758	-2.2%	28,394	-2.3%	29,049
Property taxes	32,044	1.1%	31,683	3.6%	30,576
Other	154,497	6.2%	145,417	-4.2%	151,831
Total other hotel expenses	<u>\$322,774</u>	3.1%	<u>\$312,989</u>	0.4%	<u>\$311,836</u>

Administrative employment costs include salaries and benefits for hotel administrative functions, including, among others, senior management, accounting, human resources, sales, conference services, engineering and security. Administrative employment costs increased slightly during 2016, as compared to 2015. Utility costs decreased slightly during 2016, as compared to 2015. Property taxes increased slightly during 2016, as compared to 2015. Other expenses, which include supplies, advertising, maintenance costs and consulting costs, increased during 2016, as compared to 2015, primarily as a result of various increases at each of our Gaylord Hotels properties.

Administrative employment costs increased during 2015, as compared to 2014, primarily due to previously unfilled positions at Gaylord Opryland and Gaylord Texan, as well as increased benefit costs at Gaylord National. Utility costs decreased during 2015, as compared to 2014, primarily due to decreases at Gaylord National and Gaylord Palms. Property taxes increased during 2015, as compared to 2014, primarily as a result of an increase at Gaylord Texan. Other expenses decreased during 2015, as compared to 2014, primarily as a result of decreases at each of our Gaylord Hotels properties.

As discussed above, each of our management agreements with Marriott for our Gaylord Hotels properties requires us to pay Marriott a base management fee of approximately 2% of gross revenues from the applicable property for each fiscal year or portion thereof. Additionally, an incentive fee is based on the profitability of our Gaylord Hotels properties calculated on a pooled basis. We incurred \$20.8 million, \$16.8 million and \$19.1 million in total base management fees to Marriott related to our Hospitality segment properties during 2016, 2015 and 2014, respectively. The increase in base management fees for 2016, as compared to 2015, and the decrease in 2015, as compared to 2014, is primarily attributable to an agreed adjustment to the calculation of management fees for 2015. We also incurred \$4.4 million and \$0.8 million related to incentive management fees for our Hospitality segment during 2016 and 2015, respectively. We did not incur an incentive fee to Marriott related to our Hospitality segment properties during 2014. Management fees are presented throughout this annual report net of the amortization of the deferred management rights proceeds discussed in Note 6 to the consolidated financial statements included herein.

Hospitality segment depreciation and amortization expense decreased in 2016, as compared to 2015, primarily as a result of a decrease at Gaylord National, as described below. Hospitality segment depreciation and amortization expense increased in 2015, as compared to 2014, primarily as a result of an increase at Gaylord Texan, as described below, as well as depreciation for the AC Hotel, which opened in April 2015.

Property-Level Results. The following presents property-level financial results for our Gaylord Hotels properties for the years ended December 31, 2016, 2015 and 2014:

Gaylord Opryland Results. The results of Gaylord Opryland for the years ended December 31, 2016, 2015 and 2014 are as follows (in thousands, except percentages and performance metrics):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues:					
Rooms	\$141,624	5.5%	\$134,293	0.1%	\$134,225
Food and beverage	137,740	2.5%	134,321	7.3%	125,196
Other hotel revenue	52,464	3.7%	50,597	-2.8%	52,040
Total revenue	331,828	4.0%	319,211	2.5%	311,461
Operating expenses:					
Rooms	33,796	2.0%	33,133	-7.7%	35,899
Food and beverage	73,958	0.4%	73,689	6.2%	69,414
Other hotel expenses	99,795	0.1%	99,701	-1.0%	100,681
Management fees, net	7,738	58.1%	4,895	-7.4%	5,287
Depreciation and amortization	30,343	-1.5%	30,793	-1.7%	31,318
Total operating expenses	245,630	1.4%	242,211	-0.2%	242,599
Hospitality performance metrics:					
Occupancy	76.4%	2.0%	74.9%	-1.7%	76.2%
ADR	\$ 175.61	3.0%	\$ 170.42	1.7%	\$ 167.53
RevPAR	\$ 134.16	5.1%	\$ 127.66	0.0%	\$ 127.60
Total RevPAR	\$ 314.35	3.6%	\$ 303.45	2.5%	\$ 296.09

Rooms revenue and RevPAR increased at Gaylord Opryland during 2016, as compared to 2015, as a result of an increase in occupancy and ADR for both groups and transient business. These results were impacted by two

separate completed rooms renovation projects that resulted in approximately 35,000 and 18,000 room nights out of service during 2016 and 2015, respectively. The prior year was also impacted by a norovirus outbreak that occurred in January and February 2015 at the property, as well as a winter storm that occurred during February 2015. Rooms expenses increased during 2016, as compared to 2015, primarily as a result of increased group commissions.

The increase in food and beverage revenue at Gaylord Opryland during 2016, as compared to 2015, was primarily due to increased banquet revenues from corporate groups, as well as increased food and beverage outlet revenue. Food and beverage expenses increased modestly in 2016, as compared to 2015.

Other revenue increased at Gaylord Opryland during 2016, as compared to 2015, due primarily to increased attrition and cancellation fee collections, partially offset by the prior year including the receipt of \$3.6 million in insurance proceeds related to the norovirus outbreak. Other hotel expenses remained stable in 2016, as compared to 2015.

Management fees, net increased at Gaylord Opryland in 2016, as compared to 2015, due primarily to increased incentive management fees incurred due to the property's performance.

Depreciation and amortization decreased slightly during 2016, as compared to 2015.

Rooms revenue and RevPAR were stable at Gaylord Opryland during 2015, as compared to 2014, as a decrease in occupancy was offset by an increase in ADR. These results were impacted by a rooms renovation project that resulted in approximately 18,000 room nights out of service during 2015. This project was completed in September 2015. Performance for 2015 was also impacted by a norovirus outbreak that occurred in January and February 2015 at the property, as well as a winter storm that occurred during February 2015. Rooms expenses decreased during 2015, as compared to 2014, primarily as a result of decreased employment costs due to improved productivity.

The increase in food and beverage revenue at Gaylord Opryland during 2015, as compared to 2014, was primarily due to increased banquet revenues from corporate groups. Food and beverage expenses increased in 2015, as compared to 2014, primarily as a result of the increase in variable expenses related to the increase in revenue.

Other revenue decreased at Gaylord Opryland during 2015, as compared to 2014, due primarily to a decrease in ancillary revenues, such as parking fees, related to the decrease in occupancy, as well as a decrease in attrition and cancellation fee collections. These decreases were partially offset by the receipt of \$3.6 million in insurance proceeds related to the norovirus outbreak. Other hotel expenses decreased slightly in 2015, as compared to 2014.

Management fees, net decreased at Gaylord Opryland in 2015, as compared to 2014, due primarily to the 2015 management fee adjustment discussed above.

Depreciation and amortization decreased modestly during 2015, as compared to 2014.

Gaylord Palms Results. The results of Gaylord Palms for the years ended December 31, 2016, 2015 and 2014 are as follows (in thousands, except percentages and performance metrics):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues:					
Rooms	\$ 69,885	5.4%	\$ 66,331	0.8%	\$ 65,835
Food and beverage	96,495	8.9%	88,573	1.4%	87,375
Other hotel revenue	29,339	25.5%	23,375	-1.0%	23,608
Total revenue	195,719	9.8%	178,279	0.8%	176,818
Operating expenses:					
Rooms	15,987	0.0%	15,981	-2.6%	16,412
Food and beverage	52,008	6.8%	48,682	2.1%	47,696
Other hotel expenses	69,274	5.6%	65,628	-1.0%	66,271
Management fees, net	4,344	68.2%	2,583	-14.5%	3,021
Depreciation and amortization	19,098	2.4%	18,651	2.7%	18,156
Total operating expenses	160,711	6.1%	151,525	0.0%	151,556
Hospitality performance metrics:					
Occupancy	77.5%	3.9%	74.6%	-1.3%	75.6%
ADR	\$ 174.32	0.7%	\$ 173.17	2.0%	\$ 169.80
RevPAR	\$ 135.08	4.5%	\$ 129.25	0.7%	\$ 128.29
Total RevPAR	\$ 378.31	8.9%	\$ 347.39	0.8%	\$ 344.55

Rooms revenue and RevPAR increased at Gaylord Palms during 2016, as compared to 2015, as a result of an increase in occupancy and ADR from both groups and transient business. Rooms expenses remained stable during 2016, as compared to 2015, as increased variable expenses associated with the increase in occupancy were offset by improved labor margins.

The increase in food and beverage revenue at Gaylord Palms during 2016, as compared to 2015, was primarily due to an increase in banquets. In addition, new and refurbished dining outlets were opened in the second quarter of 2016, which led to increased food and beverage outlet revenue. Food and beverage expenses increased in 2016, as compared to 2015, primarily as a result of the increase in variable expenses related to the increase in revenue, partially offset by improved labor margins.

Other hotel revenue at Gaylord Palms increased during 2016, as compared to 2015, primarily due to increased ancillary revenues, such as parking and resort fees related to the increase in occupancy, increased holiday programming revenue, and increased collection of attrition and cancellation fees. Other hotel expenses increased during 2016, as compared to 2015, due primarily to an increase in sales and marketing expenses.

Management fees, net increased at Gaylord Palms in 2016, as compared to 2015, due primarily to increased incentive management fees incurred due to the property's performance.

Depreciation and amortization increased slightly during 2016, as compared to 2015.

Rooms revenue and RevPAR increased at Gaylord Palms during 2015, as compared to 2014, as a result of an increase in ADR from both groups and transient business. Rooms expenses decreased during 2015, as compared to 2014, as a result of decreased variable expenses associated with the decrease in occupancy.

The increase in food and beverage revenue at Gaylord Palms during 2015, as compared to 2014, was primarily due to an increase in both banquets and food and beverage outlets. Food and beverage expenses increased in 2015, as compared to 2014, primarily as a result of the increase in variable expenses related to the increase in revenue.

Other hotel revenue and expense remained stable during 2015, as compared to 2014.

Management fees, net decreased at Gaylord Palms in 2015, as compared to 2014, due primarily to the 2015 management fee adjustment discussed above.

Depreciation and amortization increased slightly during 2015, as compared to 2014.

Gaylord Texan Results. The results of Gaylord Texan for the years ended December 31, 2016, 2015 and 2014 are as follows (in thousands, except percentages and performance metrics):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues:					
Rooms	\$ 84,198	3.4%	\$ 81,451	14.4%	\$ 71,213
Food and beverage	113,669	5.0%	108,285	8.8%	99,546
Other hotel revenue	33,312	8.3%	30,750	-2.9%	31,671
Total revenue	231,179	4.8%	220,486	8.9%	202,430
Operating expenses:					
Rooms	17,070	-3.5%	17,686	-3.7%	18,356
Food and beverage	59,371	3.4%	57,427	8.1%	53,123
Other hotel expenses	68,135	4.4%	65,269	2.2%	63,847
Management fees, net	4,833	49.9%	3,225	-4.6%	3,380
Depreciation and amortization	20,184	1.0%	19,986	3.7%	19,278
Total operating expenses	169,593	3.7%	163,593	3.6%	157,984
Hospitality performance metrics:					
Occupancy	78.4%	2.2%	76.7%	8.2%	70.9%
ADR	\$ 194.17	0.8%	\$ 192.66	5.7%	\$ 182.23
RevPAR	\$ 152.25	3.1%	\$ 147.69	14.4%	\$ 129.12
Total RevPAR	\$ 418.03	4.6%	\$ 399.78	8.9%	\$ 367.04

Rooms revenue and RevPAR increased at Gaylord Texan during 2016, as compared to 2015, due primarily to increased occupancy due to an increase in both group and transient rooms. Rooms expenses decreased during 2016, as compared to 2015, as increased variable expenses associated with the increase in occupancy were offset by improved productivity.

Food and beverage revenue increased at Gaylord Texan during 2016, as compared to 2015, primarily due to an increase in both banquets and food and beverage outlet revenue. Food and beverage expenses increased in 2016, as compared to 2015, as a result of the increase in variable expenses related to the increase in revenue.

Other revenue at Gaylord Texan increased during 2016, as compared to 2015, primarily as a result of increases in transportation and spa services, as well as increased holiday programming revenue. Other hotel expenses increased in 2016, as compared to 2015, primarily as a result of increased sales and marketing costs.

Management fees, net increased at Gaylord Texan in 2016, as compared to 2015, due primarily to increased incentive management fees incurred due to the property's performance.

Depreciation and amortization increased slightly during 2016, as compared to 2015, primarily as a result of capital expenditures associated with a 2015 rooms renovation.

Rooms revenue and RevPAR increased at Gaylord Texan during 2015, as compared to 2014, due primarily to increased occupancy due to an increase in both group and transient rooms, as well as increased ADR for both groups and transient business. These increases in rooms revenue and RevPAR were partially attributable to a

completed rooms renovation project at Gaylord Texan, which resulted in approximately 36,000 room nights out of service in 2014. The rooms renovation project was completed in August 2014. Rooms expenses decreased during 2015, as compared to 2014, as increased variable expenses associated with the increase in occupancy were offset by 2014 including non-capitalized costs associated with the rooms renovation project.

The increase in food and beverage revenue at Gaylord Texan during 2015, as compared to 2014, was primarily due to an increase in banquet revenue. Food and beverage expenses increased in 2015, as compared to 2014, as a result of the increase in variable expenses related to the increase in revenue.

Other revenue at Gaylord Texan decreased during 2015, as compared to 2014, primarily as a result of decreased attrition and cancellation fee collections. Other hotel expenses increased in 2015, as compared to 2014, primarily as a result of increased sales and marketing costs.

Management fees, net decreased at Gaylord Texan in 2015, as compared to 2014, due primarily to the 2015 management fee adjustment discussed above.

Depreciation and amortization increased during 2015, as compared to 2014, primarily as a result of capital expenditures associated with a previous rooms renovation.

Gaylord National Results. The results of Gaylord National for the years ended December 31, 2016, 2015 and 2014 are as follows (in thousands, except percentages and performance metrics):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues:					
Rooms	\$104,723	-1.6%	\$106,408	2.3%	\$103,979
Food and beverage	124,539	-0.8%	125,604	2.8%	122,176
Other hotel revenue	26,584	10.7%	24,008	-3.2%	24,793
Total revenue	255,846	-0.1%	256,020	2.0%	250,948
Operating expenses:					
Rooms	37,685	-3.8%	39,154	1.5%	38,586
Food and beverage	78,371	-0.3%	78,595	4.1%	75,508
Other hotel expenses	78,830	2.3%	77,036	-1.7%	78,345
Management fees, net	4,235	28.3%	3,300	-21.7%	4,212
Depreciation and amortization	27,962	-17.8%	34,033	2.2%	33,298
Total operating expenses	227,083	-2.2%	232,118	0.9%	229,949
Hospitality performance metrics:					
Occupancy	69.0%	-1.4%	70.0%	0.6%	69.6%
ADR	\$ 207.83	-0.5%	\$ 208.79	1.8%	\$ 205.04
RevPAR	\$ 143.35	-1.9%	\$ 146.06	2.3%	\$ 142.72
Total RevPAR	\$ 350.22	-0.3%	\$ 351.41	2.0%	\$ 344.45

Rooms revenue and RevPAR decreased at Gaylord National during 2016, as compared to 2015, primarily as a result of a decrease in occupancy for groups, which was partially attributed to a severe winter storm during the first quarter of 2016. Rooms expenses decreased during 2016, as compared to 2015, primarily due to decreased variable costs associated with the decrease in occupancy.

The decrease in food and beverage revenue at Gaylord National during 2016, as compared to 2015, was primarily due to a decrease in banquets. Food and beverage expenses decreased in 2016, as compared to 2015, primarily due to decreased food and labor costs.

Other revenue increased at Gaylord National during 2016, as compared to 2015, primarily due to increased collection of attrition and cancellation fees. Other hotel expenses increased in 2016, as compared to 2015, primarily as a result of an increase in sales and marketing costs.

Management fees, net increased at Gaylord National in 2016, as compared to 2015, due primarily to the 2015 management fee adjustment discussed above.

Depreciation and amortization decreased during 2016, as compared to 2015, primarily as a result of a portion of the initial furniture, fixtures and equipment placed in service at the property's opening in 2008 becoming fully depreciated during 2016.

Rooms revenue and RevPAR increased at Gaylord National during 2015, as compared to 2014, primarily as a result of an increase in occupancy for transient business and an increase in ADR for both groups and transient business. Rooms expenses increased during 2015, as compared to 2014, primarily due to increased employment costs.

The increase in food and beverage revenue at Gaylord National during 2015, as compared to 2014, was primarily due to the increase in banquets. Food and beverage expenses increased in 2015, as compared to 2014, primarily due to increased variable costs associated with the increase in revenue.

Other revenue at Gaylord National decreased during 2015, as compared to 2014, primarily due to decreased collection of attrition and cancellation fees. Other hotel expenses decreased in 2015, as compared to 2014, primarily as a result of decreased sales and marketing costs and decreased utility costs.

Management fees, net decreased at Gaylord National in 2015, as compared to 2014, due primarily to the 2015 management fee adjustment discussed above.

Depreciation and amortization increased modestly during 2015, as compared to 2014.

Entertainment Segment

The following presents the financial results of our Entertainment segment for the years ended December 31, 2016, 2015 and 2014 (in thousands, except percentages):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Revenues	\$109,564	12.3%	\$97,521	12.3%	\$86,825
Operating expenses	74,550	10.7%	67,363	12.6%	59,815
Depreciation and amortization	7,034	22.4%	5,747	9.3%	5,258
Operating income	<u>\$ 27,980</u>	14.6%	<u>\$24,411</u>	12.2%	<u>\$21,752</u>

Entertainment segment revenues increased during 2016, as compared to 2015, and in 2015, as compared to 2014, primarily due to increased attendance and additional shows at the Grand Ole Opry, as well as increased ancillary business such as tours and retail at the Ryman Auditorium.

Entertainment operating expenses increased during 2016, as compared to 2015, and in 2015, as compared to 2014, primarily as a result of the increased variable costs associated with the increase in shows and ancillary revenue, as well as increased compensation and consulting costs.

Entertainment depreciation and amortization expense increased in 2016, as compared to 2015, and in 2015, as compared to 2014, primarily as a result of the expansion of the Ryman Auditorium.

Corporate and Other Segment

The following presents the financial results of our Corporate and Other segment for the years ended December 31, 2016, 2015 and 2014 (in thousands, except percentages):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Operating expenses	\$ 29,143	0.8%	\$ 28,914	4.9%	\$ 27,573
Depreciation and amortization	2,596	-5.9%	2,760	-23.3%	3,598
Operating loss	<u>\$(31,739)</u>	-0.2%	<u>\$(31,674)</u>	-1.6%	<u>\$(31,171)</u>

Corporate and Other operating expenses, which consist primarily of costs associated with senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, increased slightly during 2016, as compared to 2015. Corporate and Other operating expenses increased during 2015, as compared to 2014, primarily as a result of the pension settlement charge discussed in Note 8 to the consolidated financial statements included herein, partially offset by a decrease in employment benefit costs.

Corporate and Other depreciation and amortization expense decreased modestly in 2016, as compared to 2015. Corporate and Other depreciation and amortization expense decreased during 2015, as compared to 2014, primarily due to the continued disposal of certain assets that were no longer required as a result of our conversion to a REIT.

Operating Results – Preopening costs

We expense the costs associated with start-up activities and organization costs as incurred. Our preopening costs for 2015 and 2014 primarily relate to the AC Hotel.

Operating Results – Impairment and Other Charges

Impairment charges in 2015 include costs associated with our decision to move forward with an expansion of the guest rooms and convention space at Gaylord Texan. This capital project replaced a previously contemplated expansion that we began incurring design costs for during 2007 and had been subsequently put on hold. As the new project is substantially different from the previously contemplated project, we incurred an impairment charge of \$16.3 million in the fourth quarter of 2015. In addition, during 2015, we incurred \$2.9 million in impairment charges related to assets previously used in special events programming that was discontinued.

Non-Operating Results Affecting Net Income

General

The following table summarizes the other factors which affected our net income for the years ended December 31, 2016, 2015 and 2014 (in thousands, except percentages):

	<u>2016</u>	<u>% Change</u>	<u>2015</u>	<u>% Change</u>	<u>2014</u>
Interest expense, net of amounts capitalized	\$(63,906)	0.0%	\$(63,901)	4.0%	\$(61,447)
Interest income	11,500	-7.1%	12,384	2.6%	12,075
Loss on extinguishment of debt	—	n/a	—	100.0%	(2,148)
Loss from joint ventures	(2,794)	-100.0%	—	n/a	—
Other gains and (losses)	4,161	138.2%	(10,889)	-146.5%	23,400
(Provision) benefit for income taxes	(3,400)	-128.7%	11,855	708.1%	1,467

Interest Expense, Net of Amounts Capitalized

Interest expense, net of amounts capitalized, remained stable at \$63.9 million in 2016 and 2015, as increased interest expense associated with our \$400 million 5% senior notes, which we issued in April 2015, was offset by lower interest expense associated with our credit facility due to lower interest terms associated with the refinancing of our facility, as well as 2015 including \$1.9 million in interest expense related to the refinancing. The current year is also net of an increase in capitalized interest of \$1.6 million. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 4.3% in 2016 as compared to 4.2% in 2015. Cash interest expense increased \$4.1 million to \$60.7 million in 2016 as compared to 2015, and noncash interest expense, which includes amortization of deferred financing costs and debt discounts, the write-off of deferred financing costs, and capitalized interest, decreased \$4.1 million to \$3.2 million in 2016 as compared to 2015.

Interest expense, net of amounts capitalized, increased \$2.5 million to \$63.9 million in 2015 as compared to 2014, due primarily to increased interest expense associated with our \$400 million 5% senior notes, which we issued in April 2015, and increased interest expense on our term loan B facility, which we entered into in June 2014. We also incurred \$1.9 million in interest expense during 2015 related to the write-off of deferred financing costs associated with the refinancing of our credit facility. These increases were partially offset by the lack of interest expense associated with our 3.75% convertible notes, which matured in October 2014, and a decrease in interest expense associated with our credit facility due to a decrease in borrowings. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 4.2% in 2015 as compared to 4.9% in 2014. Cash interest expense increased \$9.8 million to \$56.6 million in 2015 as compared to 2014, and noncash interest expense decreased \$7.4 million to \$7.3 million in 2015 as compared to 2014.

Interest Income

Interest income for 2016, 2015 and 2014 primarily includes amounts earned on the bonds that we received in April 2008 in connection with the development of Gaylord National, which we hold as notes receivable.

Loss on Extinguishment of Debt

During 2014, we settled the repurchase of and subsequently cancelled \$56.3 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$120.2 million. In addition, we settled the conversion of \$15.3 million of convertible notes that were converted by holders. We recorded a loss on extinguishment of debt of \$2.1 million in 2014 as a result of these transactions.

Loss from Joint Ventures

The loss from joint ventures for 2016 primarily represents amounts related to joint ventures that we entered into related to our joint venture investment in Opry City Stage in Times Square in New York City and the investment in Gaylord Rockies. The restaurant is anticipated to open in second quarter 2017, and Gaylord Rockies is anticipated to open in late 2018.

Other Gains and (Losses)

Other gains and (losses) for 2016, 2015 and 2014 includes gains of \$2.5 million, \$2.5 million and \$2.4 million, respectively, from a fund associated with the Gaylord National bonds to reimburse us for certain marketing and maintenance expenses. Other gains and (losses) for 2015 and 2014 includes \$20.2 million and \$4.2 million, respectively, in losses on the change in the fair value of derivative liabilities associated with portions of the warrants associated with our 3.75% convertible notes. Other gains and (losses) for 2015 also includes a \$6.9

million gain associated with the reimbursement of costs that were previously incurred related to our proposed development in Aurora, Colorado. These costs were impaired in 2012 as part of our strategic shift away from long-term development, but reimbursed in 2015 by the current developer. Other gains and (losses) for 2014 also includes a \$26.1 million gain associated with the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland.

(Provision) Benefit for Income Taxes

As a REIT, we generally will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that we distribute to our stockholders. We will, however, be subject to corporate income taxes on built-in gains (the excess of fair market value over tax basis at January 1, 2013) that result from gains on certain assets occurring prior to January 1, 2018. In addition, we will continue to be required to pay federal and state corporate income taxes on earnings of our TRSs.

During 2016, 2015 and 2014, we recorded an income tax (provision) benefit of \$(3.4) million, \$11.9 million and \$1.5 million, respectively. These results differ from the statutory rate primarily due to the REIT dividends paid deduction and the change in valuation allowance required at the TRSs.

The increase in our provision for income taxes for 2016, as compared to the benefit in 2015, was due primarily to an increase in income in our TRSs. In addition, 2015 included a one-time, non-cash tax benefit of \$5.2 million due to a federal tax law change enacted in the fourth quarter of 2015.

The increase in our benefit for income taxes for 2015, as compared to 2014, resulted primarily from the federal tax law change discussed above, as well as a decrease in valuation allowance required at the TRSs. Because the TRSs were in a cumulative loss position at the end of 2015, the deferred tax asset realization depended entirely on the reversal of existing future taxable differences, which fluctuate based on the current year change in deferred tax balances.

Liquidity and Capital Resources

Cash Flows from Operating Activities. Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, maintenance capital expenditures, and dividends to stockholders. During 2016, our net cash flows provided by our operating activities were \$293.6 million, reflecting primarily our income before depreciation expense, amortization expense, and other non-cash charges of approximately \$278.6 million and favorable changes in working capital of approximately \$15.0 million. The favorable changes in working capital primarily resulted from a decrease in accounts receivable due to the timing of collections.

During 2015, our net cash flows provided by our operating activities were \$238.1 million, reflecting primarily our income before depreciation expense, amortization expense, impairment and other charges, loss on repurchase of warrants, and other non-cash charges of approximately \$265.4 million, partially offset by unfavorable changes in working capital of approximately \$27.3 million. The unfavorable changes in working capital primarily resulted from a decrease in accrued expenses as a result of the timing of payments and an increase in accounts receivable due to the timing of collections.

During 2014, our net cash flows provided by our operating activities were \$252.2 million, reflecting primarily our income before depreciation expense, amortization expense, gain on sale of long-lived assets, and other non-cash charges of approximately \$234.4 million and favorable changes in working capital of approximately \$17.8 million. The favorable changes in working capital primarily resulted from a decrease in accounts receivable due to the timing of collections and an increase in accrued expenses as a result of the timing of payments.

Cash Flows from Investing Activities. During 2016, our primary uses of funds for investing activities were purchases of property and equipment, which totaled \$118.0 million and our investment of \$70.1 million in the Gaylord Rockies joint venture. These uses of cash were partially offset by the receipt of \$6.8 million in proceeds related to the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland. Purchases of property, plant and equipment consisted primarily of the renovation of a portion of the guestrooms at Gaylord Opryland, a freestanding event ballroom and expanded event space at Gaylord National, the expansion of the guest rooms and convention space at Gaylord Texan, a renovation of the Wildhorse Saloon, and ongoing maintenance for our existing properties.

During 2015, our primary use of funds for investing activities were purchases of property and equipment, which totaled \$79.8 million, partially offset by the receipt of \$10.0 million in proceeds related to the sale of our rights in the letter of intent discussed above. Purchases of property, plant and equipment consisted primarily of an expansion of the Ryman Auditorium, the renovation of a portion of the guest rooms at Gaylord Opryland, and ongoing maintenance capital expenditures for our existing properties.

During 2014, our primary uses of funds for investing activities were purchases of property and equipment, which totaled \$58.4 million, and payments made associated with the purchase of the AC Hotel of \$21.2 million, partially offset by the receipt of \$9.4 million in proceeds related to the sale of our rights in the letter of intent discussed above. Purchases of property, plant and equipment consisted primarily of a rooms renovation project at Gaylord Texan and ongoing maintenance capital expenditures for our existing properties.

Cash Flows from Financing Activities. Our cash flows from financing activities reflect primarily the incurrence of and the repayment of long-term debt, the repurchase of stock, and the payment of dividends. During 2016, our net cash flows used in financing activities were approximately \$111.5 million, primarily reflecting the payment of \$151.2 million in cash dividends and the payment of \$24.8 million to repurchase and retire 0.5 million shares of our common stock, partially offset by \$72.0 million in net borrowings under our credit facility.

During 2015, our net cash flows used in financing activities were approximately \$183.5 million, primarily reflecting \$284.1 million in repayments under our credit facility, the payment of \$154.7 million to cash settle the remaining 4.7 million warrants associated with our 3.75% convertible notes, the payment of \$131.3 million in cash dividends, and the payment of \$11.2 million in deferred financing costs, partially offset by the issuance of \$400.0 million in senior notes.

During 2014, our net cash flows used in financing activities were approximately \$177.9 million, primarily reflecting the payment of \$177.4 million to cash settle 7.3 million of the warrants associated with our 3.75% convertible notes, the payment of \$109.4 million in cash dividends, and the payment of \$8.4 million in deferred financing costs. In addition, we paid \$126.5 million in cash related to repurchases and the settlement of conversions of our 3.75% convertible notes prior to maturity and paid \$232.2 million to repay the remaining 3.75% convertible notes at maturity. These outflows were partially offset by \$475.0 million in net borrowings under our credit facility.

Liquidity

At December 31, 2016, we had \$59.1 million in unrestricted cash and \$315.5 million available for borrowing under our credit facility. During 2016, we net borrowed \$72.0 million under our credit facility, paid cash dividends of \$151.2 million, incurred capital expenditures of \$118.0 million, invested \$70.1 million in the Gaylord Rockies joint venture, and paid \$24.8 million to repurchase and retire 0.5 million shares of our common stock. These net outflows were offset by cash flows provided by operations discussed above, resulting in the increase in our cash balance from 2015 to 2016.

We currently plan to declare dividends of \$3.20 per share in 2017, payable in equal quarterly amounts, subject to future determinations as to the timing and amount by our board of directors. We anticipate investing in our operations during 2017 by spending between \$238 million and \$268 million in capital expenditures, which primarily includes ongoing maintenance capital of our current facilities, an expansion of the guest rooms and convention space at Gaylord Texan, a rooms renovation project at Gaylord Opryland, and the commencement of our luxury indoor/outdoor waterpark at Gaylord Opryland. We also expect to invest approximately \$16.0 million in the Gaylord Rockies joint venture during the first quarter of 2017.

We believe that our cash on hand and cash from operations will be adequate to fund our general short-term commitments, as well as: (i) normal operating expenses, (ii) interest expense on long-term debt obligations, (iii) capital lease and operating lease obligations, and (iv) declared dividends. If our existing cash and cash from operations were inadequate to fund such commitments, we could draw on our credit facility, subject to the satisfaction of covenants in the credit facility. We believe that drawing on this credit facility will not be necessary for general working capital purposes. We may, however, draw on our credit facility for operational and capital needs or other needs, as well as our investment in Gaylord Rockies, in the future.

Our outstanding principal debt agreements, none of which mature prior to 2019, are described below. Based on current projections for compliance under our financial covenants contained in these agreements, we do not foresee a maturity issue prior to their scheduled maturity date.

Principal Debt Agreements

At December 31, 2016, we were in compliance with all covenants related to our outstanding debt.

Credit Facility. On June 5, 2015, we entered into Amendment No. 2 (the “Amendment”) among the Company, as a guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent, to the Company’s Fourth Amended and Restated Credit Agreement (the “Credit Facility”). Prior to the Amendment, the Credit Facility consisted of a \$700.0 million senior secured revolving credit facility (the “revolving credit facility”), a \$300 million senior secured term loan (the “term loan A”), and a \$400 million senior secured term loan B (the “term loan B”). Following the Amendment, the Credit Facility consists of the revolving credit facility and the term loan B, which matures on January 15, 2021. We paid off the previously outstanding Term Loan A during the second quarter of 2015 with a substantial portion of the proceeds from the Operating Partnership’s and RHP Finance Corporation’s (“Finco’s”) private placement of \$400.0 million in aggregate principal amount of 5.00% senior notes due 2023 (the “\$400 Million 5% Senior Notes”), and the term loan A was eliminated.

Pursuant to the Amendment, we extended the maturity date of the revolving credit facility under the Credit Facility to June 5, 2019 and provided for two additional six-month extension options, at our election. In addition, the Amendment lowered the adjustable margin (the “Applicable Margin”) for determining the interest rate on revolving loans based on our consolidated funded indebtedness to total asset value ratio (as defined in the Credit Facility). Interest on our borrowings under the revolving credit facility is payable quarterly, in arrears, for base rate-based loans and at the end of each interest rate period for LIBOR-based loans. The effective interest rate at December 31, 2016 was LIBOR plus 1.65%. Principal is payable in full at maturity. There is an unused commitment fee of 0.2% to 0.3% per year of the average unused portion of the revolving credit facility.

The Credit Facility continues to be guaranteed by us, each of our four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of our subsidiaries. The Credit Facility continues to be secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) our personal property and the personal property of the Operating Partnership and our subsidiaries that guarantee the Credit Facility, and (iv) all proceeds and products from our Gaylord Hotels properties. Advances are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event a hotel property is sold).

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

- We must maintain a consolidated funded indebtedness to total asset value ratio as of the end of each calendar quarter of not more than .65 to 1.0.
- We must maintain a consolidated tangible net worth (as defined in the Credit Facility) of not less than \$175 million plus 75% of the proceeds received by us or any of our subsidiaries in connection with any equity issuance.
- We must maintain a consolidated fixed charge coverage ratio, as defined in the Credit Facility, of not less than 1.50 to 1.00.
- We must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an assumed fixed rate) of not less than 1.60 to 1.00.

If an event of default shall occur and be continuing under the Credit Facility, the commitments under the Credit Facility may be terminated and the principal amount outstanding under the Credit Facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

At December 31, 2016, \$382.4 million of borrowings were outstanding under the Credit Facility, and the lending banks had issued \$2.1 million of letters of credit under the facility, which left \$315.5 million of availability under the Credit Facility (subject to the satisfaction of debt incurrence tests under the indentures governing our \$350 million in aggregate principal amount of senior notes due 2021 (the "\$350 Million 5% Senior Notes") and \$400 Million 5% Senior Notes.

As a result of the Amendment, we wrote off \$1.9 million of deferred financing costs during 2015, which is included in interest expense in the accompanying consolidated statement of operations.

\$400 Million Term B Loan Facility. On June 18, 2014, we amended the Credit Facility such that we added an additional senior secured term loan facility in the aggregate principal amount of up to \$400.0 million to the Credit Facility. Proceeds from the term loan B were used to repay revolving loans under the Credit Facility, to repay our 3.75% convertible notes and to settle a part of the warrant transactions described below. The term loan B has a maturity date of January 15, 2021 and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin, subject to a LIBOR floor of 0.75%. At December 31, 2016, the interest rate on the term loan B was LIBOR plus 2.75% and \$390.0 million remained outstanding. The term loan B amortizes in equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal amount of \$400.0 million with the balance due at maturity. In addition, if for any fiscal year, there is Excess Cash Flow (as defined in the agreement), an additional principal amount is required. We have not been required to make additional principal payments under the Excess Cash Flow requirement in 2016, 2015 or 2014. Amounts borrowed under the term loan B that are repaid or prepaid may not be reborrowed. At closing, we drew down on the term loan B in full.

Consistent with our other loans under our Credit Facility, the term loan B is guaranteed by the Company, each of our four wholly-owned subsidiaries that own the Gaylord Hotels-branded properties, and certain other of our subsidiaries. The term loan B is secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) the personal property of the Company, the Operating Partnership and the guarantors and (iv) all proceeds and products from our Gaylord Hotels properties. Amounts drawn on the term loan B are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event a hotel property is sold).

The term loan B is subject to certain covenants contained in the Credit Facility, which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The term loan B is subject to substantially all of the events of default provided for the Credit Facility (other than the financial maintenance covenants). If an event of default shall occur and be continuing, the commitments under the term loan B may be terminated and the principal amount outstanding under the term loan B, together with all accrued and unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

\$350 Million 5% Senior Notes. On April 3, 2013, the Operating Partnership and Finco completed the private placement of \$350.0 million in aggregate principal amount of senior notes due 2021, which are guaranteed by the Company and its subsidiaries that guarantee the Credit Facility. The \$350 Million 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The \$350 Million 5% Senior Notes have a maturity date of April 15, 2021 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The \$350 Million 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries' existing and future senior unsecured indebtedness and senior in right of payment to future subordinated indebtedness, if any. The \$350 Million 5% Senior Notes are effectively subordinated to the issuing subsidiaries' secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor's existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$350 Million 5% Senior Notes will be effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership's subsidiaries that do not guarantee the \$350 Million 5% Senior Notes.

The \$350 Million 5% Senior Notes are redeemable, in whole or in part, at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on April 15 of 2016, 2017, 2018, and 2019, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the issuance of the \$350 Million 5% Senior Notes, we completed a registered offer to exchange the \$350 Million 5% Senior Notes for registered notes with substantially identical terms as the \$350 Million 5% Senior Notes in November 2013.

\$400 Million 5% Senior Notes. On April 14, 2015, the Operating Partnership and Finco completed the private placement of \$400.0 million in aggregate principal amount of senior notes due 2023. The \$400 Million 5% Senior Notes are general unsecured senior obligations of the Company's issuing subsidiaries and are guaranteed by the Company and its subsidiaries that guarantee the Credit Facility. The \$400 Million 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The \$400 Million 5% Senior Notes have a maturity date of April 15, 2023 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The \$400 Million 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries' existing and future senior unsecured indebtedness, including the \$350 Million 5% Senior Notes, and senior in right of payment to future subordinated indebtedness, if any. The \$400 Million 5% Senior Notes are effectively subordinated to the issuing subsidiaries' secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor's existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$400 Million 5% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership's subsidiaries that do not guarantee the \$400 Million 5% Senior Notes.

The issuing subsidiaries may redeem the \$400 Million 5% Senior Notes before April 15, 2018, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption date plus a make-whole redemption premium. The \$400 Million 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2018 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on April 15 of 2018, 2019, 2020, and 2021, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the issuance of the \$400 Million 5% Senior Notes, we completed a registered offer to exchange the \$400 Million 5% Senior Notes for registered notes with substantially identical terms as the \$400 Million 5% Senior Notes in September 2015.

Additional Debt Limitations. Pursuant to the terms of the management agreements and pooling agreement with Marriott, we are subject to certain debt limitations described below.

The management agreements provide for the following limitations on indebtedness encumbering a hotel:

- The aggregate principal balance of all mortgage and mezzanine debt encumbering the hotel shall be no greater than 75% of the fair market value of the hotel; and
- The ratio of (a) aggregate Operating Profit (as defined in the management agreement) in the 12 months prior to the closing on the mortgage or mezzanine debt to (b) annual debt service for the hotel shall equal or exceed 1.2:1; but is subject to the pooling agreement described below.

The pooled limitations on Secured Debt (as defined in the pooling agreement) are as follows:

- The aggregate principal balance of all mortgage and mezzanine debt on Pooled Hotels (as defined in the pooling agreement), shall be no more than 75% of the fair market value of Pooled Hotels.
- The ratio of (a) aggregate Operating Profit (as defined in the pooling agreement) of Pooled Hotels in the 12 months prior to closing on any mortgage or mezzanine debt, to (b) annual debt service for the Pooled Hotels, shall equal or exceed 1.2:1.

Off-Balance Sheet Arrangements

As described in Note 4 to our consolidated financial statements included herein, we have invested in a joint venture that will build and subsequently own Gaylord Rockies and expect to fund an additional investment amount of approximately \$16.0 million in 2017. In connection with this investment, we agreed to provide guarantees of the hotel's construction loan, including a principal repayment guarantee of up to \$21 million of the total \$500 million principal amount of the construction loan previously obtained from a consortium of eight banks, with such amount reducing to \$14 million and further reducing to \$8.75 million upon the hotel's satisfaction of designated debt service coverage requirements following completion and opening of the hotel. We have also provided a completion guarantee under the construction loan capped at our pro rata share of all costs necessary to complete the project within the time specified in the senior loan documents. Further, we have agreed to a guarantee capped at our pro rata share of the joint venture's obligations under the construction loan prior to the hotel's opening related to interest accruing under the construction loan and the operating expenses of the property (estimated pro rata share of interest prior to the hotel opening is \$9.8 million). In addition to guarantees related to the construction loan, we agreed to provide a guarantee of the mezzanine debt related to the hotel including a payment guarantee capped at \$8.75 million for which we are only liable in the event there is a casualty or condemnation event at the hotel and the construction lenders elect to apply those proceeds to the construction loan balance and release the construction loan guarantees and liens. The guarantee related to the mezzanine debt also includes an uncapped completion guarantee and an uncapped guarantee of the joint venture's obligations under the mezzanine loan prior to the hotel's opening related to interest accruing under the

mezzanine loan and the operating expenses of the property to the extent not already satisfied by the parties under the guarantees related to the construction loan. At December 31, 2016, we have not recorded any liability in the consolidated balance sheet associated with these guarantees.

In addition, we enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our insurers, and lending banks under our credit facility had issued \$2.1 million of letters of credit at December 31, 2016. Except as set forth in these paragraphs, we do not have any off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Commitments and Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2016, including long-term debt and operating and capital lease commitments (amounts in thousands):

<u>Contractual obligations</u>	<u>Total amounts committed</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>After 5 years</u>
Long-term debt (1)	\$1,522,400	\$ —	\$382,400	\$740,000	\$400,000
Capital leases	659	20	42	45	552
Operating leases (2)	618,007	4,279	8,826	9,364	595,538
Construction commitments (3)	20,912	20,912	—	—	—
Other commitments (4)	15,959	15,959	—	—	—
Total contractual obligations	<u>\$2,177,937</u>	<u>\$41,170</u>	<u>\$391,268</u>	<u>\$749,409</u>	<u>\$996,090</u>

- (1) Long-term debt commitments do not include approximately \$278.7 million in interest payments projected to be due in future years (less than 1 year – \$60.7 million; 1-3 years – \$115.5 million; 3-5 years – \$76.7 million; more than 5 years – \$25.8 million) based on the stated interest rates on our fixed-rate debt and the rates in effect at December 31, 2016 for our variable-rate debt. Variable rates, as well as outstanding principal balances, could change in future periods. See “Principal Debt Agreements” above for a discussion of our outstanding long-term debt. See “Supplemental Cash Flow Information” in Note 1 to our consolidated financial statements included herein for a discussion of the interest we paid during 2016, 2015 and 2014.
- (2) Total operating lease commitments of \$618.0 million includes the 75-year operating lease agreement we entered into during 1999 for 65.3 acres of land located in Osceola County, Florida where Gaylord Palms is located.
- (3) With respect to our properties that are operated under management agreements with Marriott, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these properties. The amount funded into each of these reserve accounts is determined pursuant to the management agreements. For fiscal year 2017, the amount funded into the reserve accounts will be 5.0% of the respective properties’ total annual revenue. At December 31, 2016, \$20.9 million was held in FF&E reserve accounts for future capital expenditures at our properties. According to the terms of each management agreement with Marriott, the reserve funds are to be held by Marriott in a restricted cash account. Although it is not required that such funds be expended in a given year, each management agreement provides any excess funds will carry over for use in future years.
- (4) Other commitments represents our expected capital contribution in the Gaylord Rockies project. Our total capital contribution is expected to be \$86.1 million, of which \$70.1 million was paid in 2016. We expect to fund the remainder of our capital contribution during the first quarter of 2017. Our capital contributions will be funded from available cash on hand and borrowings under our revolving credit facility.

Due to the uncertainty with respect to the timing of future cash payments associated with our defined benefit pension plan, our non-qualified retirement plan and our defined benefit postretirement health care and life insurance plan, we cannot make reasonably certain estimates of the period of cash settlement. Therefore, these obligations have been excluded from the contractual obligations table above. During 2017, we expect to contribute \$0, \$0.9 million and \$0.3 million, respectively, to our defined benefit pension plan, our non-qualified retirement plan and our defined benefit postretirement health care and life insurance plan. See Note 8 and Note 9 to our consolidated financial statements included herein for further discussion related to these obligations.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. Accounting estimates are an integral part of the preparation of the consolidated financial statements and the financial reporting process and are based upon current judgments. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Certain accounting estimates are particularly sensitive because of their complexity and the possibility that future events affecting them may differ materially from our current judgments and estimates.

This listing of critical accounting policies is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by generally accepted accounting principles, with no need for management's judgment regarding accounting policy. We believe that of our significant accounting policies, which are discussed in Note 1 to the consolidated financial statements included herein, the following may involve a higher degree of judgment and complexity.

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

Impairment of long-lived and other assets. In accounting for our long-lived and other assets (including our notes receivable associated with the development of Gaylord National), we assess our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets' carrying amount and their fair value, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available. Recoverability of the notes receivable associated with Gaylord National is measured by comparing the carrying amount of the notes to the fair value of the notes. If the carrying value is greater than the fair value, we then assess if the decline in fair value is other than temporary. If the decline in fair value is deemed to be other than temporary, which is based on our intent and ability to hold the notes receivable to maturity and whether we expect to receive all debt service payments due under the notes, then the notes are impaired.

Stock-based compensation. For awards of restricted stock and restricted stock units, we measure compensation expense based on the fair value of the awards on the date of grant. The fair value of time-based awards is determined based on the closing trading price of our common shares on the measurement date, which is generally

the date of grant. The fair value of performance-based awards based on a market condition is determined using a Monte Carlo simulation. A Monte Carlo simulation requires the use of a number of assumptions, including historical volatility and correlation of the price of our common shares and the price of the common shares of a peer group, a risk-free rate of return, and an expected term. For each award, compensation expense is recognized on a straight-line basis over the vesting period. For both time-based awards and performance-based awards, once the total amount of compensation expense is determined on the date of the grant, no adjustments are made to the amount recognized each period, unless there is a change to a non-market condition assumption. No compensation expense is recognized for awards for which employees do not render the requisite service.

Depreciation and amortization. Depreciation expense is based on the estimated useful life of our fixed assets. Amortization expense for leasehold improvements is based on the shorter of the lease term or the estimated useful life of the related assets. The lives of the assets are based on a number of assumptions, including cost and timing of capital expenditures to maintain and refurbish the assets, as well as specific market and economic conditions. While management believes its estimates are reasonable, a change in the estimated lives could affect our depreciation expense in future periods.

Income taxes. As a REIT, generally we will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that we distribute to our stockholders. We will, however, be subject to corporate income taxes on built-in gains (the excess of fair market value over tax basis at January 1, 2013) that result from gains on certain assets occurring prior to January 1, 2018. In addition, we will continue to be required to pay federal and state corporate income taxes on earnings of our TRSs.

Our deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

We must assess the likelihood that we will be able to recover our deferred tax assets. If recovery is not likely, the provision for taxes is increased by recording a reserve, in the form of a valuation allowance, against the estimated deferred tax assets that will not ultimately be recoverable.

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

Pension and postretirement benefits other than pension plans. The costs and obligations of our pension and postretirement benefits other than pension plans recognized in our consolidated financial statements are determined from actuarial valuations, which are dependent on significant assumptions, judgments, and estimates. These assumptions, judgments, and estimates, which include discount rates at which the liabilities could be settled at the measurement date, expected return on plan assets and mortality rates, are evaluated at each annual measurement date. In accordance with generally accepted accounting principles, actual results that differ from

these assumptions, judgments, and estimates are accumulated and amortized over future periods and, therefore, affect expense recognized and obligations recorded in future periods.

The discount rate utilized for determining future benefit obligations is based on the market rate of a broad-based index of high-quality bonds receiving an AA- or better rating from a recognized rating agency on our annual measurement date that is matched to the future expected cash flows of the benefit plans by annual periods. The resulting discount rate decreased from 3.9% for the pension plan and 3.6% for the postretirement benefits other than pension plans at December 31, 2015 to 3.7% and 3.5%, respectively, at December 31, 2016.

We determine the overall expected long-term return on plan assets based on our estimate of the return that plan assets will provide over the period that benefits are expected to be paid out. In preparing this estimate, we assess the rates of return on each allocation of plan assets, return premiums generated by portfolio management, and advice by our third-party actuary and investment consultants. The expected return on plan assets is a long-term assumption that is determined at the beginning of each year and generally does not significantly change annually. While historical returns are considered, the rate of return assumption is primarily based on projections of expected returns, using economic data and financial models to estimate the probability of returns. The probability distribution of annualized returns for the portfolio using current asset allocations is used to determine the expected range of returns for a ten-to-twenty-year horizon. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension expense. The expected return on plan assets assumption used for determining net periodic pension expense for 2016 and 2015 was 6.5%. Actual return on plan assets for 2016 and 2015 was 10.0% and (2.9)%, respectively. Our historical actual return averaged 5.8% for the ten-year period ended December 31, 2016. In the future, we may make additional discretionary contributions to the plan or we could be required to make mandatory cash funding payments.

The mortality rate assumption used for determining future benefit obligations as of December 31, 2016 and 2015 was based on the RP 2014 Adjusted to 2016 Total Dataset Mortality Tables. In estimating the health care cost trend rate, we consider our actual health care cost experience, industry trends, and advice from our third-party actuary.

While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and postretirement benefit obligations and expense. For example, holding all other assumptions constant, a 1% increase or decrease in the assumed discount rate related to the retirement plan would increase or decrease, respectively, 2016 net periodic pension expense by approximately \$0.1 million. Likewise, a 1% increase or decrease in the assumed rate of return on plan assets would decrease or increase, respectively, 2016 net periodic pension expense by approximately \$0.6 million.

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

Recently Issued Accounting Standards

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

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are from changes

in interest rates and changes in asset values of investments that fund our pension plan. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in this annual report for more discussion on how interest rate increases affect our operations and financial condition.

Risk Related to Changes in Interest Rates

Borrowings outstanding under the revolving credit portion of our Credit Facility currently bear interest at an annual rate of LIBOR plus 1.65%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$382.4 million in borrowings outstanding under the revolving credit portion of our Credit Facility at December 31, 2016 would increase by approximately \$3.8 million.

Borrowings outstanding under our \$400 million term loan B currently bear interest at an annual rate of LIBOR plus 2.75%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$390.0 million in borrowings outstanding under our \$400 million term loan B at December 31, 2016 would increase by approximately \$3.9 million.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at December 31, 2016. As a result, the interest rate market risk implicit in these investments at December 31, 2016, if any, is low.

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

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. At December 31, 2016, the value of the investments in the pension fund was \$65.4 million, and an immediate ten percent decrease in the value of the investments in the fund would have reduced the value of the fund by approximately \$6.5 million.

Summary

Based upon our overall market risk exposures at December 31, 2016, we believe that the effects of changes in interest rates and asset values of investments that fund our pension plan could be material to our consolidated financial position, results of operations or cash flows.

Forward-Looking Statements

This annual report contains “forward-looking statements” intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements concern our goals, beliefs, expectations, strategies, objectives, plans, future operating results and underlying assumptions, and other statements that are not necessarily based on historical facts. Without limitation, you can identify these statements by the fact that they do not relate strictly to historical or current facts, and these statements may contain words such as “may,” “will,” “could,” “should,” “might,” “projects,” “expects,” “believes,” “anticipates,” “intends,” “plans,” “continue,” “estimate,” or “pursue,” or the negative or other variations thereof or comparable terms. In particular, they include statements relating to, among other things, future actions, strategies, future performance, the outcome of contingencies such as legal proceedings and future financial results. These also include statements regarding (i) the effect of our election to be taxed as a REIT and maintain REIT status for federal income tax purposes; (ii) the holding of our non-qualifying REIT assets in one or more taxable REIT subsidiaries; (iii) our announced dividend policy including the frequency and amount of any dividend we may pay; (iv) potential growth opportunities, including future expansion of the geographic diversity of our existing asset portfolio through acquisitions and our investment in the Gaylord Rockies project; (v) Marriott’s ability to

effectively manage our hotels and other properties; (vi) our anticipated capital expenditures; (vii) the potential operating and financial restrictions imposed on our activities under existing and future financing agreements and other contractual arrangements with third parties, including management agreements with Marriott; and (viii) any other business or operational matters. We have based these forward-looking statements on our current expectations and projections about future events.

Although we believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, our actual results could differ materially from the results anticipated by the forward-looking statements as a result of many known and unknown factors including, but not limited to, those discussed in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and elsewhere in this annual report. Any forward-looking statement made in this annual report speaks only as of the date on which the statement is made. New risks and uncertainties may arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements we make in this annual report, except as may be required by law.

RISK FACTORS

You should carefully consider the following specific risk factors as well as the other information contained or incorporated by reference in this annual report as these are important factors, among others, that could cause our actual results to differ from our expected or historical results. It is not possible to predict or identify all such factors. Consequently, you should not consider any such list to be a complete statement of all our potential risks or uncertainties. Some statements in this annual report are “forward-looking statements” and are qualified by the cautionary language regarding such statements. See “Forward-Looking Statements” above.

If we fail to remain qualified as a REIT, we would be subject to tax at corporate income tax rates and would not be able to deduct distributions to stockholders when computing our taxable income.

As a REIT, we hold our non-qualifying REIT assets in one or more TRSs. These non-qualifying REIT assets consist principally of non-real estate assets related to our Hospitality segment and the assets related to our Entertainment segment as historically structured and operated.

If, in any taxable year, we fail to qualify for taxation as a REIT, and are not entitled to relief under the Internal Revenue Code of 1986, as amended (the “Code”):

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income; and
- we would be subject to federal and state income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for other purposes. This adverse impact could last for five or more years because, unless we are entitled to relief under certain statutory provisions, we would be taxable as a C corporation, beginning in the year in which the failure occurs, and we would not be allowed to re-elect to be taxed as a REIT for the following four years.

If we fail to qualify for taxation as a REIT, we may need to borrow additional funds or liquidate certain assets to pay any additional tax liability. Accordingly, funds available for investment or distribution to stockholders would be reduced.

REIT qualification involves the application of highly technical and complex provisions of the Code to our operations, as well as various factual determinations concerning matters and circumstances not entirely within our control. There are limited judicial or administrative interpretations of these provisions. Although we plan to operate in a manner consistent with the REIT qualification rules, we cannot assure you that we will so qualify or remain so qualified.

As a REIT, failure to make required distributions to our stockholders would subject us to federal and state corporate income tax.

Prior to 2012, we had not paid a cash distribution on our common stock since 1999. Beginning in 2013 we declared, and we intend to continue to declare, regular quarterly distributions, the amount of which will be determined, and will be subject to adjustment, by our board of directors. Our board of directors has approved a dividend policy pursuant to which we will pay a quarterly cash dividend in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income on an annual basis, whichever is greater. This dividend policy may be altered at any time by our board of directors, and certain provisions of our debt agreements may prohibit us from paying dividends in accordance with the policy. To be taxed as a REIT, we are generally required to distribute at least 90% of our REIT taxable income (determined without regard to the dividends paid deduction and excluding net capital gain) each year to our stockholders. If our cash available for distribution falls short of

our estimates, we may be unable to maintain the proposed quarterly distributions that approximate our taxable income and may fail to qualify for taxation as a REIT. In addition, our cash flows from operations may be insufficient to fund required distributions as a result of differences in timing between the actual receipt of income and the recognition of income for federal and state income tax purposes, or the effect of nondeductible expenditures.

To the extent that we satisfy the 90% distribution requirement, but distribute less than 100% of our REIT taxable income, we will be subject to federal and state corporate income tax on our undistributed taxable income. In addition, we will be subject to a 4% nondeductible excise tax if the actual amount that we pay out to our stockholders for a calendar year is less than a minimum amount specified under the Code.

Covenants in our current and future debt instruments may limit our ability to make required distributions to our stockholders in accordance with our announced intended dividend policy.

Our credit facility imposes, and future financing agreements are likely to impose, operating and financial restrictions on our activities, including restrictions on the payment of dividends. These restrictions may prevent us from making distributions to our stockholders in accordance with our announced intended dividend policy.

We may be required to borrow funds, sell assets, or issue equity to satisfy our REIT distribution requirements or maintain the asset ownership tests.

To meet the REIT distribution requirements and maintain our qualification and taxation as a REIT, we may need to borrow funds, sell assets or issue equity, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings. Any insufficiency of our cash flows to cover our REIT distribution requirements could adversely impact our ability to raise short- and long-term debt, to sell assets, or to offer equity securities to fund distributions required to maintain our qualification and taxation as a REIT. Furthermore, the REIT distribution requirements may increase the financing we need to fund capital expenditures, future growth and expansion initiatives. This would increase our total leverage.

In addition, if we fail to comply with certain REIT asset ownership tests at the end of any calendar quarter, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification. As a result, we may be required to liquidate otherwise attractive assets. These actions may reduce our income and amounts available for distribution to our stockholders.

Complying with REIT requirements may limit our flexibility or cause us to forego otherwise attractive opportunities.

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our common stock. Thus, compliance with these tests will require us to refrain from certain activities and may hinder our ability to make certain attractive investments, including the purchase of non-qualifying assets, the expansion of non-real estate activities, and investments in the businesses to be conducted by our TRSs, and to that extent limit our opportunities and our flexibility to change our business strategy. Furthermore, acquisition opportunities may be adversely affected if we need or require the target company to comply with some REIT requirements prior to closing. In addition, as a REIT, we may face investor pressures to forego growth opportunities that are not immediately accretive.

We conduct a significant portion of our business activities, including those currently operated within our Entertainment segment, through TRSs. Under the Code, no more than 25% of the value of the assets of a REIT may be represented by securities of one or more TRSs and other non-qualifying assets. In addition, for taxable years beginning after December 31, 2017, no more than 20% of the value of the assets of a REIT may be

represented by securities of one or more TRSs. These limitations may affect our ability to make additional investments in our Entertainment segment as historically structured and operated or in other non-REIT qualifying operations or assets. To meet our annual distribution requirements, we may be required to distribute amounts that may otherwise be used for our operations, including amounts that may otherwise be invested in future acquisitions, capital expenditures or repayment of debt, and it is possible that we might be required to borrow funds, sell assets or issue equity to fund these distributions, even if the then-prevailing market conditions are not favorable for these borrowings, sales or offerings.

Our planned use of TRSs may cause us to fail to qualify as a REIT.

The net income of our TRSs is not required to be distributed to us, and income that is not distributed to us generally will not be subject to the REIT income distribution requirement. However, there may be limitations on our ability to accumulate earnings in our TRSs and the accumulation or reinvestment of significant earnings in our TRSs could result in adverse tax treatment. In particular, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs and certain other non-qualifying assets to exceed 25% of the fair market value of our assets, we would fail to qualify as a REIT. Furthermore, beginning with our taxable year commencing January 1, 2018, if the accumulation of cash in our TRSs causes the fair market value of our securities in our TRSs to exceed 20% of the fair market value of our assets, we would fail to qualify as a REIT.

If our leases of our hotel properties to TRS lessees are not true leases for federal income tax purposes, we may fail to qualify as a REIT.

In order for the lease payments by our TRS lessees to our property-owning subsidiaries to qualify for purposes of the gross income tests, the lease or sublease must be considered a true lease for federal income tax purposes and must not be treated as a service contract, joint venture, or some other type of arrangement. We believe we have structured our leases and subleases of our hotel properties to our TRS lessees so that the leases will be considered true leases for federal income tax purposes, but there can be no assurance that the IRS will agree with this characterization.

If Marriott or any future third-party hotel manager fails to qualify as an “eligible independent contractor,” or if our hotels are not “qualified lodging facilities,” we will fail to qualify as a REIT.

Rent paid by a lessee or sublessee that is a “related party tenant” of ours will not be qualifying income for purposes of the two gross income tests applicable to REITs. An exception is provided, however, for leases of “qualified lodging facilities” to a TRS so long as the hotels are managed by an “eligible independent contractor” and certain other requirements are satisfied. We lease or sublease our hotel properties to TRS lessees, and such TRS lessees have engaged Marriott as a third-party hotel manager. We believe Marriott and any other third-party hotel manager that our TRS lessees may engage in the future will qualify as “eligible independent contractors” for federal income tax purposes. Among other requirements, to qualify as an “eligible independent contractor,” the third-party hotel manager must not own, directly or through its stockholders, more than 35% of our outstanding shares, and no person or group of persons can own more than 35% of our outstanding shares and the shares (or ownership interest) of the third-party hotel manager, taking into account certain ownership attribution rules. The ownership attribution rules that apply for purposes of these 35% thresholds are complex, and monitoring actual and constructive ownership of our shares by the third-party hotel manager and their owners may not be practical. Accordingly, there can be no assurance that these ownership limits will not be exceeded.

In addition, for a third-party hotel manager to qualify as an “eligible independent contractor,” such company or a related person must be actively engaged in the trade or business of operating “qualified lodging facilities” (as defined below) for one or more persons not related to the REIT or its TRSs at each time that such company enters into a hotel management contract with a TRS lessee. We believe that Marriott operates “qualified lodging facilities” for certain persons who are not related to us or our TRSs, and Marriott has agreed in the hotel management agreements that it, or its affiliates, are eligible independent contractors and will maintain such

status. However, no assurances can be provided that Marriott or any other hotel managers that we may engage in the future will in fact comply with this requirement. Failure to comply with this requirement would require us to find other third-party hotel managers for future contracts, and, if we hired a third-party hotel manager without knowledge of the failure, it could jeopardize our status as a REIT.

Finally, each property with respect to which our TRS lessees pay rent must be a “qualified lodging facility.” A “qualified lodging facility” is a hotel, motel or other establishment more than one-half of the dwelling units in which are used on a transient basis, including customary amenities and facilities, provided that no wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility. We believe that our current hotel properties are “qualified lodging facilities.” Although we intend to monitor future acquisitions and improvements of properties, REIT provisions of the Code provide only limited guidance for making determinations under the requirements for “qualified lodging facilities,” and there can be no assurance that these requirements will be satisfied.

Our cash distributions are not guaranteed and may fluctuate.

A REIT generally is required to distribute at least 90% of its REIT taxable income to its stockholders. Our board of directors, in its sole discretion, will determine on a quarterly basis the amount of cash to be distributed to our stockholders based on a number of factors including, but not limited to, our results of operations, cash flow and capital requirements, economic conditions, tax considerations, borrowing capacity and other factors, including debt covenant restrictions that may impose limitations on cash payments and plans for future acquisitions and divestitures. Our board of directors has approved a dividend policy pursuant to which we will pay a quarterly cash dividend based on an annualized amount of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income on an annual basis, whichever is greater. The dividend policy may be altered at any time by our board of directors and certain provisions of our debt agreements may prohibit us from paying dividends in accordance with the policy. Consequently, our distribution levels may fluctuate.

There are uncertainties relating to the estimate of our special dividend paid on December 21, 2012.

To qualify for taxation as a REIT effective for the year ended December 31, 2013, we were required to distribute to our stockholders our undistributed accumulated earnings and profits attributable to taxable periods ended prior to January 1, 2013. To satisfy this requirement, on November 2, 2012, our board of directors declared a special dividend in the amount of \$6.84 per share of common stock, or an aggregate of approximately \$309.8 million to stockholders of record as of the close of business on November 13, 2012, payable on December 21, 2012 in a combination of cash and stock, as elected by stockholders. We believe that the total value of the special dividend was sufficient to fully distribute our accumulated earnings and profits and that a portion of the special dividend exceeded our accumulated earnings and profits. However, the amount of our undistributed accumulated earnings and profits is a complex factual and legal determination. We may have had less than complete information at the time we estimated our earnings and profits or may have interpreted the applicable law differently from the IRS. Substantial uncertainties exist relating to the computation of our undistributed accumulated earnings and profits, including the possibility that the IRS could successfully assert that our pre-REIT accumulated earnings and profits should be increased. Thus, we may fail to satisfy the requirement to distribute all of our pre-REIT accumulated earnings and profits by the close of our first taxable year as a REIT.

Even though we are conducting our business as a REIT, certain of our business activities will be subject to corporate level income tax, which will continue to reduce our cash flows, and we will have potential deferred and contingent tax liabilities.

Even though we are conducting our business as a REIT, we may be subject to certain federal, state, and local taxes on our income and assets, including alternative minimum taxes, taxes on any undistributed income, and

state or local income, franchise, property and transfer taxes. In addition, we could in certain circumstances be required to pay an excise or penalty tax, which could be significant in amount, to utilize one or more relief provisions under the Code to maintain qualification for taxation as a REIT.

Our business related to the non-real estate assets of our Hospitality segment and the assets of our Entertainment segment is conducted through wholly-owned TRSs because these activities could generate non-qualifying REIT income as historically structured and operated. Those TRS assets and operations continue to be subject, as applicable, to federal and state corporate income taxes in the jurisdictions in which those assets and operations are located. Any of these taxes would decrease our earnings and our available cash. In addition, net operating losses in any of our TRSs generally will not provide any tax benefit, except for use against current or future taxable income in the TRSs.

We are also subject to a federal corporate level tax at the highest regular corporate rate (currently 35%) on all or a portion of the gain recognized from a sale occurring prior to January 1, 2018 of assets that we held on the effective date of our REIT election, to the extent of the built-in gain based on the fair market value of those assets on the effective date of the REIT election in excess of our then tax basis. That tax on subsequently sold assets will be based on the fair market value and built-in gain of those assets as of January 1, 2013. Similarly, we may be subject to corporate-level tax on the sale of any asset that we acquire from a C-corporation in a tax-deferred transaction to the extent that we dispose of such asset in a taxable transaction during the ten-year period immediately succeeding such acquisition.

Gain from a sale of an asset occurring after the specified period ends will not be subject to this corporate level tax. We currently do not expect to sell any asset if the sale would result in the imposition of a material tax liability. We cannot, however, assure you that we will not change our plans in this regard.

Complying with REIT requirements may limit our ability to hedge effectively and increase the costs of our hedging, and may cause us to incur tax liabilities.

The REIT provisions of the Code limit our ability to hedge liabilities. Generally, income from hedging transactions that we enter into to manage risk of interest rate changes with respect to borrowings made or to be made to acquire or carry real estate assets and income from certain currency hedging transactions related to any non-U.S. operations do not constitute “gross income” for purposes of the REIT gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of the REIT gross income tests. As a result of these rules, we may need to limit our use of advantageous hedging techniques or implement those hedges through a TRS. This could increase the cost of our hedging activities because our TRSs would be subject to tax on income or gains resulting from hedges entered into by them or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear.

Recent tax legislation impacts certain U.S. federal income tax rules applicable to REITs and could adversely affect our current tax positions.

The Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”) contains changes to certain aspects of the U.S. federal income tax rules applicable to us. The PATH Act is the most recent example of changes to the REIT rules, and additional legislative changes may occur that could adversely affect our current tax positions. The PATH Act modifies various rules that apply to our ownership of, and business relationship with, our TRSs and reduces the maximum allowable value of our assets attributable to TRSs from 25% to 20%, which could impact our ability to enter into future investments. The PATH Act also makes multiple changes related to the Foreign Investment in Real Property Tax Act, expands prohibited transaction safe harbors and qualifying hedges, and repeals the preferential dividend rule for public REITs previously applicable to us. Lastly, the PATH Act adjusts the way we may calculate certain earnings and profits calculations to avoid double taxation at the stockholder level, and expands the types of qualifying assets and income for purposes of the REIT requirements.

The provisions enacted by the PATH Act could result in changes in our tax positions or investments, and future legislative changes related to those rules described above could have a materially adverse impact on our results of operations and financial condition.

Legislative or other actions affecting REITs could have a negative effect on us or our stockholders.

At any time, the federal income tax laws governing REITs or the administrative interpretations of those laws may be amended. Federal and state tax laws are constantly under review by persons involved in the legislative process, the IRS, the United States Department of the Treasury and state taxing authorities. Changes to the tax laws, regulations and administrative interpretations, which may have retroactive application, could adversely affect us. We cannot predict with certainty whether, when, in what forms, or with what effective dates, the tax laws, regulations and administrative interpretations applicable to us may be changed. Accordingly, we cannot assure you that any such change will not significantly affect our ability to qualify for taxation as a REIT or the federal income tax consequences to us of such qualification.

The ability of our board of directors to revoke our REIT qualification, without stockholder approval, may cause adverse consequences to our stockholders.

Our Amended and Restated Articles of Incorporation (“Charter”) provides that the board of directors may revoke or otherwise terminate the REIT election, without the approval of our stockholders, if it determines that it is no longer in our best interest to continue to qualify as a REIT. If we cease to be a REIT, we will not be allowed a tax deduction with respect to distributions to our stockholders in computing our taxable income, and we will be subject to federal and state income tax at regular corporate rates and state and local taxes, which may have adverse consequences on our stock price, distributions, and total return to our stockholders.

If our third-party hotel managers do not manage our hotel properties or other businesses successfully, our financial condition, results of operations and our ability to service debt and make distributions to our stockholders may be negatively impacted.

Due to federal income tax laws that restrict REITs from operating and managing hotels, we do not operate or manage the day-to-day functions of any of our hotel properties as a REIT. We lease or sublease our hotel properties to TRSs, and such TRS lessees have engaged Marriott as a third-party hotel manager pursuant to hotel management agreements. Marriott manages the day-to-day operations of our Gaylord Hotels, as well as the Inn at Opryland and the AC Hotel, and will manage Gaylord Rockies upon completion. We will identify third-party hotel managers to operate and manage any hotels that we acquire in the future. Our third-party hotel managers will be responsible for the day-to-day management of our hotel properties, including, but not limited to, implementing significant operating decisions, setting rates for rooms and meeting space, controlling revenue and expenditures, collecting accounts receivable, and recruiting, employing and supervising employees at our hotel properties. We will not have the authority to require our third-party hotel managers to operate our hotel properties in a particular manner, although we will have consent and approval rights for certain matters under our hotel management agreements with Marriott, subject to the limitations described therein. As a result, our financial condition, results of operations and our ability to service debt and make distributions to our stockholders are largely dependent on the ability of our third-party hotel managers to operate our hotel properties successfully. Any failure by our third-party hotel managers to provide quality services and amenities or to maintain and protect a quality brand name and reputation could have a negative impact on their ability to operate and manage our hotel properties successfully and could negatively impact our financial condition, results of operations and our ability to service debt and make distributions to our stockholders.

We cannot assure you that our third-party hotel managers will operate and manage our hotel properties in a manner that is consistent with their obligations under the hotel management agreements, that our third-party hotel managers will not be negligent in their performance or engage in other criminal or fraudulent activity, or that they will not otherwise default on their management obligations to us.

Even if we believe our hotel properties are being operated inefficiently or in a manner that does not result in satisfactory operational metrics, we will have limited ability to require our third-party hotel managers to change their method of operation of our hotel properties. We generally will attempt to resolve issues with third-party hotel managers through discussions and negotiations. However, if we are unable to reach satisfactory results through discussions and negotiations, we may choose to litigate the dispute or submit the matter to third-party dispute resolution or arbitration. We would be able to seek redress only if a third-party hotel manager violates the terms of the applicable hotel management agreement, and then only to the extent of the remedies provided for under the terms of the hotel management agreement. Additionally, in the event we need to replace any of our third-party hotel managers, we may experience significant business disruptions at the affected hotel properties, and may be liable, under certain circumstances, for significant damages and/or be required to make certain payments to our third-party managers.

The operation and management of our current hotel properties, the operation of which generates substantially all our Hospitality segment revenue, is concentrated in Marriott.

Our current hotel properties, the operation of which generates substantially all our Hospitality segment revenue, are operated and managed by Marriott. As a result, our operational risk is concentrated in one third-party hotel manager, which makes us more vulnerable economically to any weakness of Marriott than if we entered into hotel management agreements with several third-party hotel managers. We cannot assure you that Marriott will satisfy its obligations to us or successfully operate and manage our current hotel properties. Any adverse developments in Marriott's business and affairs, financial strength or ability to operate and manage our current hotel properties successfully could materially reduce our revenues and net income, which could in turn reduce the amount of distributions to our stockholders. Additionally, we rely on the resources of and financial information provided by Marriott to report the financial results of our hotel properties. A failure by Marriott to accurately report the financial results of our hotel properties could materially affect our understanding of the hotel properties' performance as well as our ability to accurately report on the hotel properties' performance. Further, Marriott now owns the Gaylord Hotels brand and trademarks, and a failure on their part to maintain quality standards could harm the brand and damage our business.

Revenue growth and cost synergies for our hotel operations are largely dependent on the efforts of Marriott. Marriott's efforts to leverage its rewards program, customer channels and brands, as well as its management of demand for rooms, meeting space and banquets, have resulted in revenue growth and Marriott's efforts to reduce hotel-level costs have yielded cost savings. There can be no assurance that improvements in revenue or cost savings can be sustained.

Restrictive covenants and other provisions in our hotel management agreements with third-party hotel managers could limit our ability to sell or lease our hotel properties or refinance our existing debt.

Our hotel management agreements with Marriott contain, and we anticipate that hotel management agreements with our future third-party hotel managers will contain, restrictive covenants that limit our flexibility to sell or lease our hotel properties. For example, we may not sell or lease our current hotel properties to a competitor of Marriott (as defined in our management agreements with Marriott), and any purchaser or lessee must have, in Marriott's judgment, sufficient financial resources and liquidity to fulfill our obligations under the hotel management agreements. Such restrictions on our ability to sell or lease our hotel properties could negatively affect the marketability of our hotel properties and restrict our ability to refinance our existing debt secured by our hotel properties.

Marriott and any future third-party hotel manager may own or operate hotels that compete with our hotel properties.

Our third-party hotel managers may own or operate hotels that compete with our current hotel properties and any hotel properties that we acquire, which may result in a conflict of interest. For example, Marriott and its affiliates own, have invested in, operate, and have provided credit support or operating guarantees to hotels that compete

or will compete with our current hotel properties, including the Marriott Orlando World Center, which competes with Gaylord Palms, and the Washington Marriott Marquis, which competes with Gaylord National. As a result, our third-party hotel managers may make decisions regarding competing hotel properties that are not or would not be in our best interest. In addition, such third-party hotel managers' operation of other hotels may divert attention away from the operation and management of our hotel properties.

Our concentration in the hospitality industry, and in particular the group-oriented meetings sector of the hospitality industry, exposes us to certain risks outside of our and Marriott's control.

Our primary business is hotel-related, and our current hotel properties, the operation of which generates substantially all our Hospitality segment revenue, are concentrated in the group-oriented meetings sector of the hospitality industry. Therefore, a downturn in the lodging industry, in general, and the group-oriented meetings sector, in particular, would have a material adverse effect on our financial condition, results of operations, the market price of our common stock and our ability to service debt and make distributions to our stockholders.

The ability of Marriott to successfully operate and manage our current hotel properties and convention business is subject to factors beyond our and their control, which could reduce the revenue and operating income of these properties. These factors include:

- the desirability and perceived attractiveness of the Nashville, Tennessee; Orlando, Florida; Dallas, Texas; and Washington D.C. areas as tourist and convention destinations;
- adverse changes in the national economy and in the levels of tourism and convention business that affect our current hotel properties;
- the level of governmental group business, which has decreased at times in the past due to uncertainty surrounding the U.S. government budget;
- Marriott's ability to attract group convention business;
- Marriott's ability to contract for and collect attrition and cancellation fees from groups that do not fulfill minimum stay or spending requirements;
- the opening of other new hotels could impact the group convention business at our current hotel properties;
- the highly competitive nature of the hotel, tourism and convention business in which our hotel properties operate, including the fact that we compete for convention business with publicly-financed civic convention centers;
- the susceptibility of group convention business to reduced levels of demand during the year-end holiday periods, which Marriott may not be able to offset by attracting sufficient general tourism guests;
- the financial condition of the airline and other transportation-related industries and the resulting impact on travel; and
- organized labor activities, which could cause a diversion of business from our hotels involved in labor negotiations and loss of group business.

These factors could reduce the revenues and net operating profits of our TRS lessees, which in turn could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to service debt and make distributions to our stockholders.

Due to the geographic concentration of our current hotel properties, we are subject to a greater degree of risk to certain factors.

Due to the geographic concentration of our current hotel properties, we are subject to a greater degree of risk to factors, including:

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

Any of these could negatively affect our financial condition, results of operations and our ability to service debt and make distributions to our stockholders.

We may be unable to successfully identify and complete future acquisitions.

Acquisitions of other hotels, particularly in the group-oriented meetings sector of the hospitality industry, either alone or through joint ventures or alliances with one or more third parties, are part of our long-term growth strategy. We may be unable to successfully identify or complete future acquisitions at acceptable prices and terms or, if we are able to find favorable acquisition targets, we may not be able to obtain financing on acceptable terms or secure beneficial joint ventures or alliances. We will evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope.

The hotel business is capital-intensive, and our inability to obtain financing or successfully complete acquisitions or capital improvements could limit our growth.

Acquisitions of hotels will require significant capital expenditures, and hotels that we acquire may need renovations and capital improvements at the time of acquisition. All of our hotel properties will require periodic capital expenditures and renovation to remain competitive. We may also undertake hotel expansions or new features at our existing hotel properties that involve significant capital expenditures, such as our Gaylord Texan expansion and our resort pool project at Gaylord Opryland. If any hotels that we acquire are subject to franchise agreements, the franchisors of these hotels may also require periodic capital improvements as a condition to our maintaining the franchise licenses. We may not be able to fund capital improvements or acquisitions solely from cash provided from our operating activities because we must distribute at least 90% of our REIT taxable income (determined before the deduction for dividends paid and net of capital gains) each year to maintain our qualification as a REIT for federal income tax purposes. As a result, our ability to fund acquisitions or capital expenditures through any retained earnings or operating cash flow will be limited. Consequently, we will rely upon the availability of debt or equity capital to fund hotel acquisitions and improvements. Our ability to grow through acquisitions will be limited if we cannot obtain satisfactory debt or equity financing, which will depend on market conditions. We cannot assure you that we will be able to obtain additional equity or debt financing or that we will be able to obtain such financing on favorable terms.

In addition, capital improvements may give rise to the following risks:

- possible environmental problems;
- construction cost overruns and delays;
- the possibility that revenues will be reduced while rooms, restaurants or other facilities are out of service due to capital improvement projects;

- a possible shortage of available cash to fund capital improvements and the related possibility that financing for these capital improvements may not be available to us on attractive terms; and
- uncertainties as to market demand or a loss of market demand after capital improvements have begun.

The costs of renovations and capital improvements could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to service debt and make distributions to our stockholders.

Our TRS lessee structure will subject us to the risk of increased hotel operating expenses and the inability of our TRS lessees to make lease payments to us.

Our leases with our TRS lessees will require our TRS lessees to make lease payments to us based in part on gross revenues from our hotel properties. Our operating risks will include decreases in revenues at our hotel properties and increases in operating expenses of our hotel properties. Decreases in revenues or increases in operating expenses could adversely affect our TRS lessees' ability to make lease payments due under the leases, including, but not limited to, increases in wage and benefit costs, repair and maintenance expenses, property taxes, insurance costs, and other operating expenses. Increases in those operating expenses can have a significant adverse impact on our financial condition, results of operations, the market price of our common stock, and our ability to service debt and make distributions to our stockholders.

In addition, our TRS lessees' ability to make lease payments will be affected by factors beyond their control, such as changes in general economic conditions, the level of demand for hotels and the related services of our hotel properties, competition in the lodging and hospitality industry, the third-party managers' ability to maintain and increase gross revenue at our hotel properties and other factors relating to the operations of our hotel properties.

Our substantial debt could reduce our cash flow and limit our business activities.

We currently have a significant amount of debt. As of December 31, 2016, we had approximately \$1.5 billion of total debt. We may incur additional debt in connection with any additional hotel acquisitions, development, investment in new projects, renovations, or capital improvement.

Our substantial amount of debt could have important consequences. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments on our debt, thereby limiting the availability of our cash flow to make distributions to our stockholders and to fund future capital expenditures, working capital and other general corporate requirements;
- limit our flexibility in planning for, or reacting to, changes in our business and the hospitality industry, which may place us at a competitive disadvantage compared with competitors that are less leveraged;
- limit our ability to borrow additional funds, even when necessary to maintain adequate liquidity; and
- limit our ability to obtain additional financing for various projects, including possible expansions of our existing properties and acquisitions of additional properties.

In addition, the terms of our credit facility allow, and instruments governing any new debt may allow, us to incur substantial amounts of additional debt subject to certain limitations. Any such additional debt could increase the risks associated with our substantial leverage. At the time any principal amount of our indebtedness is due, we may not have cash available to pay this amount, and we may not be able to refinance our indebtedness on favorable terms, or at all.

We will be required to refinance our debt before it matures and there is no assurance that we will be able to refinance our debt on acceptable terms.

Currently, the revolving loans and letters of credit under our credit facility mature on June 5, 2019, and we will be required to refinance this facility prior to such date. We also have outstanding \$390.0 million under our \$400 million term loan B and \$350.0 million in aggregate principal amount of our 5.00% senior unsecured notes, both of which mature in 2021 and \$400.0 million in aggregate principal amount of additional 5.00% senior unsecured notes that mature in 2023.

Our ability to refinance each of our financial agreements on acceptable terms will be dependent upon a number of factors, including our degree of leverage, the value of our assets, borrowing restrictions which may be imposed by lenders and conditions in the credit markets at the time we refinance. If we are unable to refinance our debt on acceptable terms, we may be forced to choose from a number of unfavorable options, including agreeing to otherwise unfavorable financing terms, selling one or more hotel properties at unattractive prices or on disadvantageous terms, or defaulting on mortgages and allowing our lenders to foreclose. Any one of these options could have a material adverse effect on our business, financial condition, results of operations and our ability to make distributions to our stockholders.

To service our debt and pay other obligations, we will require a significant amount of cash, which may not be available to us.

Our ability to make payments on, or repay or refinance, our debt, including our obligations under our senior notes and any future debt we may incur, and to fund planned capital expenditures will depend largely upon our future operating performance and our ability to generate cash from operations. Our future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, our ability to borrow funds in the future to make payments on our debt and other obligations will depend on the satisfaction of the covenants and financial ratios in our senior credit facility and our other debt agreements, including other agreements we may enter into in the future. Our business may not generate sufficient cash flow from operations or we may not have future borrowings available to us under our credit facility or from other sources in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs.

The agreements governing our debt contain various covenants that may limit our ability to operate our business and impair our ability to make distributions to our stockholders.

Our existing financial agreements, including our credit facility and term loan B impose, and future financing agreements are likely to impose, operating and financial restrictions on our activities, including our ability to make distributions to any stockholder. Our credit facility currently requires us to comply with or maintain certain financial tests and ratios, including minimum consolidated tangible net worth, minimum fixed charge coverage ratio, minimum implied debt service coverage ratio and maximum funded debt to asset value ratio, and our financial agreements prohibit or limit our ability to, among other things:

- incur additional debt, issue guarantees of debt and issue preferred stock;
- create liens;
- sell assets;
- sell equity interests in our restricted subsidiaries;
- redeem and/or prepay certain debt;
- pay dividends on our stock to our stockholders or repurchase our stock or other equity interests;
- make certain investments;
- enter new lines of business;

- engage in consolidations, mergers and acquisitions;
- enter into transactions with affiliates; or
- agree to restrictions on our subsidiaries' ability to pay dividends and make other distributions to us.

If we fail to comply with these covenants, we would be in default under our credit facility and the indenture governing each of our 5.00% senior unsecured notes, and the outstanding principal and accrued interest on such debt would become due and payable.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants and maintain these financial tests and ratios. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity for the debt under these agreements and to foreclose upon any collateral securing the debt, including, in the case of our existing credit facility, our Gaylord Hotels properties. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to pay dividends, incur additional debt and to take other actions might significantly impair our ability to obtain other financing and to make distributions to our stockholders in accordance with our announced intended dividend policy.

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

Subject to applicable laws and certain agreed-upon exceptions, our credit facility and \$400 million term loan B are secured by liens on the substantial majority of our assets, including mortgages on each of our Gaylord Hotels properties. In the event of a default under our credit facility, or if we experience insolvency, liquidation, dissolution or reorganization, the holders of our secured debt instruments would first be entitled to payment from their collateral security, and only then would holders of our unsecured debt be entitled to payment from our remaining assets.

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

We are a holding company and we conduct our operations through our subsidiaries, including our TRSs. As a result, our ability to meet our debt service obligations substantially depends upon our subsidiaries' cash flows and payments of funds to us by our subsidiaries as dividends, loans, advances, leases or other payments. The payment of dividends and/or making of loans, advances, leases or other payments by our subsidiaries will be subject to the approval of those subsidiaries' boards. Our subsidiaries' ability to pay such dividends and/or make such loans, advances, leases or other payments may also be restricted by, among other things, applicable laws and regulations, current and future debt agreements and management agreements into which our subsidiaries may enter.

We and our third-party hotel manager rely on information technology in our operations, and any material failure, inadequacy, interruption, or security failure could harm our business.

We and our third-party hotel manager rely on information technology systems, including networks and the Internet, to process, transmit, and store electronic information, and to manage or support a variety of business processes, including financial transactions and records, personal identifying information, reservations, billing and operating data. Our businesses require collection of large volumes of internal and customer data, including credit card numbers and other personally identifiable information of our customers in various information systems and those of our service providers. The integrity and protection of customer, employee, and company data is critical to us. If that data is inaccurate or incomplete, we or the hotel managers could make faulty decisions. Customers and employees also have a high expectation that we and our service providers will adequately protect their personal information. The regulatory environment surrounding information, security and privacy is also

increasingly demanding. Our existing systems may be unable to satisfy changing regulatory requirements and employee and customer expectations, or may require significant additional investments or time to do so. Despite implementation of various measures designed to protect our information systems and records, including those we maintain with our service providers, we or the hotel managers may be subject to security breaches, system failures, viruses, operator error or inadvertent releases of data. A significant theft, loss, or fraudulent use of customer, employee, or company data maintained by us or by a service provider or failure to comply with the various U.S. and international laws and regulations applicable to the protection of such data or with Payment Card Industry data security standards, could adversely impact our reputation and could result in remedial and other expenses, fines, or litigation. A breach in the security of our information systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits.

Our real estate investments are subject to numerous risks.

Because we own hotels and attractions properties, we are subject to the risks that generally relate to investments in real property. The investment returns available from equity investments in real estate depend in large part on the amount of income earned and capital appreciation generated by the related properties, as well as the expenses incurred. In addition, a variety of other factors affect income from properties and real estate values, including governmental regulations, insurance, zoning, tax and eminent domain laws, interest rate levels and the availability of financing. For example, new or existing real estate zoning or tax laws can make it more expensive and/or time-consuming to develop real property or expand, modify or renovate properties. Additionally, the Federal Reserve Board increased federal interest rates in December 2016 by 25 basis points with additional gradual increases expected to come over the next year, subject to any ongoing economic uncertainty following the 2016 U.S. election results. When interest rates increase, the cost of acquiring, developing, expanding or renovating real property increases, particularly as the cost of borrowing increases, and real property values may decrease as the number of potential buyers decreases. Similarly, as financing becomes less available, it becomes more difficult both to acquire and to sell real property. Finally, governments can, under eminent domain laws, take real property. Sometimes this taking is for less compensation than the owner believes the property is worth. Any of these factors could have a material adverse impact on our results of operations or financial condition. In addition, equity real estate investments, such as the investments we hold and any additional properties that we may acquire, are relatively difficult to sell quickly. If our properties do not generate revenue sufficient to meet operating expenses, including debt service and capital expenditures, our income will be reduced.

Our properties are subject to environmental regulations that could impose significant financial liability on us.

Environmental laws, ordinances and regulations of various federal, state, local and foreign governments regulate certain of our properties and could make us liable for the costs of removing or cleaning up hazardous or toxic substances on, under or in the properties we currently own or operate or those we previously owned or operated. Those laws could impose liability without regard to whether we knew of, or were responsible for, the presence of hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to properly clean up such substances when present, could jeopardize our ability to develop, use, sell or rent the real property or to borrow using the real property as collateral. If we arrange for the disposal or treatment of hazardous or toxic wastes, we could be liable for the costs of removing or cleaning up wastes at the disposal or treatment facility, even if we never owned or operated that facility. Other laws, ordinances and regulations could require us to manage, abate or remove lead- or asbestos-containing materials. Similarly, the operation and closure of storage tanks are often regulated by federal, state, local and foreign laws. Finally, certain laws, ordinances and regulations, particularly those governing the management or preservation of wetlands, coastal zones and threatened or endangered species, could limit our ability to develop, use, sell or rent our real property. Existing governmental laws and regulations may be revised or new laws and regulations relating to climate change, air quality or other environmental and health concerns may be adopted or become applicable to us, which could affect the operations of our hotels and/or result in significant additional expense and operating restrictions. The costs to clean up a contaminated property, to defend a claim, or to comply with environmental laws could be

material and could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders. Additionally, because we rely on third-party managers to operate our hotel properties and certain attractions, we have limited control over ensuring compliance at those locations with applicable environmental laws or regulations or approving certain remediation action taken by the manager to resolve such issues.

Compliance with the Americans with Disabilities Act could require us to incur substantial costs.

Under the Americans with Disabilities Act of 1990, as amended (the “ADA”), all public accommodations must meet various federal requirements related to access and use by disabled persons. Compliance with the ADA’s requirements could require removal of access barriers, and non-compliance could result in the U.S. government imposing fines or in private litigants winning damages. Although we believe that our hotel properties substantially comply with present requirements of the ADA, we may be subject to audits or investigations of all of our hotels to determine our compliance, and one or more hotels may not be fully compliant with the ADA. Noncompliance with the ADA could result in the incurrence of additional costs to attain compliance. The obligation to make readily achievable accommodations is an ongoing one, and we will continue to assess our hotel properties and to make alterations as appropriate in this respect. If we are required to make substantial modifications to our hotel properties, whether to comply with the ADA or other changes in governmental rules and regulations, our financial condition, results of operations, the market price of our common stock and amount of cash available for debt service or distributions to our stockholders could be adversely affected. Additionally, because we rely on third-party managers to operate our hotel properties and certain attractions, we have limited control over ensuring compliance at those locations with applicable ADA requirements or approving certain remediation action taken by the manager to resolve such issues.

We have invested in, and in the future may invest in, mortgage loans, mezzanine debt, joint ventures, such as our Gaylord Rockies investment, or certain minority equity interests over which we may not have significant control, to or for which we may owe significant funding or obligations and for which there is no readily available market, and these investments may not be profitable.

We may invest with third parties through partnerships, joint ventures or other entities, by acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. Further, we may invest in mortgage loans or mezzanine financing for a property. These types of investments may not be liquid and we may have little or no rights, or ability, to exercise the direction or control of the respective enterprises. In connection with these investments, we may have obligations under certain guarantees related to such investments. The ultimate value of any debt investments, joint ventures or minority investments will be dependent upon the efforts of others over an extended period of time. The nature of our interests and the absence of a readily available market for those interests restrict our ability to dispose of them. Our lack of control over the management of any business in which we are a creditor, joint owner or minority investor and the lack of a readily available market to sell our interest in these businesses may cause us to recognize a loss on our investment in these businesses or to incur costs or liabilities that we do not control, but for which we may be required to contribute capital or satisfy financial commitments. These arrangements are subject to uncertainties and risks, including those related to credit risk, conflicting joint venture partner interests, including with respect to competition in other markets, and to our joint venture partners failing to meet their financial or other obligations.

As an owner of hotel properties and operator of leisure businesses, we are subject to risks relating to acts of God, outbreaks of pandemic disease, terrorist activity and war.

Our operating income and ability to make distributions to our stockholders may be reduced by acts of God, outbreaks of pandemic disease, or acts of terrorism in locations where we own and/or operate significant properties and areas of the world from which we draw a large number of customers. Gaylord Opryland, which is located adjacent to the Cumberland River and is protected by levees built to sustain a 100-year flood, suffered

flood damage on May 3, 2010 as the river rose to levels that over-topped the levees. The per occurrence flood insurance limit for our Gaylord Opryland hotel is now \$500 million. We have also completed enhancements to the levees that protect the hotel to increase the height of the levees. While we believe these steps are reasonable given the likelihood of flood damage at Gaylord Opryland, there can be no assurances that flooding will not occur at Gaylord Opryland in the future. Some types of losses, such as from flood, earthquake, terrorism and environmental hazards, may be either uninsurable, subject to sublimit, or too expensive to justify insuring against. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a hotel, as well as the anticipated future revenue from the hotel. In that event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. Similarly, outbreaks of pandemic disease, wars (including the potential for war), terrorist activity (including threats of terrorist activity), political unrest and other forms of civil strife as well as geopolitical uncertainty, may cause our future results to differ materially from anticipated results.

We are subject to risks associated with our hotel managers' employment of hotel personnel, particularly with hotels whose managers employ unionized labor, which could increase our hotels' operating costs, reduce the flexibility of our third-party hotel managers to adjust the size of the workforce at our hotel properties and impair our ability to make distributions to our stockholders.

Our third-party hotel managers are responsible for hiring and maintaining the labor force at each of our hotel properties. Although we do not employ or manage employees at our hotel properties, we are subject to many of the costs and risks generally associated with the hotel labor force, including at those of our hotels with unionized labor. From time to time, hotel operations may be disrupted as a result of strikes, lockouts, public demonstrations or other negative actions and publicity. We also may incur increased legal costs and indirect labor costs as a result of contract disputes or other events. The resolution of labor disputes or re-negotiated labor contracts could lead to increased labor costs, either by increases in wages or benefits or by changes in work rules that raise hotel operating costs. Furthermore, labor agreements may limit the ability of our third-party hotel managers to reduce the size of hotel workforces during an economic downturn because collective bargaining agreements are negotiated between the third-party hotel managers and labor unions. We do not have the ability to control the outcome of these negotiations.

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

Third-party infringement of the Gaylord Hotels marks now owned by Marriott or the marks we own and use in our attractions business, or the failure to enforce rights to the marks, could be damaging to our business.

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

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

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

Our operating income and profits may be reduced by legal or governmental proceedings brought by or on behalf of our employees, customers or other third parties. In recent years, a number of hospitality companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state law regarding workplace and employment matters, discrimination and other alleged violations of law. A number of these lawsuits have resulted in the payment of substantial damages by the defendants. Similar lawsuits have been instituted against us from time to time, and we cannot assure you that we will not incur substantial damages and expenses resulting from lawsuits of this type or other claims, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, because we rely on third-party managers to operate our hotel properties and certain attractions, we have limited control over defending lawsuits of this type or other claims.

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

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

Healthcare reform legislation could adversely affect our results of operations.

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the “Health Reform Law”) serves as the primary vehicle for comprehensive healthcare reform in the United States. Among other things, the Health Reform Law contains provisions that affect employer-sponsored health plans and impose excise and other taxes and fees with respect to certain plans. Pursuant to our management agreements, our third-party managers may pass certain health care costs for employees working at our properties through to us. As such, the provisions of the Health Reform Law may significantly raise our and our third-party managers’ employee health benefits costs and/or alter the benefits we or our third-party managers are required to provide to our respective employees. We anticipate increased expenses relating to our and our third-party managers’ company-sponsored plans over the course of the next several years. If we or our third-party hotel managers are not able to limit or offset future cost increases, those costs could have an adverse effect on our results of operations. The 2016 U.S. elections, which resulted in the election of a Republican president and Republican control of both houses of Congress, will likely lead to the repeal of the Health Reform Law or significant changes to the Health Reform Law, its implementation or its interpretation. We are unable to predict whether, when, and how the Health Reform Law will be changed, what alternative provisions, if any, will be enacted, the timing of enactment and implementation of alternative provisions, or the impact of alternative provisions on our results of operations.

Our operating results and ability to service debt and make distributions to our stockholders may be adversely affected by various operating risks common to the lodging industry.

Our hotel properties have different economic characteristics than many other real estate assets, and a hotel REIT is structured differently than many other types of REITs. A typical office property owner, for example, has long-term leases with third-party tenants, which provide a relatively stable long-term stream of revenue. Our TRS

lessees, on the other hand, do not enter into a lease with a third-party hotel manager. Instead, our TRS lessees engage our third-party managers pursuant to hotel management agreements and pay the third-party hotel managers fees for managing our hotel properties. The TRS lessees receive all the operating profit or losses at our hotel properties, net of fees and reimbursements. Moreover, virtually all hotel guests stay at a hotel for only a few nights at a time, so the rate and occupancy at each of our hotel properties may change every day. As a result, we may have highly volatile earnings.

In addition, our hotel properties are subject to various operating risks common to the lodging industry, many of which are beyond our or a manager's control, including the following:

- competition from other hotel properties and publicly-financed civic convention centers in our markets;
- over-building of hotels in our markets, which could adversely affect occupancy and revenues at our hotel properties;
- dependence on business and commercial travelers and tourism;
- increases in energy costs and other expenses affecting travel, which may affect travel patterns and reduce the number of business and commercial travelers and tourists;
- increases in operating costs due to inflation and other factors that may not be offset by increased room rates;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- adverse effects of international, national, regional and local economic and market conditions;
- the impact of the use of Internet travel intermediaries by consumers;
- unforeseen events beyond our control, such as terrorist attacks, travel-related health concerns including pandemics and epidemics, political instability, regional hostilities, imposition of taxes or surcharges by regulatory authorities, travel-related accidents and unusual weather patterns, including natural disasters, such as hurricanes and earthquakes;
- adverse effects of a downturn in the lodging industry; and
- risks generally associated with the ownership of hotels and real estate, as discussed in more detail below.

These factors could reduce the net operating profits of our TRS lessees, which in turn could adversely affect the amount and frequency of distributions we make to our stockholders and our ability to service our debt.

Illiquidity of real estate investments could significantly impede our ability to respond to adverse changes in the performance of our hotel properties and harm our financial condition.

Because real estate investments are relatively illiquid, our ability to promptly sell one or more of our hotel properties in response to changing economic, financial and investment conditions may be limited. The real estate market is affected by many factors that are beyond our control, including:

- adverse changes in international, national, regional and local economic and market conditions;
- changes in interest rates and in the availability, cost and terms of debt financing;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the ongoing need for capital improvements, particularly in older structures;
- changes in operating expenses; and

- civil unrest, acts of God, including earthquakes, floods and other natural disasters, which may result in uninsured losses, and acts of war or terrorism, including the consequences of the terrorist acts.

We may decide in the future to sell one or more of our hotel properties. We cannot predict whether we will be able to sell any hotel property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a willing purchaser and to close the sale of a hotel property. Further, as a REIT, we are subject to a 100% excise tax on net income derived from prohibited transactions, including the sale of property (other than foreclosure property) held primarily for sale to customers in the ordinary course. There can be no assurances that the IRS will not contend that the sale of a hotel is subject to this 100% excise tax.

We may be required to expend funds to correct defects or to make improvements before a hotel property can be sold. We cannot assure you that we will have funds available to correct those defects or to make those improvements. In acquiring a hotel, we may agree to lock-out provisions that materially restrict us from selling that hotel for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that hotel. These factors and any others that would impede our ability to respond to adverse changes in the performance of our hotel properties could have a material adverse effect on our operating results and financial condition, as well as the amount of cash available for distributions to our stockholders.

Our organizational documents and Delaware law could make it difficult for a third party to acquire control of us.

Our Charter and our Amended and Restated Bylaws contain provisions that could delay, deter or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors and take other corporate actions. These provisions:

- impose restrictions on transfer and ownership of our common stock that are designed to assist us in maintaining our status as a REIT;
- authorize us to issue “blank check” preferred stock, which is preferred stock that can be created and issued by our board of directors, without stockholder approval, with rights senior to those of common stock;
- establish advance notice requirements for submitting nominations for election to our board of directors and for proposing matters that can be acted upon by stockholders at meetings;
- provide that special meetings of stockholders may be called only by our chairman or by a majority of the members of our board of directors;
- prohibit stockholder actions taken on written consent; and
- impose restrictions on ownership of common stock by certain persons (including non-United States persons) due to our ownership of a radio station.

We are subject to anti-takeover provisions under Delaware law, which could also delay or prevent a change of control. Together, our Charter, Amended and Restated Bylaws, and Delaware law may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices for our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

Our issuance of preferred stock could adversely affect holders of our common stock and discourage a takeover.

Our Charter permits our board of directors to issue up to 100 million shares of preferred stock without any action on the part of our stockholders. As of the date hereof, we have no shares of preferred stock outstanding. Our board of directors also has the power, without stockholder approval, to set the terms of any new series of

preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue shares of preferred stock in the future that have preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and prevent a transaction favorable to our stockholders.

The ownership limitations in our Charter may restrict or prevent stockholders from engaging in certain transfers of our common stock.

To qualify and remain qualified as a REIT, no more than 50% in value of our outstanding shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include various kinds of entities) during the last half of any taxable year. To assist us in qualifying as a REIT, our Charter contains a share ownership limit. Generally, any of our shares owned by affiliated owners will be added together for purposes of the share ownership limit. This share ownership limit provides that (subject to certain exceptions) no person may beneficially own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8%, in value or in number of shares, whichever is more restrictive, of the outstanding shares of our capital stock, or any class or series of our capital stock. If anyone transfers shares in a manner that would violate the share ownership limit or prevent us from qualifying as a REIT, those shares instead will be transferred to a trust for the benefit of a charitable beneficiary and will be either redeemed by us or sold to a person whose ownership of the shares will not violate the share ownership limit or we will consider the transfer to be null and void from the outset, and the intended transferee of those shares will be deemed never to have owned the shares.

Our Charter also prohibits the ownership of shares by any person or entity if such ownership would violate or otherwise be inconsistent with federal communications laws or regulations pertaining to the ownership of television or radio stations, cable television or other radio authorizations by (i) foreign persons or entities, (ii) persons or entities having interests in television or radio broadcast stations, newspapers or cable television systems, and (iii) entities seeking direct or indirect control of us without prior federal regulatory approval. In the event of a transfer that would result in a violation or inconsistency with federal communications laws or regulations we may refuse to permit the transfer, suspend the rights of share ownership as necessary to prohibit the violation or inconsistency, or redeem the shares. Anyone who acquires shares in violation of the share ownership limit or the other restrictions on transfer in our Charter bears the risk of suffering a financial loss when the shares are redeemed or sold if the market price of our shares falls between the date of purchase and the date of redemption or sale. In addition, these ownership limitations may prevent an acquisition of control of us by a third party without the approval of our board of directors, even if our stockholders believe the change of control is in their interest.

The ability of our board of directors to change our major policies without the consent of stockholders may not be in our stockholders' interest.

Our board of directors determines our major policies, including any policies and guidelines we may maintain from time to time relating to our acquisitions, leverage, financing, growth, qualification as a REIT and distributions to our stockholders. Our board of directors may amend or revise these and other policies and guidelines from time to time without the vote or consent of our stockholders. Accordingly, our stockholders will have limited control over changes in our policies and those changes could adversely affect our financial condition, results of operations, the market price of our common stock and our ability to make distributions to our stockholders.

We may not have sufficient funds to make cash distributions to stockholders at intended payment levels, and we may be unable to generate sufficient cash flows from our operations to make distributions to our stockholders at any time in the future.

As a REIT, we will generally be required to distribute to our stockholders at least 90% of our REIT taxable income (subject to certain adjustments and excluding any net capital gains) each year for us to maintain our qualification as a REIT under the Code, which requirement we currently intend to satisfy, and we must distribute 100% of our REIT taxable income, including capital gains, to eliminate federal corporate income tax liability. To the extent we satisfy the 90% distribution requirement but distribute less than 100% of our REIT taxable income, we will be subject to federal corporate income tax on our undistributed taxable income.

Subject to maintaining our REIT qualification, we intend to make regular quarterly distributions to our stockholders, but no assurances can be made as to the amount of distributions in the future. We have also announced our intention to make distributions at specified minimum levels. Our board of directors may alter our dividend policy at any time and will have the sole discretion to determine the timing, form and amount of any distributions to our stockholders. Among the factors that could impair our ability to make distributions to our stockholders are:

- our inability to invest our available cash;
- our inability to realize attractive risk-adjusted returns on our investments;
- unanticipated expenses that reduce our cash flow or non-cash earnings;
- defaults in our investment portfolio or decreases in the value of the underlying assets; and
- the fact that anticipated operating expense levels may not prove accurate, as actual results may vary from estimates.

As a result, no assurance can be given that the level of any distributions we make to our stockholders in the future will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our common stock.

In addition, distributions that we make to our stockholders will generally be taxable to our stockholders as ordinary income and will generally not be eligible for reduced rates applicable to “qualified” dividend income. However, a portion of our distributions may be designated by us as long-term capital gains to the extent that they are attributable to capital gains income recognized by us or may constitute a return of capital to the extent that they exceed our earnings and profits as determined for tax purposes. A return of capital is not taxable, but has the effect of reducing the basis of a stockholder’s investment in our common stock.

The market price of our common stock may vary substantially.

The trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates and other factors. One of the factors that may influence the market price of our common stock is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of our shares to demand a higher annual yield and choose other investments, which could reduce the market price of our common stock.

Other factors that could affect the market price of our common stock include the following:

- actual or anticipated variations in our quarterly results of operations;
- changes in market valuations of companies in the hotel or real estate industries;
- changes in expectations of future financial performance or changes in estimates of securities analysts;
- fluctuations in stock market prices and volumes;

- issuances of common stock or other securities in the future;
- disputes with our hotel managers;
- the addition or departure of key personnel;
- announcements by us or our competitors of acquisitions, investments or strategic alliances; and
- unforeseen events beyond our control, such as terrorist attacks, travel related health concerns including pandemics and epidemics, political instability, regional hostilities, increases in fuel prices, imposition of taxes or surcharges by regulatory authorities, travel related accidents and unusual weather patterns, including natural disasters, such as hurricanes, tsunamis or earthquakes.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in Internal Control - Integrated Framework.

Based on management's assessment and those criteria, management believes that, as of December 31, 2016, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on the Company's internal control over financial reporting, which is included herein.

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2016, 2015 and 2014
(Amounts in thousands, except per share data)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:			
Rooms	\$ 420,011	\$ 404,457	\$ 384,185
Food and beverage	477,493	461,157	437,673
Other hotel revenue	142,139	128,989	132,308
Entertainment	109,564	97,521	86,825
Total revenues	<u>1,149,207</u>	<u>1,092,124</u>	<u>1,040,991</u>
Operating expenses:			
Rooms	109,618	110,067	111,864
Food and beverage	267,307	261,580	248,358
Other hotel expenses	322,774	312,989	311,836
Management fees, net	22,194	14,657	16,151
Total hotel operating expenses	<u>721,893</u>	<u>699,293</u>	<u>688,209</u>
Entertainment	74,550	67,363	59,815
Corporate	29,143	28,914	27,573
Preopening costs	—	909	11
Impairment and other charges	—	19,200	—
Depreciation and amortization	109,816	114,383	112,278
Total operating expenses	<u>935,402</u>	<u>930,062</u>	<u>887,886</u>
Operating income	213,805	162,062	153,105
Interest expense	(63,906)	(63,901)	(61,447)
Interest income	11,500	12,384	12,075
Loss on extinguishment of debt	—	—	(2,148)
Loss from joint ventures	(2,794)	—	—
Other gains and (losses), net	4,161	(10,889)	23,400
Income before income taxes	<u>162,766</u>	<u>99,656</u>	<u>124,985</u>
(Provision) benefit for income taxes	<u>(3,400)</u>	<u>11,855</u>	<u>1,467</u>
Net income	<u>159,366</u>	<u>111,511</u>	<u>126,452</u>
Loss on call spread and warrant modifications related to convertible notes	—	—	(5,417)
Net income available to common stockholders	<u>\$ 159,366</u>	<u>\$ 111,511</u>	<u>\$ 121,035</u>
Basic income per share available to common stockholders	<u>\$ 3.12</u>	<u>\$ 2.18</u>	<u>\$ 2.38</u>
Fully diluted income per share available to common stockholders	<u>\$ 3.11</u>	<u>\$ 2.16</u>	<u>\$ 2.17</u>
Dividends declared per common share	<u>\$ 3.00</u>	<u>\$ 2.70</u>	<u>\$ 2.20</u>

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2016, 2015 and 2014
(Amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income	\$159,366	\$111,511	\$126,452
Other comprehensive income (loss), before tax:			
Gain (loss) on minimum pension liability:			
Unrealized gains (losses) arising during the period	2,599	1,920	(20,231)
Amount reclassified from accumulated other comprehensive loss	180	88	(235)
	2,779	2,008	(20,466)
Income tax (expense) benefit related to items of comprehensive income	<u>—</u>	<u>(724)</u>	<u>3,254</u>
Other comprehensive income (loss), net of tax	2,779	1,284	(17,212)
Comprehensive income	<u>\$162,145</u>	<u>\$112,795</u>	<u>\$109,240</u>

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, 2016 and 2015

(Amounts in thousands, except per share data)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
ASSETS:		
Property and equipment, net of accumulated depreciation	\$1,998,012	\$1,982,816
Cash and cash equivalents - unrestricted	59,128	56,291
Cash and cash equivalents - restricted	22,062	22,355
Notes receivable	152,882	152,560
Trade receivables, less allowance of \$629 and \$919, respectively	47,818	55,033
Investment in Gaylord Rockies joint venture	70,440	—
Prepaid expenses and other assets	55,411	62,379
Total assets	<u>\$2,405,753</u>	<u>\$2,331,434</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Debt and capital lease obligations	\$1,502,554	\$1,431,710
Accounts payable and accrued liabilities	163,205	153,383
Dividends payable	39,404	36,868
Deferred management rights proceeds	180,088	183,119
Deferred income tax liabilities, net	1,469	1,163
Other liabilities	151,036	145,629
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 100,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$.01 par value, 400,000 shares authorized, 51,017 and 51,291 shares issued and outstanding, respectively	510	513
Additional paid-in capital	893,102	887,501
Treasury stock of 541 and 511 shares, at cost	(11,542)	(10,001)
Accumulated deficit	(491,805)	(473,404)
Accumulated other comprehensive loss	(22,268)	(25,047)
Total stockholders' equity	<u>367,997</u>	<u>379,562</u>
Total liabilities and stockholders' equity	<u>\$2,405,753</u>	<u>\$2,331,434</u>

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016, 2015 and 2014
(Amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:			
Net income	\$ 159,366	\$ 111,511	\$ 126,452
Amounts to reconcile net income to net cash flows provided by operating activities:			
Provision (benefit) for deferred income taxes	321	(13,847)	(5,877)
Depreciation and amortization	109,816	114,383	112,278
Amortization of deferred financing costs	4,863	5,505	5,959
Amortization of discount on convertible notes	—	—	8,735
Impairment and other charges	—	19,200	—
(Gain) loss on sales of long-lived assets	(1,853)	270	(25,274)
Loss on extinguishment of debt	—	—	2,148
Loss on repurchase of warrants	—	20,246	4,243
Write-off of deferred financing costs	—	1,926	—
Stock-based compensation expense	6,128	6,158	5,773
Changes in:			
Trade receivables	7,215	(9,845)	6,594
Interest receivable	(2,517)	(4,978)	(3,142)
Accounts payable and accrued liabilities	1,148	(13,019)	11,258
Other assets and liabilities	9,114	552	3,077
Net cash flows provided by operating activities	293,601	238,062	252,224
Cash Flows from Investing Activities:			
Purchases of property and equipment	(117,977)	(79,815)	(58,377)
Investment in Gaylord Rockies joint venture	(70,141)	—	—
Purchase of AC Hotel	—	—	(21,206)
Proceeds from sale of Peterson LOI	6,785	10,000	9,350
(Increase) decrease in restricted cash and cash equivalents	293	(4,945)	2,759
Other investing activities	1,799	123	8,012
Net cash flows used in investing activities	(179,241)	(74,637)	(59,462)
Cash Flows from Financing Activities:			
Net borrowings (repayments) under credit facility	76,000	(280,100)	77,000
Net borrowings (repayments) under term loan B	(4,000)	(4,000)	398,000
Issuance of senior notes	—	400,000	—
Repayment of note payable related to purchase of AC Hotel	(6,000)	—	—
Repurchase and conversion of convertible notes	—	—	(358,710)
Repurchase of common stock warrants	—	(154,681)	(177,423)
Deferred financing costs paid	—	(11,155)	(8,428)
Repurchase of Company stock for retirement	(24,811)	—	—
Payment of dividends	(151,160)	(131,305)	(109,414)
Proceeds from exercise of stock options	1,702	1,776	6,862
Payment of tax withholdings for share-based compensation	(3,235)	(3,700)	(5,220)
Other financing activities	(19)	(377)	(600)
Net cash flows used in financing activities	(111,523)	(183,542)	(177,933)
Net change in cash and cash equivalents	2,837	(20,117)	14,829
Cash and cash equivalents - unrestricted, beginning of period	56,291	76,408	61,579
Cash and cash equivalents - unrestricted, end of period	\$ 59,128	\$ 56,291	\$ 76,408

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2016, 2015 and 2014
(Amounts in thousands)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
BALANCE, December 31, 2013	\$505	\$1,228,845	\$ (7,766)	\$(454,770)	\$ (9,119)	757,695
Net income	—	—	—	126,452	—	126,452
Other comprehensive loss, net of income taxes	—	—	—	—	(17,212)	(17,212)
Repurchase and conversion of convertible notes	—	(51,996)	—	(2,326)	—	(54,322)
Repurchase of common stock warrants	—	(304,400)	—	(3,091)	—	(307,491)
Payment of dividend	—	692	(236)	(113,228)	—	(112,772)
Exercise of stock options	3	6,859	—	—	—	6,862
Net tax benefit related to stock based compensation	—	(302)	—	—	—	(302)
Restricted stock units and stock options surrendered	2	(3,278)	—	—	—	(3,276)
Stock-based compensation expense	—	5,773	—	—	—	5,773
BALANCE, December 31, 2014	\$510	\$ 882,193	\$ (8,002)	\$(446,963)	\$(26,331)	\$ 401,407
Net income	—	—	—	111,511	—	111,511
Other comprehensive income, net of income taxes	—	—	—	—	1,284	1,284
Payment of dividend	—	910	(1,999)	(137,952)	—	(139,041)
Exercise of stock options	1	1,776	—	—	—	1,777
Net tax benefit related to stock based compensation	—	(2)	—	—	—	(2)
Restricted stock units and stock options surrendered	2	(3,534)	—	—	—	(3,532)
Stock-based compensation expense	—	6,158	—	—	—	6,158
BALANCE, December 31, 2015	\$513	\$ 887,501	\$(10,001)	\$(473,404)	\$(25,047)	\$ 379,562
Net income	—	—	—	159,366	—	159,366
Tax benefit related to adoption of ASU 2016-09	—	—	—	75	—	75
Other comprehensive income, net of income taxes	—	—	—	—	2,779	2,779
Repurchase of Company stock for retirement	(5)	—	—	(24,806)	—	(24,811)
Payment of dividend	—	883	(1,541)	(153,036)	—	(153,694)
Exercise of stock options	—	1,702	—	—	—	1,702
Restricted stock units and stock options surrendered	2	(3,112)	—	—	—	(3,110)
Stock-based compensation expense	—	6,128	—	—	—	6,128
BALANCE, December 31, 2016	<u>\$510</u>	<u>\$ 893,102</u>	<u>\$(11,542)</u>	<u>\$(491,805)</u>	<u>\$(22,268)</u>	<u>\$ 367,997</u>

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of the Business and Summary of Significant Accounting Policies

For financial statement presentation and reporting purposes, the Company is the successor to Gaylord Entertainment Company, a Delaware corporation (“Gaylord”). As part of the plan to restructure the business operations of Gaylord to facilitate its qualification as a real estate investment trust (“REIT”) for federal income tax purposes, Gaylord merged with and into its wholly-owned subsidiary, Ryman Hospitality Properties, Inc., a Delaware corporation (“Ryman”), on October 1, 2012, with Ryman as the surviving corporation (the “Merger”). At 12:01 a.m. on October 1, 2012, the effective time of the Merger, Ryman succeeded to and began conducting, directly or indirectly, all of the business conducted by Gaylord immediately prior to the Merger. The “Company” refers to Ryman and its subsidiaries and to Gaylord.

On January 1, 2013, the Company began operating as a REIT for federal income tax purposes, specializing in group-oriented, destination hotel assets in urban and resort markets. The Company’s owned assets include a network of upscale, meetings-focused resorts that are managed by Marriott International, Inc. (“Marriott”) under the Gaylord Hotels brand. These resorts, which the Company refers to as the Gaylord Hotels properties, consist of the Gaylord Opryland Resort & Convention Center in Nashville, Tennessee (“Gaylord Opryland”), the Gaylord Palms Resort & Convention Center near Orlando, Florida (“Gaylord Palms”), the Gaylord Texan Resort & Convention Center near Dallas, Texas (“Gaylord Texan”) and the Gaylord National Resort & Convention Center near Washington D.C. (“Gaylord National”). The Company’s other owned assets managed by Marriott include Gaylord Springs Golf Links (“Gaylord Springs”), the Wildhorse Saloon, the General Jackson Showboat (“General Jackson”), the Inn at Opryland, an overflow hotel adjacent to Gaylord Opryland, and the AC Hotel at National Harbor, Washington D.C. (“AC Hotel”), an overflow hotel adjacent to Gaylord National that opened in April 2015. The Company also owns and operates a number of media and entertainment assets including the Grand Ole Opry, the legendary weekly showcase of country music’s finest performers; the Ryman Auditorium, the storied live music venue and former home of the Grand Ole Opry located in downtown Nashville; and WSM-AM, the Opry’s radio home.

The Company conducts its business through an umbrella partnership REIT, in which all of its assets are held by, and all of its operations are conducted through, RHP Hotel Properties, LP, a subsidiary operating partnership (the “Operating Partnership”) that the Company formed in connection with its REIT conversion. Ryman is the sole limited partner of the Operating Partnership and currently owns, either directly or indirectly, all of the partnership units of the Operating Partnership. RHP Finance Corporation, a Delaware corporation (“Finco”), was formed as a wholly-owned subsidiary of the Operating Partnership for the sole purpose of being an issuer of debt securities with the Operating Partnership. Neither Ryman nor Finco has any material assets, other than Ryman’s investment in the Operating Partnership and its 100%-owned subsidiaries. As 100%-owned subsidiaries of Ryman, neither the Operating Partnership nor Finco has any business, operations, financial results or other material information, other than the business, operations, financial results and other material information described in this annual report and Ryman’s other reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

The Company principally operates, through its subsidiaries and its property managers, as applicable, in the following business segments: Hospitality; Entertainment; and Corporate and Other. The Company’s fiscal year ends on December 31 for all periods presented.

Business Segments

Hospitality

The Hospitality segment includes the Gaylord Hotels branded hotels, the Inn at Opryland and the AC Hotel, as well as the Company’s equity investment in the Gaylord Rockies Resort & Convention Center in Aurora,

Colorado (“Gaylord Rockies”). See Note 4 for further discussion of this investment. Each of the Company’s hotels is managed by Marriott pursuant to a management agreement for each hotel, and Gaylord Rockies will be managed by Marriott upon its opening.

Entertainment

The Entertainment segment includes all of the Company’s Nashville-based tourist attractions, as well as the Company’s investment in a joint venture associated with a Times Square restaurant and entertainment venue. At December 31, 2016, these include the Grand Ole Opry, the Ryman Auditorium, the General Jackson, the Wildhorse Saloon, and Gaylord Springs, among others. The Entertainment segment also includes WSM-AM. Marriott manages the day-to-day operations of the General Jackson, Gaylord Springs and the Wildhorse Saloon pursuant to management agreements.

Corporate and Other

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all of its majority-owned subsidiaries. The Company’s investments in non-controlled entities in which it has the ability to exercise significant influence over operating and financial policies are accounted for by the equity method. The Company’s investments in other entities are accounted for using the cost method. All significant intercompany accounts and transactions have been eliminated in consolidation.

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

The terms of the Company’s investment in the Gaylord Rockies joint venture provide that the Company will have the ability to approve certain major decisions affecting the hotel, including, but not limited to, operating budgets, major capital expenditures, material transactions involving the hotel, and approval of designated hotel senior management. The Company also has a right of first offer to acquire the remainder of the project and designated rights to participate in any sales process with respect to the project after exercise of its first offer rights. However, because the power to direct the activities that most significantly impact the economic performance of the hotel are either shared or are held by some combination of the developers and Marriott, the Company is not the primary beneficiary of this variable interest entity, and thus, accounts for its investment in this joint venture under the equity method of accounting. As such, the Company does not consolidate any part of the assets or liabilities of the joint venture. The Company’s share of equity method net income or loss will increase or decrease, as applicable, the carrying value of its equity method investment.

Acquisitions and Investments

In December 2014, the Company purchased from an affiliate of The Peterson Companies (the developer of the National Harbor, Maryland development in which Gaylord National is located) the AC Hotel, a 192-room hotel previously operated as the Aloft Hotel at National Harbor for a purchase price of \$21.8 million. The transaction required that the property be transferred to the Company unencumbered by any existing hotel franchise or

management agreements. The Company has rebranded the hotel and Marriott is now operating the property in conjunction with the Gaylord National pursuant to a separate management agreement. The hotel opened in April 2015. Simultaneously with the purchase of this hotel, the Company also acquired from an affiliate of The Peterson Companies a vacant one-half acre parcel of land located in close proximity to Gaylord National, suitable for development of a hotel or other permitted uses. In December 2014, the Company paid \$21.2 million of the combined purchase price, including transaction costs, in cash and issued a \$6.0 million note payable to an affiliate of The Peterson Companies, which was paid in January 2016 and bore interest at an Applicable Federal Rate as determined by the Internal Revenue Service (“IRS”) and is shown in Note 5.

In March 2016, certain subsidiaries of the Company entered into a series of agreements with respect to an equity investment in Gaylord Rockies. See Note 4 for further discussion of this investment.

Property and Equipment

Property and equipment are stated at cost. Improvements and significant renovations that extend the lives of existing assets are capitalized. Interest on funds borrowed to finance the construction of major capital additions not funded through furniture, fixtures and equipment reserves is included in the cost of the applicable capital addition. Maintenance and repairs are charged to expense as incurred. Property and equipment are generally depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Furniture, fixtures and equipment	5-8 years
Leasehold improvements	The shorter of the lease term or useful life

Cash and Cash Equivalents — Unrestricted

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Cash and Cash Equivalents — Restricted

Restricted cash and cash equivalents primarily represent funds held by our property managers for furniture, fixtures and equipment reserves. In addition, the Company holds certificates of deposit with an original maturity of greater than three months. The Company is required to maintain these certificates of deposit in order to secure its Tennessee workers’ compensation self-insurance obligations.

For purposes of the statements of cash flows, changes in restricted cash and cash equivalents related to funds for furniture, fixtures and equipment replacement reserves are shown as investing activities.

Supplemental Cash Flow Information

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt interest paid	\$60,780	\$53,978	\$49,208
Capitalized interest	(1,721)	(169)	(52)
Cash paid for interest, net of capitalized interest	<u>\$59,059</u>	<u>\$53,809</u>	<u>\$49,156</u>

Net cash payments (refunds) of income taxes in 2016, 2015 and 2014 were \$1.7 million, \$5.2 million and \$(0.1) million, respectively.

A portion of the Company's acquisition of the AC Hotel and a portion of the Company's sale of all of its rights in a letter of intent to which it was a party with The Peterson Companies are considered noncash transactions as they are evidenced by a note payable and a note receivable, respectively. The AC Hotel transaction is more fully discussed in the "Acquisitions and Investments" section of Note 1, and the sale of the Company's rights in the letter of intent is more fully discussed in the "Prepaid Expenses and Other Assets" section of Note 1.

Accounts Receivable

The Company's accounts receivable are primarily generated by meetings and convention attendees' room nights and food and beverage. Receivables arising from these sales are not collateralized. Credit risk associated with the accounts receivable is minimized due to the large and diverse nature of the customer base.

Allowance for Doubtful Accounts

The Company provides allowances for doubtful accounts based upon a percentage of revenue and periodic evaluations of the aging of accounts receivable.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets at December 31 consist of (amounts in thousands):

	<u>2016</u>	<u>2015</u>
Peterson note receivable	\$ —	\$ 6,785
Prepaid expenses	14,001	15,992
Inventories	8,065	8,051
Deferred software costs	2,796	3,832
Supplemental deferred compensation plan assets	22,204	19,289
Other	8,345	8,430
Total prepaid expenses and other assets	<u>\$55,411</u>	<u>\$62,379</u>

In December 2014, the Company sold to an affiliate of The Peterson Companies (the developer of the National Harbor, Maryland development in which the Gaylord National hotel is located) all of its rights in a letter of intent to which it was a party with The Peterson Companies, which entitled the Company to a portion of such party's economic interest in the income from the land underlying the new MGM casino project at National Harbor. The Company received \$26.1 million over three years in exchange for its contractual rights, which is included in other gains and losses, net in the accompanying consolidated statement of operations for 2014. The Company received the first payment in the amount of \$9.4 million at closing, a payment of \$10.0 million in January 2015, and the remainder of \$6.8 million in January 2016.

Prepaid expenses consist of prepayments for property taxes at one of the Company's hotel properties, insurance and other contracts that will be expensed during the subsequent year. Inventories consist primarily of food and beverage inventory for resale and retail inventory sold in the Entertainment segment. Inventory is carried at the lower of cost or market. Cost is computed on an average cost basis.

The Company capitalizes the costs of computer software developed for internal use. Accordingly, the Company has capitalized the external costs and certain internal payroll costs to develop computer software. Deferred software costs are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years. Amortization expense of deferred software costs during 2016, 2015 and 2014 was \$1.7 million, \$2.1 million, and \$2.3 million, respectively.

Investments

From time to time, the Company has owned minority interest investments in certain businesses. Generally, non-marketable investments (excluding limited partnerships and limited liability company interests) in which the Company owns less than 20 percent are accounted for using the cost method of accounting and investments in which the Company owns between 20 percent and 50 percent and limited partnerships are accounted for using the equity method of accounting.

Accounts Payable and Accrued Liabilities

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

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 32,315	\$ 20,913
Property and other taxes payable	34,844	34,921
Deferred revenues	41,080	47,794
Accrued salaries and benefits	20,567	16,826
Accrued self-insurance reserves	761	1,449
Accrued interest payable	8,152	8,153
Other accrued liabilities	25,486	23,327
Total accounts payable and accrued liabilities	<u>\$163,205</u>	<u>\$153,383</u>

Deferred revenues consist primarily of deposits on advance bookings of hotel rooms and advance ticket sales at the Company's tourism properties, as well as uncollected attrition and cancellation fees. The Company is self-insured up to a stop loss for certain losses relating to workers' compensation claims and general liability claims through September 30, 2012, and for certain losses related to employee medical benefits through December 31, 2012. The Company's insurance program has subsequently transitioned to a low or no deductible program. For workers' compensation and general liability claims incurred prior to October 1, 2012, and for employee medical benefits claimed prior to January 1, 2013, the Company recognizes self-insured losses based upon estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry or the Company's historical experience. Other accrued liabilities include accruals for, among others, purchasing, meeting planner commissions and utilities.

Income Taxes

The Company establishes deferred tax assets and liabilities based on the difference between the financial statement and income tax carrying amounts of assets and liabilities using existing tax laws and tax rates. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. See Note 11 for more detail on the Company's income taxes.

Deferred Management Rights Proceeds

The Company has deferred and amortizes the proceeds received from Marriott that were allocated to the sale of the management rights, as discussed further in Note 6, on a straight line basis over the 65-year term of the hotel management agreements, including extensions, as a reduction in management fee expense in the accompanying consolidated statements of operations.

Other Liabilities

Other liabilities at December 31 consist of (amounts in thousands):

	<u>2016</u>	<u>2015</u>
Pension and postretirement benefits liability	\$ 37,988	\$ 40,439
Straight-line lease liability	89,959	84,716
Deferred compensation liability	22,204	19,289
Other	885	1,185
Total other liabilities	<u>\$151,036</u>	<u>\$145,629</u>

Deferred Financing Costs

Deferred financing costs consist of loan fees and other costs of financing that are amortized over the term of the related financing agreements, using the effective interest method, and are presented as a reduction of the related debt liability. During 2016, 2015 and 2014, deferred financing costs of \$4.9 million, \$5.5 million and \$6.0 million, respectively, were amortized and recorded as interest expense in the accompanying consolidated statements of operations.

As a result of the refinancing of the Company's credit facility in 2015, which is discussed in Note 5, the Company wrote off \$1.9 million of deferred financing costs during 2015, which is included in interest expense in the accompanying consolidated statements of operations.

As a result of the Company's repurchases of a portion of its convertible senior notes outstanding discussed in Note 5, the Company wrote off \$0.3 million of deferred financing costs during 2014, which is included as an increase in the net loss on extinguishment of debt in the accompanying consolidated statements of operations.

Revenue Recognition

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

Management Fees

The Company pays Marriott a base management fee of approximately 2% of revenues for the properties that Marriott manages, as well as an incentive fee that is based on profitability. The Company incurred \$21.4 million, \$17.4 million and \$19.6 million in base management fees to Marriott during 2016, 2015 and 2014, respectively. The Company incurred \$4.8 million, \$1.4 million and \$0.4 million in incentive fees to Marriott during 2016, 2015 and 2014, respectively. Management fees are presented in the consolidated statements of operations net of the amortization of the deferred management rights proceeds discussed further in Note 6.

Leases

The Company is a lessee of a 65.3 acre site in Osceola County, Florida on which the Gaylord Palms is located, a 10.0 acre site in Grapevine, Texas on which a portion of the Gaylord Texan is located, and office space, office equipment, and other equipment. The Company's leases are discussed further in Note 12.

Advertising Costs

Advertising costs are expensed as incurred and were \$36.7 million, \$36.7 million, and \$33.3 million for 2016, 2015 and 2014, respectively.

Stock-Based Compensation

The Company has stock-based employee compensation plans, which are described more fully in Note 7. The Company accounts for its stock-based compensation plan under the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 718, "*Compensation – Stock Compensation.*"

Preopening Costs

The Company expenses the costs associated with start-up activities and organization costs associated with its development or reopening of hotels and significant attractions as incurred. The Company's preopening costs during 2015 primarily relate to the AC Hotel, which opened in April 2015.

Impairment of Long-Lived and Other Assets

In accounting for the Company's long-lived and other assets (including its notes receivable associated with the development of Gaylord National), the Company assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets' carrying amount and their fair value, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available. Recoverability of the notes receivable associated with Gaylord National is measured by comparing the carrying amount of the notes to the fair value of the notes. If the carrying value is greater than the fair value, the Company then assesses if the decline in fair value is other than temporary. If the decline in fair value is deemed to be other than temporary, which is based on the Company's intent and ability to hold the notes receivable to maturity and whether it expects to receive all debt service payments due under the notes, then the notes receivable are impaired. See Note 13 for further disclosure.

During the fourth quarter of 2015, the Company elected to move forward with an expansion of the guest rooms and convention space at Gaylord Texan. This capital project replaced a previously contemplated expansion that the Company began incurring design costs for during 2007 and had been subsequently put on hold. As the new project is substantially different from the previously contemplated project, the Company incurred an impairment charge of \$16.3 million during 2015 to write off the carrying value of the previously contemplated project, which is included in impairment and other charges on the accompanying consolidated statement of operations for 2015.

Income Per Share

Earnings per share is measured as 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 effect of conversion of dilutive instruments, calculated using the treasury stock method. Net income per share amounts are calculated as follows for the years ended December 31 (income and share amounts in thousands):

	<u>2016</u>		
	<u>Income</u>	<u>Shares</u>	<u>Per Share</u>
Net income available to common stockholders	\$159,366	51,009	\$3.12
Effect of dilutive stock-based compensation	—	303	—
Net income — assuming dilution	<u>\$159,366</u>	<u>51,312</u>	<u>\$3.11</u>
	<u>2015</u>		
	<u>Income</u>	<u>Shares</u>	<u>Per Share</u>
Net income available to common stockholders	\$111,511	51,241	\$2.18
Effect of dilutive stock-based compensation	—	371	—
Net income — assuming dilution	<u>\$111,511</u>	<u>51,612</u>	<u>\$2.16</u>
	<u>2014</u>		
	<u>Income</u>	<u>Shares</u>	<u>Per Share</u>
Net income available to common stockholders	\$121,035	50,861	\$2.38
Effect of dilutive stock-based compensation	—	487	—
Effect of convertible notes	—	4,532	—
Net income — assuming dilution	<u>\$121,035</u>	<u>55,880</u>	<u>\$2.17</u>

As discussed in Note 5, in 2009, the Company issued 3.75% Convertible Senior Notes due 2014 (the “Convertible Notes”). The Company settled the outstanding face value of the Convertible Notes in cash at maturity on October 1, 2014. The conversion spread associated with the conversion of the Convertible Notes was settled in shares of the Company’s common stock. Pursuant to a note hedge, as discussed more fully in Note 5, the Company also received and cancelled an equal number of shares of its common stock at maturity.

In connection with the issuance of the Convertible Notes, the Company sold common stock purchase warrants to counterparties affiliated with the initial purchasers of the Convertible Notes whereby the warrant holders could purchase shares of the Company’s common stock. At separate times during 2014, the Company modified the agreements with each of the note hedge counterparties to cash settle a portion of the warrants as described in Note 5. As a result of these modifications, the warrants were settled in cash during 2014 and the first quarter of 2015 and did not affect the calculation of diluted earnings per share for 2015 or 2014.

In 2014, in connection with the repurchase of portions of the Convertible Notes, the Company entered into agreements with the note hedge counterparties to proportionately reduce the number of Purchased Options (as defined below) and the warrants as described above and in Note 5. Each of these agreements were considered modifications to the Purchased Options and warrants (as applicable), and based on the terms of the agreements, the Company recognized a charge of \$5.4 million in 2014, which was recorded as an increase to accumulated deficit and derivative liabilities, as the liabilities were settled in cash, in the accompanying consolidated balance sheet. This charge also represents a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders in the accompanying consolidated statement of operations for 2014.

Accounting Estimates

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

Newly Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, “*Revenue from Contracts with Customers*,” the core principle of which is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Under this guidance, companies will need to use more judgment and make more estimates than under today’s guidance. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The ASU is effective for the Company in the first quarter of 2018, and the Company plans to adopt this standard at that time using the modified retrospective approach. During 2016, the Company formed a project implementation team which formulated a project timeline under which this new standard is being evaluated. To date, the Company has completed a revenue stream scoping process and has begun evaluations as to how the new ASU will impact the amount and timing of the various revenue streams recorded in its financial statements.

In February 2015, the FASB issued ASU No. 2015-02, “*Consolidation – Amendments to the Consolidation Guidance*,” which changes the way companies evaluate the consolidation of limited partnerships, variable interests and similar entities. The Company adopted this ASU in the first quarter of 2016, and this adoption did not have a material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “*Leases*,” that requires lessees to put most leases on their balance sheet, but recognize expenses on their income statements in a manner similar to previous accounting. The ASU also eliminates the required use of bright-line tests for determining lease classification. The ASU is effective for the Company in the first quarter of 2019. The Company is currently evaluating the effects of this ASU on its financial statements, and, other than the inclusion of operating leases on the Company’s balance sheet, such effects have not yet been determined. See Note 12 for a further disclosure of the Company’s outstanding leases.

In March 2016, the FASB issued ASU No. 2016-09, “*Improvements to Employee Share-Based Payment Accounting*,” which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new guidance requires all income tax effects of awards to be recognized in the statement of operations when the awards vest or are settled. This guidance was effective for the Company in the first quarter of 2017, with early adoption permitted. The Company retrospectively adopted this ASU in the first quarter of 2016. As such, the statutory tax withholding requirements have been presented separately on the statement of cash flows for both the current and prior years. This adoption did not have a material impact on the Company’s consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “*Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments*,” which will change how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The ASU will replace the current “incurred loss” approach with an “expected loss” model for instruments measured at amortized cost. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking “expected loss” model that generally will result in the

earlier recognition of allowances for losses. The ASU is effective for the Company in the first quarter of 2020. The Company is currently evaluating the effects of this ASU on its financial statements, and such effects have not yet been determined.

2. Property and Equipment

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

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 266,053	\$ 255,179
Buildings	2,398,117	2,369,851
Furniture, fixtures and equipment	604,876	603,529
Construction in progress	50,273	10,576
	<u>3,319,319</u>	3,239,135
Accumulated depreciation	<u>(1,321,307)</u>	(1,256,319)
Property and equipment, net	<u>\$ 1,998,012</u>	<u>\$ 1,982,816</u>

Depreciation expense, including amortization of assets under capital lease obligations, during 2016, 2015 and 2014 was \$108.1 million, \$112.2 million, and \$110.0 million, respectively.

3. Notes Receivable

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

Upon receipt in 2008, the Company calculated the present value of the future debt service payments from the Series A Bond and Series B Bond based on their effective interest rates of 8.04% and 11.42%, respectively, and recorded the notes receivable at their discounted values of \$93.8 million and \$38.3 million, respectively. The Company is currently holding the Series A Bond and Series B Bond, which have aggregate carrying values of \$82.7 million and \$70.2 million, respectively, as of December 31, 2016, and receiving the debt service and principal payments thereon, which is payable from tax increments, hotel taxes and special hotel rental taxes generated from the development through the maturity date. The Company is recording the amortization of discount on these notes receivable as interest income over the life of the notes.

During 2016, 2015 and 2014, the Company recorded interest income of \$11.4 million, \$12.3 million and \$12.1 million, respectively, on these bonds. The Company received payments of \$11.1 million, \$9.4 million and \$10.8 million during 2016, 2015 and 2014, respectively, relating to these notes receivable, which includes principal and interest payments. See additional discussion regarding the fair value of these notes receivable in Note 13.

4. Investment in Gaylord Rockies Joint Venture

In March 2016, certain subsidiaries of the Company entered into a series of agreements with affiliates of RIDA Development Corporation (“RIDA”) and Ares Management, L.P. (“Ares”) with respect to an equity investment in Gaylord Rockies, which is currently being developed by RIDA and Ares. The hotel will be managed by Marriott pursuant to a long-term management contract and is expected to consist of a 1,500-room resort hotel with over 485,000 square feet of exhibition, meeting, pre-function and outdoor space. The hotel is expected to be completed in late 2018 and has a total estimated project cost of approximately \$800 million.

The Company acquired a 35% interest in a limited liability company which will own the real property comprising the hotel for a capital contribution expected to total approximately \$86.1 million. Simultaneously, the Company also acquired a 35% interest in a limited liability company which will lease the hotel from the property owner and assume the Marriott management agreement prior to the opening of the hotel. The Company has funded \$70.1 million of its capital contribution, and expects to fund the remainder of its capital contribution during the first quarter of 2017. The Company's remaining capital contributions will be funded from available cash on hand and borrowings under its revolving credit facility.

A subsidiary of the Company will provide designated asset management services on behalf of the hotel during the pre-construction period in exchange for a flat fee and after opening of the hotel in exchange for a fee based on the hotel's gross revenues on an annual basis.

In connection with the agreements, the Company agreed to provide guarantees of the hotel's construction loan, including a principal repayment guarantee of up to \$21 million of the total \$500 million principal amount of the construction loan previously obtained from a consortium of eight banks, with such amount reducing to \$14 million and further reducing to \$8.75 million upon the hotel's satisfaction of designated debt service coverage requirements following completion and opening of the hotel. The Company has also provided a completion guarantee under the construction loan capped at its pro rata share of all costs necessary to complete the project within the time specified in the joint venture's loan documents. Further, the Company has agreed to a guarantee capped at its pro rata share of the joint venture's obligations under the construction loan prior to the hotel's opening related to interest accruing under the construction loan and the operating expenses of the property (estimated pro rata share of interest prior to the hotel opening is \$9.8 million). In addition to guarantees related to the construction loan, the Company agreed to provide a guarantee of the mezzanine debt related to the hotel including a payment guarantee capped at \$8.75 million for which the Company is only liable in the event there is a casualty or condemnation event at the hotel and the construction lenders elect to apply those proceeds to the construction loan balance and release the construction loan guarantees and liens. The guarantee related to the mezzanine debt also includes an uncapped completion guarantee and an uncapped guarantee of the joint venture's obligations under the mezzanine loan prior to the hotel's opening related to interest accruing under the mezzanine loan and the operating expenses of the property to the extent not already satisfied by the parties under the guarantees related to the construction loan. As of December 31, 2016, the Company had not recorded any liability in the consolidated balance sheet associated with these guarantees.

5. Debt

The Company's debt and capital lease obligations at December 31 consisted of (amounts in thousands):

	<u>2016</u>	<u>2015</u>
Credit Facility, less unamortized deferred financing costs of \$5,267 and \$7,335	\$ 377,133	\$ 299,065
\$400 Million Term Loan B, less unamortized deferred financing costs of \$5,273 and \$6,457	384,727	387,543
\$350 Million 5% Senior Notes, less unamortized deferred financing costs of \$4,246 and \$5,107	345,754	344,893
\$400 Million 5% Senior Notes, less unamortized deferred financing costs of \$5,719 and \$6,469	394,281	393,531
AC Hotel note payable, terms as set forth in Note 1	—	6,000
Capital lease obligations	<u>659</u>	<u>678</u>
Total debt	<u>1,502,554</u>	1,431,710
Less amounts due within one year	<u>(20)</u>	(6,019)
Total long-term debt	<u>\$1,502,534</u>	<u>\$1,425,691</u>

At December 31, 2016, the Company was in compliance with all covenants related to its outstanding debt.

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

	<u>Credit Facility</u>	<u>\$400 Million Term Loan B</u>	<u>\$350 Million 5% Senior Notes</u>	<u>\$400 Million 5% Senior Notes</u>	<u>Total</u>
2017	\$ —	\$ —	\$ —	\$ —	\$ —
2018	—	—	—	—	—
2019	382,400	—	—	—	382,400
2020	—	—	—	—	—
2021	—	390,000	350,000	—	740,000
Years thereafter	—	—	—	400,000	400,000
Total	<u>\$382,400</u>	<u>\$390,000</u>	<u>\$350,000</u>	<u>\$400,000</u>	<u>\$1,522,400</u>

Credit Facility

On June 5, 2015, the Company entered into an Amendment No. 2 (the “2015 Amendment”) among the Company, as guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent to the Company’s Fourth Amended and Restated Credit Agreement (the “Credit Facility”). Prior to the 2015 Amendment, the Company’s Credit Facility consisted of a \$700.0 million senior secured revolving credit facility (the “revolving credit facility”), a \$300.0 million senior secured term loan facility (the “term loan A”), and a \$400 million senior secured term loan facility (the “term loan B”). Following the 2015 Amendment, the Company’s Credit Facility consists of the revolving credit facility and the term loan B. The Company paid off the previous outstanding term loan A during the second quarter of 2015 with a substantial portion of the proceeds from the Operating Partnership’s and Finco’s private placement of \$400 million in aggregate principal amount of senior notes due 2023 (the “\$400 Million 5% Senior Notes”), and the term loan A was eliminated.

Pursuant to the 2015 Amendment, the Company extended the maturity date of the revolving credit facility under the Credit Facility to June 5, 2019 and provided for two additional six-month extension options, at the election of the Company. In addition, the 2015 Amendment lowered the adjustable margin (the “Applicable Margin”) for determining the interest rate on revolving loans based on the Company’s consolidated funded indebtedness to total asset value ratio (as defined in the Credit Facility). Interest on the Company’s borrowings under the revolving credit facility is payable quarterly, in arrears, for base rate-based loans and at the end of each interest rate period for LIBOR-based loans. The effective interest rate at December 31, 2016 was LIBOR plus 1.65%. Principal is payable in full at maturity. The Company pays an unused commitment fee of 0.2% to 0.3% per year of the average unused portion of the revolving credit facility.

The Credit Facility continues to be guaranteed by the Company, each of its four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other subsidiaries of the Company. The loans continue to be secured by (i) a first mortgage lien on the real property of each of the Company’s Gaylord Hotels properties, (ii) pledges of equity interests in the Company’s subsidiaries that own the Gaylord Hotels properties, (iii) the personal property of the Company, the Operating Partnership and the subsidiaries that guarantee the Credit Facility and (iv) all proceeds and products from the Company’s Gaylord Hotels properties.

In addition, the revolving credit facility and term loan B continue to be subject to certain covenants contained in the Credit Facility, which among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements.

If an event of default shall occur and be continuing under the Credit Facility, the commitments under the Credit Facility may be terminated and the principal amount outstanding under the Credit Facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

As a result of the 2015 Amendment, the Company wrote off \$1.9 million of deferred financing costs during 2015.

\$400 Million Term Loan B

On June 18, 2014, the Company entered into an Amendment No. 1 and Joinder Agreement (the “2014 Amendment”) among the Company, as a guarantor, the Operating Partnership, as borrower, certain other subsidiaries of the Company party thereto, as guarantors, certain subsidiaries of the Company party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank National Association, as administrative agent, to the Credit Facility.

Pursuant to the 2014 Amendment, the Company added the term loan B to the Credit Facility. Proceeds from the term loan B were used to repay revolving loans under the Credit Facility and to repay the Convertible Notes and to settle, in whole or in part, the warrant transactions described above. The term loan B has a maturity date of January 15, 2021 and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin, subject to a LIBOR floor of 0.75%. At December 31, 2016, the interest rate on the term loan B was LIBOR plus 2.75%. The term loan B amortizes in equal quarterly installments in aggregate annual amounts equal to 1.0% of the original principal amount of \$400.0 million, with the balance due at maturity. In addition, if for any fiscal year, there is Excess Cash Flow (as defined in the agreement), an additional principal amount is required. The Company has not been required to make additional principal payments under the Excess Cash Flow requirement in 2016, 2015 or 2014. Amounts borrowed under the term loan B that are repaid or prepaid may not be reborrowed. At closing, the Company drew down on the term loan B in full.

\$350 Million 5% Senior Notes Due 2021

On April 3, 2013, the Operating Partnership and Finco completed the private placement of \$350.0 million in aggregate principal amount of senior notes due 2021 (the “\$350 Million 5% Senior Notes”), which are guaranteed by the Company and its subsidiaries that guarantee the Credit Facility. The \$350 Million 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association, as trustee. The \$350 Million 5% Senior Notes have a maturity date of April 15, 2021 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The \$350 Million 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries’ existing and future senior unsecured indebtedness and senior in right of payment to future subordinated indebtedness, if any. The \$350 Million 5% Senior Notes are effectively subordinated to the issuing subsidiaries’ secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor’s existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$350 Million 5% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership’s subsidiaries that do not guarantee the \$350 Million 5% Senior Notes.

The issuing subsidiaries may redeem the \$350 Million 5% Senior Notes on or before April 16, 2016, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption date plus a make-whole redemption premium. The \$350 Million 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2016 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on April 15, 2016, 2017, 2018 and 2019, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the issuance of the \$350 Million 5% Senior Notes, the Company completed a registered offer to exchange the \$350 Million 5% Senior Notes for registered notes with substantially identical terms as the \$350 Million 5% Senior Notes in November 2013.

\$400 Million 5% Senior Notes Due 2023

On April 14, 2015, the Operating Partnership and Finco completed the private placement of the \$400 Million 5% Senior Notes. The \$400 Million 5% Senior Notes are general unsecured senior obligations of the Company's issuing subsidiaries and are guaranteed by the Company and its subsidiaries that guarantee the Credit Facility. The \$400 Million 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The \$400 Million 5% Senior Notes have a maturity date of April 15, 2023 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The \$400 Million 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries' existing and future senior unsecured indebtedness, including the \$350 Million 5% Senior Notes, and senior in right of payment to future subordinated indebtedness, if any. The \$400 Million 5% Senior Notes are effectively subordinated to the issuing subsidiaries' secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor's existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The \$400 Million 5% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership's subsidiaries that do not guarantee the \$400 Million 5% Senior Notes.

The issuing subsidiaries may redeem the \$400 Million 5% Senior Notes before April 15, 2018, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption date plus a make-whole redemption premium. The \$400 Million 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2018 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25% and 100.00% beginning on April 15 of 2018, 2019, 2020 and 2021, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

The net proceeds from the issuance of the \$400 Million 5% Senior Notes totalled approximately \$392 million, after deducting the initial purchasers' discounts, commissions and estimated offering expenses. The Company used substantially all of these proceeds to repay amounts outstanding under its Credit Facility, including the elimination of its \$300 million term loan A, and to repay a portion of the amounts outstanding under the revolving credit facility portion of the Credit Facility.

In connection with the issuance of the \$400 Million 5% Senior Notes, the Company completed a registered offer to exchange the \$400 Million 5% Senior Notes for registered notes with substantially identical terms as the \$400 Million 5% Senior Notes in September 2015.

Former 3.75% Convertible Senior Notes

In 2009, the Company issued \$360 million of the Convertible Notes. In April 2014, the Company settled the repurchase of and subsequently cancelled \$56.3 million of its Convertible Notes in private transactions for aggregate consideration of \$120.2 million, which was funded by cash on hand and borrowings under the Company's revolving credit facility. In addition, in June 2014, the Company settled the conversion of \$15.3 million of Convertible Notes that were converted by holders by paying cash for the underlying principal and shares of the Company's common stock for the conversion spread. As a result of these transactions, the Company recorded a loss on extinguishment of debt of \$2.1 million during 2014. In addition, as the Company accounts for the liability (debt) and the equity (conversion option) components of the Convertible Notes in a manner that reflects the Company's nonconvertible debt borrowing rate, the Company recorded an additional \$52.0 million reduction in stockholders' equity during 2014.

On October 1, 2014, the Company settled its remaining obligations upon conversion of each \$1,000 principal amount of Convertible Notes with a specified dollar amount of \$1,000 and the remainder of the conversion settlement amount in shares of its common stock, offset as described in the next paragraph.

Concurrently with the offering of the Convertible Notes, the Company entered into convertible note hedge transactions with respect to its common stock (the “Purchased Options”) with counterparties affiliated with the initial purchasers of the Convertible Notes, for purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The Purchased Options entitled the Company to purchase shares of the Company’s common stock. In connection with the conversion and maturity of the Convertible Notes on October 1, 2014, as discussed above, the Purchased Options were settled in shares delivered to the Company equal to the number of shares issued in the Convertible Note settlement. These shares received by the Company were subsequently cancelled.

Separately and concurrently with entering into the Purchased Options, the Company also entered into warrant transactions whereby it sold common stock purchase warrants to each of the hedge counterparties. The warrants entitled the counterparties to purchase shares of the Company’s common stock. At separate times during 2014, the Company modified agreements with three of the note hedge counterparties to cash settle a total of 7.2 million warrants. As the modifications required the warrants to be cash settled, the fair value of the warrants was reclassified from stockholders’ equity to a derivative liability on the modification dates, resulting in a \$159.0 million deduction to additional paid-in-capital during 2014. The Company settled these repurchases for total consideration of \$173.4 million and recorded an \$11.6 million loss during 2014 on the change in the fair value of the derivative liabilities between their modification and settlement dates, which is included in other gains and losses, net in the accompanying consolidated statement of operations.

Pursuant to December 2014 agreements with two of the note hedge counterparties, in the first quarter of 2015, the Company cash settled the remaining 4.7 million warrants in the same manner as described above. Accordingly, the fair value of the warrants was reclassified from stockholders’ equity to a derivative liability on the modification date, resulting in a \$145.4 million deduction to additional paid-in-capital during 2014. The change in the fair value of the derivative liability from the modification date through December 31, 2014 was a gain of \$7.1 million and is included in other gains and losses, net in the accompanying consolidated statement of operations for 2014. In the first quarter of 2015, the Company settled this repurchase for total consideration of \$154.7 million and recorded a \$20.2 million loss on the change in the fair value of the derivative liability from December 31, 2014 through the settlement date, which is included in other gains and losses, net in the accompanying consolidated statement of operations for 2015.

6. Deferred Management Rights Proceeds

The Company restructured its business operations to facilitate its qualification as a REIT for federal income tax purposes (the “REIT conversion”) during 2012 and elected to be taxed as a REIT commencing with the year ended December 31, 2013. On October 1, 2012, the Company consummated its agreement to sell the Gaylord Hotels brand and rights to manage Gaylord Opryland, Gaylord Palms, Gaylord Texan and Gaylord National to Marriott for \$210.0 million in cash. Effective October 1, 2012, Marriott assumed responsibility for managing the day-to-day operations of the Gaylord Hotels properties pursuant to a management agreement for each Gaylord Hotel property.

On October 1, 2012, the Company received \$210.0 million in cash from Marriott in exchange for rights to manage the Gaylord Hotels properties (the “Management Rights”) and certain intellectual property (the “IP Rights”). The Company allocated \$190.0 million of the purchase price to the Management Rights and \$20.0 million to the IP Rights. The allocation was based on the Company’s estimates of the fair values for the respective components. The Company estimated the fair value of each component by constructing distinct discounted cash flow models.

For financial reporting purposes, the amount related to the Management Rights was deferred and is amortized on a straight line basis over the 65-year term of the hotel management agreements, including extensions, as a reduction in management fee expense in the accompanying consolidated statements of operations. The amount related to the IP Rights was recognized into income as other gains and losses during 2012.

In addition, pursuant to additional management agreements, Marriott manages the day-to-day operations of the Inn at Opryland, the AC Hotel, General Jackson Showboat, Gaylord Springs and the Wildhorse Saloon. To comply with certain REIT qualification requirements, the Company will be required to engage third-party managers to operate and manage its future hotel properties, if any. Additionally, non-REIT operations, which consist of the activities of taxable REIT subsidiaries (“TRSs”) that act as lessees of the Company’s hotels, as well as the businesses within the Company’s Entertainment segment, continue to be subject, as applicable, to federal corporate and state income taxes following the REIT conversion.

7. Stock Plans

The Company’s 2016 Omnibus Incentive Plan (the “Plan”) permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other share-based awards to its directors, employees and consultants. At December 31, 2016, approximately 1.7 million shares of common stock remained available for issuance pursuant to future grants of awards under the Plan.

Stock option awards are generally granted with an exercise price equal to the market price of the Company’s stock at the date of grant and generally expire ten years after the date of grant. Generally, stock options granted to non-employee directors are exercisable after one year from the date of grant, while options granted to employees are exercisable one to four years from the date of grant. The Company records compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option’s vesting period. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing formula. Expected volatilities are based on the historical volatility of the Company’s stock. The Company uses historical data to estimate expected option exercise and employee termination patterns within the valuation model. The expected term of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

The Company granted no stock options during 2016, 2015 or 2014. A summary of stock option activity under the Company’s equity incentive plans as of December 31, 2016 and changes during the year ended December 31, 2016 is presented below:

<u>Stock Options</u>	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at January 1, 2016	206,509	\$29.55
Granted	—	—
Exercised	(186,718)	30.38
Canceled	(341)	46.03
Outstanding at December 31, 2016	<u>19,450</u>	<u>21.31</u>
Exercisable at December 31, 2016	<u>19,450</u>	<u>21.31</u>

The weighted average remaining contractual term of options outstanding and exercisable as of December 31, 2016 was 3.4 years. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2016 was \$0.7 million. The total intrinsic value of options exercised during 2016, 2015, and 2014 was \$3.9 million, \$1.8 million, and \$13.0 million, respectively.

The Plan also provides for the award of restricted stock and restricted stock units (“Restricted Stock Awards”). Restricted Stock Awards granted to employees vest one to four years from the date of grant, and Restricted Stock Awards granted to non-employee directors vest after one year from the date of grant, unless the recipient chooses to defer the vesting for a period of time. Depending on the type of award, the fair value of Restricted Stock Awards is determined either based on the market price of the Company’s stock at the date of grant or based on a

Monte-Carlo valuation. The Company generally records compensation expense equal to the fair value of each Restricted Stock Award granted over the vesting period. The weighted-average grant-date fair value of Restricted Stock Awards granted during 2016, 2015, and 2014 was \$47.71, \$57.21, and \$41.61, respectively.

A summary of the status of the Company's Restricted Stock Awards as of December 31, 2016 and changes during the year ended December 31, 2016, is presented below:

<u>Restricted Stock Awards</u>	<u>Shares</u>	<u>Weighted Average Grant-Date Fair Value</u>
Nonvested shares at January 1, 2016	540,339	\$43.05
Granted	182,916	47.71
Vested	(220,863)	38.79
Canceled	(400)	48.40
Nonvested shares at December 31, 2016	<u>501,992</u>	<u>46.52</u>

The fair value of all Restricted Stock Awards that vested during 2016, 2015 and 2014 was \$8.9 million, \$14.0 million and \$7.0 million, respectively.

As of December 31, 2016, there was \$9.5 million of total unrecognized compensation cost related to stock options and restricted stock units granted under the Company's equity incentive plans. That cost is expected to be recognized over a weighted-average period of 2.2 years.

The compensation cost that has been charged against pre-tax income for all of the Company's stock-based compensation plans was \$6.1 million, \$6.2 million, and \$5.8 million for 2016, 2015, and 2014, respectively. The total income tax benefit recognized in the accompanying consolidated statements of operations for all of the Company's stock-based employee compensation plans was \$2.0 million, \$2.0 million, and \$1.9 million for 2016, 2015, and 2014, respectively.

Cash received from option exercises under all stock-based employee compensation arrangements for 2016, 2015, and 2014 was \$1.7 million, \$1.8 million, and \$6.9 million, respectively. The actual tax benefit realized from exercise, vesting or cancellation of the stock-based employee compensation arrangements during 2016, 2015, and 2014 totaled \$1.7 million, \$3.2 million, and \$3.2 million, respectively, and is reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders' equity or deferred tax liabilities in the accompanying consolidated balance sheets.

8. Pension Plans

Prior to January 1, 2001, the Company maintained a noncontributory defined benefit pension plan in which substantially all of its employees were eligible to participate upon meeting the pension plan's participation requirements. The benefits were based on years of service and compensation levels. On January 1, 2001, the Company amended its defined benefit pension plan to determine future benefits using a cash balance formula. On December 31, 2000, benefits credited under the plan's previous formula were frozen. Under the cash formula, each participant had an account which was credited monthly with 3% of qualified earnings and the interest earned on their previous month-end cash balance. In addition, the Company included a "grandfather" clause which assures that those participating at January 1, 2001 will receive the greater of the benefit calculated under the cash balance plan and the benefit that would have been payable if the defined benefit plan had remained in existence. The benefit payable to a terminated vested participant upon retirement at age 65, or as early as age 55 if the participant had 15 years of service at the time the plan was frozen, is equal to the participant's account balance, which increases with interest credits over time. At retirement, the employee generally receives the balance in the account as a lump sum. The funding policy of the Company is to contribute annually an amount which equals or exceeds the minimum required by applicable law. On December 31, 2001, the plan was frozen

such that no new participants were allowed to enter the plan and existing participants were no longer eligible to earn service credits.

As a result of increased lump-sum distributions from the retirement plan during 2016 and 2015, net settlement losses of \$1.7 million and \$2.4 million were recognized in 2016 and 2015, respectively. These settlement losses have been classified as corporate operating expenses in the accompanying consolidated statements of operations.

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

	<u>2016</u>	<u>2015</u>
CHANGE IN BENEFIT OBLIGATION:		
Benefit obligation at beginning of year	\$ 87,236	\$ 94,113
Interest cost	3,173	3,423
Actuarial (gain) loss	304	(3,377)
Benefits paid	<u>(5,353)</u>	<u>(6,923)</u>
Benefit obligation at end of year	<u>85,360</u>	<u>87,236</u>
CHANGE IN PLAN ASSETS:		
Fair value of plan assets at beginning of year	65,439	75,260
Actual return (loss) on plan assets	5,360	(2,898)
Benefits paid	<u>(5,353)</u>	<u>(6,923)</u>
Fair value of plan assets at end of year	<u>65,446</u>	<u>65,439</u>
Funded status and accrued pension cost	<u><u>\$(19,914)</u></u>	<u><u>\$(21,797)</u></u>

Net periodic pension (income) expense reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31 (amounts in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Interest cost	\$ 3,173	\$ 3,423	\$ 3,577
Expected return on plan assets	(4,131)	(4,627)	(5,597)
Recognized net actuarial loss	1,047	917	470
Net settlement loss	<u>1,715</u>	<u>2,356</u>	<u>—</u>
Total net periodic pension (income) expense	<u><u>\$ 1,804</u></u>	<u><u>\$ 2,069</u></u>	<u><u>\$(1,550)</u></u>

Assumptions

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.72%	3.90%	3.66%
Rate of compensation increase	N/A	N/A	N/A

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Discount rate	3.70%	3.77%	4.49%
Rate of compensation increase	N/A	N/A	N/A
Expected long-term rate of return on plan assets	6.50%	6.50%	7.50%

The rate of increase in future compensation levels was not applicable for any reported years due to the Company amending the plan to freeze the cash balance benefit as described above.

The Company determines the overall expected long-term rate of return on plan assets based on its estimate of the return that plan assets will provide over the period that benefits are expected to be paid out. In preparing this estimate, the Company assesses the rates of return on each current allocation of plan assets, return premiums generated by portfolio management, and advice from its third-party actuary and investment consultants. The expected return on plan assets is a long-term assumption and generally does not significantly change annually. While historical returns are considered, the rate of return assumption is primarily based on projections of expected returns based on fair value, using economic data and financial models to estimate the probability of returns. The probability distribution of annualized returns for the portfolio using current asset allocations is used to determine the expected range of returns for a ten-to-twenty-year horizon. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the Company's pension obligations and expense.

Plan Assets

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

The long-term target allocations for the plan's assets are managed dynamically according to a sliding scale correlating with the funded status of the plan. As the plan's funded status increases, allocations are moved away from equity securities toward fixed income securities. Equity securities primarily include large cap and mid cap companies. Fixed income securities primarily include corporate bonds of companies in diversified industries, mortgage-backed securities and U.S. Treasuries. Investments in hedge funds and private equity funds are not held by the plan.

The allocation of the defined benefit pension plan's assets at December 31 are as follows (amounts in thousands):

<u>Asset Class</u>	<u>2016</u>	<u>2015</u>
Cash	\$ 728	\$ 983
Equity securities	64,718	64,456
Total	<u>\$65,446</u>	<u>\$65,439</u>

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

Periodically, and based on market conditions, the entire account is rebalanced to maintain the desired allocation and the investment policy is reviewed. Within each asset class, plan assets are allocated to various investment styles. Professional managers manage all assets of the plan and professional advisors assist the plan in the attainment of its objectives.

Expected Contributions and Benefit Payments

The Company does not expect to be required to contribute to its defined benefit pension plan in 2017. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

2017	\$ 3,424
2018	4,636
2019	5,231
2020	5,120
2021	5,095
2022 - 2026	29,944

Other Information

The Company also maintains non-qualified pension plans (the "Non-Qualified Plans") to provide benefits to certain key employees. The Non-Qualified Plans are not funded and the beneficiaries' rights to receive distributions under these plans constitute unsecured claims to be paid from the Company's general assets. At December 31, 2016, the Non-Qualified Plans' projected benefit obligations and accumulated benefit obligations were \$14.9 million.

The Company's accrued cost related to its qualified and non-qualified pension plans of \$34.8 million and \$36.9 million at December 31, 2016 and 2015, respectively, is included in other liabilities in the accompanying consolidated balance sheets. The (increase) decrease in the deferred net loss related to the Company's retirement plans during 2016, 2015 and 2014 resulted in a (decrease) increase in equity of \$3.8 million, \$0.1 million and \$(16.1) million, respectively, net of taxes of \$0, \$(0.1) million and \$2.6 million, respectively. Each of these adjustments to equity due to the change in the minimum liability are included in other comprehensive loss in the accompanying consolidated statements of stockholders' equity.

The net gain recognized in other comprehensive income for the years ended December 31, 2016 and 2015 was \$3.8 million and \$0.2 million, respectively. Included in accumulated other comprehensive loss at December 31, 2016 and 2015 are unrecognized actuarial losses of \$40.4 million and \$44.2 million (\$27.9 million and \$31.7 million net of tax), respectively, that have not yet been recognized in net periodic pension expense. Net losses are amortized into net periodic pension expense based on a corridor approach based on the life expectancy of plan participants expected to receive benefits. The estimated actuarial loss for the retirement plans included in accumulated other comprehensive loss that will be amortized from accumulated other comprehensive loss into net periodic pension expense over the next fiscal year is \$1.1 million.

9. Postretirement Benefits Other than Pensions

The Company sponsors an unfunded defined benefit postretirement health care plan for certain employees and contributes toward the cost of health insurance benefits. In order to be eligible for these postretirement benefits, an employee must retire after attainment of age 55 and completion of 15 years of service, or attainment of age 65 and completion of 10 years of service. The Company's Benefits Trust Committee determines retiree premiums. The Company amended the plans effective December 31, 2001 such that only retirees currently receiving benefits under the plans and active employees whose age plus years of service total at least 60 and who have at least 10 years of service as of December 31, 2001 remain eligible.

The following table reconciles the change in benefit obligation of the postretirement plans to the accrued postretirement liability as reflected in other liabilities in the accompanying consolidated balance sheets at December 31 (amounts in thousands):

	<u>2016</u>	<u>2015</u>
Benefit obligation at beginning of year	\$3,559	\$ 6,692
Interest cost	120	127
Actuarial gain	(47)	(2,836)
Benefits paid	(418)	(424)
Benefit obligation at end of year	<u>\$3,214</u>	<u>\$ 3,559</u>

Net postretirement benefit income reflected in the accompanying consolidated statements of operations included the following components for the years ended December 31 (amounts in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Interest cost	\$ 120	\$ 127	\$ 221
Amortization of net actuarial loss	242	255	445
Amortization of prior service credit	(1,314)	(1,314)	(1,314)
Net postretirement benefit income	<u>\$ (952)</u>	<u>\$ (932)</u>	<u>\$ (648)</u>

The discount rate used to determine the benefit obligation at December 31, 2016, 2015 and 2014 was 3.47%, 3.57% and 3.32%, respectively. The discount rate used to determine the net postretirement benefit expense for years ended December 31, 2016, 2015 and 2014 was 3.57%, 3.32% and 3.94%, respectively.

The Company expects to contribute \$0.3 million to the plan in 2017. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

2017	\$ 346
2018	323
2019	309
2020	290
2021	271
2022 - 2026	1,107

The amortization of net loss and amortization of prior service credit recognized in other comprehensive income for 2016 was \$0.2 million and \$1.3 million, respectively. Included in accumulated other comprehensive loss at December 31, 2016 are the following amounts that have not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of \$3.4 million (\$2.0 million net of tax) and unrecognized prior service credits of \$13.7 million (\$7.8 million net of tax). The net gain, amortization of net loss, and amortization of prior service credit recognized in other comprehensive income for 2015 was \$2.8 million, \$0.3 million, and \$1.3 million, respectively. Included in accumulated other comprehensive loss at December 31, 2015 are the following amounts that had not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of \$3.7 million (\$2.3 million net of tax) and unrecognized prior service credits of \$15.1 million (\$9.2 million net of tax). The net loss, amortization of net loss, and amortization of prior service credit recognized in other comprehensive income for 2014 was \$0.9 million, \$0.4 million, and \$1.3 million, respectively.

10. Stockholders' Equity

Stock Repurchase Authorization

On August 20, 2015, the Company announced that its board of directors authorized a share repurchase program for up to \$100 million of the Company's common stock using cash on hand and borrowings under its revolving credit line. The repurchases were intended to be implemented through open market transactions on U.S. exchanges or in privately negotiated transactions, in accordance with applicable securities laws, and any market purchases were made during open trading window periods or pursuant to any applicable Rule 10b5-1 trading plans. The authorization expired December 31, 2016. During the three months ended March 31, 2016, the Company repurchased 0.5 million shares of its common stock for an aggregate purchase price of \$24.8 million, which the Company funded using cash on hand and borrowings under its revolving credit facility. The repurchased stock, which represents the entirety of shares that were repurchased under the authorization, was cancelled by the Company and has been reflected as a reduction of retained earnings at December 31, 2016 in the accompanying consolidated financial statements.

Dividends

During 2016, the Company's board of directors declared quarterly dividends totaling \$3.00 per share of common stock for the full year, or an aggregate of \$153.0 million in cash.

During 2015, the Company's board of directors declared quarterly dividends totaling \$2.70 per share of common stock for the full year, or an aggregate of \$138.4 million in cash.

During 2014, the Company's board of directors declared quarterly dividends totaling \$2.20 per share of common stock for the full year, or an aggregate of \$112.0 million in cash.

To maintain its qualification as a REIT for federal income tax purposes, the Company must distribute at least 90% of its REIT taxable income each year. The Company's board of directors has approved the Company's current dividend policy pursuant to which the Company plans to pay a quarterly cash dividend to stockholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by the Company) less maintenance capital expenditures or 100% of REIT taxable income on an annual basis, whichever is greater. The declaration, timing and amount of dividends will be determined by future action of the Company's board of directors. The dividend policy may be altered at any time by the Company's board of directors.

Treasury Stock

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

Accumulated Other Comprehensive Loss

The Company's balance in accumulated other comprehensive loss is composed of amounts related to the Company's minimum pension liability. Changes in accumulated other comprehensive loss consisted of the following (amounts in thousands):

Balance, December 31, 2013	\$ (9,119)
Unrealized losses arising during period	(20,231)
Amounts reclassified from accumulated other comprehensive income	(235)
Income tax benefit	<u>3,254</u>
Net other comprehensive loss	<u>(17,212)</u>
Balance, December 31, 2014	<u>\$(26,331)</u>
Unrealized gains arising during period	1,920
Amounts reclassified from accumulated other comprehensive loss	88
Income tax expense	<u>(724)</u>
Net other comprehensive income	<u>1,284</u>
Balance, December 31, 2015	<u>\$(25,047)</u>
Unrealized gains arising during period	2,599
Amounts reclassified from accumulated other comprehensive loss	180
Income tax expense	<u>—</u>
Net other comprehensive income	<u>2,779</u>
Balance, December 31, 2016	<u>\$(22,268)</u>

Amounts reclassified from accumulated comprehensive (income) loss related to the Company's minimum pension liability are presented in the accompanying consolidated statements of operations as follows (amounts in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Other hotel expenses	<u>\$(154)</u>	<u>\$(209)</u>	<u>\$(309)</u>
Entertainment operating expenses	<u>26</u>	<u>11</u>	<u>(24)</u>
Corporate operating expenses	<u>308</u>	<u>286</u>	<u>98</u>
	<u>\$ 180</u>	<u>\$ 88</u>	<u>\$(235)</u>

11. Income Taxes

The Company has elected to be taxed as a REIT effective January 1, 2013, pursuant to the U.S. Internal Revenue Code of 1986, as amended. As a REIT, generally the Company will not be subject to federal corporate income taxes on ordinary taxable income and capital gains income from real estate investments that it distributes to its stockholders. The Company will, however, be subject to corporate income taxes on built-in gains (the excess of fair market value over tax basis at January 1, 2013) that result from gains on the sale of certain assets prior to January 1, 2018. In addition, the Company will continue to be required to pay federal and state corporate income taxes on earnings of its TRSs.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CURRENT:			
Federal	\$(1,788)	\$ (763)	\$(2,071)
State	<u>(1,291)</u>	<u>(1,229)</u>	<u>(2,339)</u>
Total current provision	<u>(3,079)</u>	<u>(1,992)</u>	<u>(4,410)</u>
DEFERRED:			
Federal	321	8,866	2,588
State	(642)	(248)	3,289
Effect of federal tax law change	<u>—</u>	<u>5,229</u>	<u>—</u>
Total deferred (provision) benefit	<u>(321)</u>	<u>13,847</u>	<u>5,877</u>
Total (provision) benefit for income taxes	<u><u>\$(3,400)</u></u>	<u><u>\$11,855</u></u>	<u><u>\$ 1,467</u></u>

In December 2015, the Protecting Americans from Tax Hikes Act of 2015 (the “PATH Act”) was passed. The PATH Act made permanent several key tax provisions including lowering the recognition period related to built-in gains from ten years to five years. As a result, the Company recorded a one-time, non-cash tax benefit of \$5.2 million during the fourth quarter of 2015 to reflect this change.

The Company is required to distribute at least 90% of its annual taxable income, excluding net capital gains, to its stockholders in order to maintain its qualification as a REIT. The taxability of distributions to stockholders is determined by the Company’s earnings and profits, which differs from net income reported for financial reporting purposes. The estimated taxability of cash distributions to common shareholders is as follows (per common share):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ordinary income	\$2.98	\$2.50	\$2.30
Capital gains	<u>0.17</u>	<u>0.23</u>	<u>0.17</u>
	<u><u>\$3.15</u></u>	<u><u>\$2.73</u></u>	<u><u>\$2.47</u></u>

The differences between the income tax provision calculated at the statutory U.S. federal income tax rate of 35% and the actual income tax (provision) benefit recorded for continuing operations are as follows (amounts in thousands):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutory federal income tax provision	\$(56,914)	\$(34,774)	\$(43,750)
Adjustment for nontaxable income of the REIT	48,680	34,904	44,701
State taxes (net of federal tax benefit and change in state valuation allowance)	(1,933)	(1,477)	950
Permanent share-based compensation adjustment	1,571	—	—
Other permanent items	(200)	(165)	(160)
Federal tax credits	—	—	112
Federal valuation allowance	5,519	8,271	(853)
Effect of federal tax law change	—	5,229	—
Other	<u>(123)</u>	<u>(133)</u>	<u>467</u>
	<u><u>\$ (3,400)</u></u>	<u><u>\$ 11,855</u></u>	<u><u>\$ 1,467</u></u>

As discussed in Note 1, in 2016, the Company adopted ASU 2016-09. Upon adoption, the Company recorded an immaterial one-time adjustment to retained earnings for prior unrecognized excess tax benefits, net of allowance,

as shown in the accompanying consolidated statement of stockholders' equity for the year ended December 31, 2016. Beginning in 2016, any excess tax benefit or tax deficiency from share-based payment vesting or settlement will be recorded as part of a permanent share-based compensation adjustment.

Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows (amounts in thousands):

	<u>2016</u>	<u>2015</u>
DEFERRED TAX ASSETS:		
Accounting reserves and accruals	\$ 20,979	\$ 21,174
Defined benefit plan	7,665	8,389
Deferred management rights proceeds	69,317	70,483
Federal and State net operating loss carryforwards	51,615	44,932
Tax credits and other carryforwards	819	569
Investment in joint ventures	584	—
Other assets	<u>6,171</u>	<u>7,917</u>
Total deferred tax assets	157,150	153,464
Valuation allowance	<u>(88,653)</u>	<u>(88,309)</u>
Total deferred tax assets, net of valuation allowance	<u>68,497</u>	<u>65,155</u>
DEFERRED TAX LIABILITIES:		
Property and equipment, net	67,168	63,289
Goodwill and other intangibles	1,201	1,236
Other liabilities	<u>1,597</u>	<u>1,793</u>
Total deferred tax liabilities	<u>69,966</u>	<u>66,318</u>
Net deferred tax liabilities	<u>\$ 1,469</u>	<u>\$ 1,163</u>

Federal net operating loss carryforwards at December 31, 2016 totaled \$83.8 million, resulting in a deferred tax benefit of \$29.3 million, which will begin to expire in 2033. Charitable contribution carryforwards at December 31, 2016 totaled \$2.2 million, resulting in a deferred tax benefit of \$0.8 million, which will begin to expire in 2017. The use of certain federal net operating losses, credits and other deferred tax assets are limited to the Company's future taxable earnings. As a result, a valuation allowance has been provided for certain federal deferred tax assets. The valuation allowance related to federal deferred tax assets increased (decreased) \$0.6 million, \$(8.3) million and \$4.3 million in 2016, 2015 and 2014, respectively. State net operating loss carryforwards at December 31, 2016 totaled \$431.3 million, resulting in a deferred tax benefit of \$22.3 million, which will expire between 2017 and 2036. The use of certain state net operating losses, credits and other state deferred tax assets are limited to the future taxable earnings of separate legal entities. As a result, a valuation allowance has been provided for certain state deferred tax assets, including loss carryforwards. The valuation allowance related to state deferred tax assets decreased \$0.2 million, \$1.8 million and \$3.5 million in 2016, 2015 and 2014, respectively. Management believes that it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets after giving consideration to the valuation allowance.

The Company has concluded IRS examinations through the 2010 tax year. For federal income tax purposes and substantially all the states with which the Company has nexus, the statute of limitations has expired through 2012. However, the Company has state net operating loss carryforwards from closed years, which could be adjusted upon audit. The Company is routinely subject to other various jurisdictional income tax audits; however, there were no outstanding state or local audits at December 31, 2016. The Company has been notified that the 2015 consolidated TRS return has been selected for federal examination.

At December 31, 2016 and 2015, the Company had no unrecognized tax benefits. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. At December 31, 2016 and 2015, the Company has accrued no interest or penalties related to uncertain tax positions.

12. Commitments and Contingencies

Capital Leases

In the accompanying consolidated balance sheets, the following amounts of assets under capitalized lease agreements are included as shown and the related obligations are included in debt (amounts in thousands):

	<u>2016</u>	<u>2015</u>
Property and equipment	\$ 3,636	\$ 4,367
Prepaid expenses and other assets	130	130
Accumulated depreciation	<u>(2,429)</u>	<u>(2,872)</u>
Net assets under capital leases	<u>\$ 1,337</u>	<u>\$ 1,625</u>

Operating Leases

Rental expense for operating leases was \$12.4 million, \$12.3 million, and \$14.7 million for 2016, 2015 and 2014, respectively.

The Company entered into a 75-year operating lease agreement during 1999 for 65.3 acres of land located in Osceola County, Florida for the development of Gaylord Palms. The lease requires the Company to make annual base lease payments, which were approximately \$4.0 million in 2016. The lease agreement provides for an annual 3% escalation of base rent. The terms of this lease require that the Company recognize lease expense on a straight-line basis, which resulted in an annual base lease expense of approximately \$9.4 million for 2016, 2015, and 2014. This rent included approximately \$5.2 million, \$5.4 million, and \$5.5 million of non-cash expenses during 2016, 2015, and 2014, respectively. At the end of the 75-year lease term, the Company may extend the operating lease to January 31, 2101, at which point the buildings and fixtures will be transferred to the lessor. The Company also records contingent rental expense based upon net revenues associated with the Gaylord Palms operations. The Company recorded \$2.2 million, \$2.0 million, and \$2.0 million of contingent rental expense related to the Gaylord Palms in 2016, 2015, and 2014, respectively.

Future minimum cash lease commitments under all non-cancelable leases in effect at December 31, 2016 are as follows (amounts in thousands):

	<u>Capital Leases</u>	<u>Operating Leases</u>
2017	\$ 46	\$ 4,279
2018	46	4,348
2019	46	4,478
2020	46	4,613
2021	46	4,751
Years thereafter	<u>750</u>	<u>595,538</u>
Total minimum lease payments	980	<u>\$618,007</u>
Less amount representing interest	<u>(321)</u>	
Total present value of minimum payments	659	
Less current portion of obligations	<u>(20)</u>	
Long-term obligations	<u>\$ 639</u>	

Other Commitments and Contingencies

The Company is self-insured up to a stop loss for certain losses relating to workers' compensation claims and general liability claims through September 30, 2012, and for certain losses related to employee medical benefits through December 31, 2012. The Company's insurance program has subsequently transitioned to a low or no deductible program. The Company has purchased stop-loss coverage in order to limit its exposure to any significant levels of claims relating to workers' compensation, employee medical benefits and general liability for which it is self-insured.

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

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

13. Fair Value Measurements

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

At December 31, 2016 and 2015, the Company held certain assets that are required to be measured at fair value on a recurring basis. These included investments held in connection with the Company's non-qualified contributory deferred compensation plan.

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

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

The Company had no liabilities required to be measured at fair value at December 31, 2016 and December 31, 2015. The Company's assets measured at fair value on a recurring basis at December 31, were as follows (in thousands):

	<u>December 31, 2016</u>	<u>Markets for Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Deferred compensation plan investments	<u>\$22,204</u>	<u>\$22,204</u>	<u>\$ —</u>	<u>\$ —</u>
Total assets measured at fair value	<u>\$22,204</u>	<u>\$22,204</u>	<u>\$ —</u>	<u>\$ —</u>
	<u>December 31, 2015</u>	<u>Markets for Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Deferred compensation plan investments	<u>\$19,289</u>	<u>\$19,289</u>	<u>\$ —</u>	<u>\$ —</u>
Total assets measured at fair value	<u>\$19,289</u>	<u>\$19,289</u>	<u>\$ —</u>	<u>\$ —</u>

The remainder of the assets and liabilities held by the Company at December 31, 2016 are not required to be measured at fair value. The carrying value of certain of these assets and liabilities do not approximate fair value, as described below.

As further discussed in Note 3, in connection with the development of Gaylord National, the Company received a series A Bond and a Series B Bond from Prince George's County, Maryland which had aggregate carrying values of \$82.7 million and \$70.2 million, respectively, as of December 31, 2016. The fair value of the Series A Bond, which has the senior claim to the cash flows supporting these bonds, approximates carrying value as of December 31, 2016. The fair value of the Series B Bond, based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the note, which the Company considers as Level 3, was approximately \$51 million as of December 31, 2016. While the fair value of the Series B Bond decreased to less than its carrying value during 2011 due to estimated changes in the timing of the debt service payments, the Company has the intent and ability to hold this bond to maturity and expects to receive all debt service payments due under the note. Therefore, the Company does not consider the Series B Bond to be other than temporarily impaired as of December 31, 2016.

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

14. Financial Reporting By Business Segments

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

- *Hospitality*, which includes Gaylord Opryland, Gaylord Palms, Gaylord Texan, Gaylord National, the Inn at Opryland, the AC Hotel, and the Company's investment in the Gaylord Rockies joint venture;
- *Entertainment*, which includes the Grand Ole Opry, the Ryman Auditorium, WSM-AM, and the Company's Nashville-based attractions, as well as the Company's investment in a joint venture associated with a Times Square restaurant and entertainment venue; and
- *Corporate and Other*, which includes the Company's corporate expenses.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES:			
Hospitality	\$1,039,643	\$ 994,603	\$ 954,166
Entertainment	109,564	97,521	86,825
Corporate and Other	<u>—</u>	<u>—</u>	<u>—</u>
Total revenues	<u>\$1,149,207</u>	<u>\$1,092,124</u>	<u>\$1,040,991</u>
DEPRECIATION AND AMORTIZATION:			
Hospitality	\$ 100,186	\$ 105,876	\$ 103,422
Entertainment	7,034	5,747	5,258
Corporate and Other	2,596	2,760	3,598
Total depreciation and amortization	<u>\$ 109,816</u>	<u>\$ 114,383</u>	<u>\$ 112,278</u>
OPERATING INCOME (LOSS):			
Hospitality	\$ 217,564	\$ 189,434	\$ 162,535
Entertainment	27,980	24,411	21,752
Corporate and Other	(31,739)	(31,674)	(31,171)
Preopening costs	<u>—</u>	(909)	(11)
Impairment and other charges	<u>—</u>	(19,200)	<u>—</u>
Total operating income	213,805	162,062	153,105
Interest expense, net of amounts capitalized	(63,906)	(63,901)	(61,447)
Interest income	11,500	12,384	12,075
Loss on extinguishment of debt	<u>—</u>	<u>—</u>	(2,148)
Loss from joint ventures	(2,794)	<u>—</u>	<u>—</u>
Other gains and (losses)	4,161	(10,889)	23,400
Income before income taxes	<u>\$ 162,766</u>	<u>\$ 99,656</u>	<u>\$ 124,985</u>

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
IDENTIFIABLE ASSETS:		
Hospitality	\$2,206,304	\$2,141,675
Entertainment	113,441	90,167
Corporate and Other	86,008	99,592
Total identifiable assets	<u>\$2,405,753</u>	<u>\$2,331,434</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
CAPITAL EXPENDITURES:			
Hospitality	\$ 96,372	\$65,651	\$46,440
Entertainment	20,940	13,477	4,760
Corporate and other	665	687	7,177
Total capital expenditures	<u>\$117,977</u>	<u>\$79,815</u>	<u>\$58,377</u>

15. Quarterly Financial Information (Unaudited)

The following is selected unaudited quarterly financial data for the fiscal years ended December 31, 2016 and 2015 (amounts in thousands, except per share data).

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

	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$261,497	\$296,215	\$271,720	\$319,775
Depreciation and amortization	28,773	26,409	26,706	27,928
Operating income	38,794	66,945	46,567	61,499
Income before income taxes	25,461	52,746	35,415	49,144
(Provision) benefit for income taxes	885	(1,415)	(1,822)	(1,048)
Net income	26,346	51,331	33,593	48,096
Net income available to common stockholders	26,346	51,331	33,593	48,096
Net income per share	0.52	1.01	0.66	0.94
Net income per share — assuming dilution	0.51	1.00	0.66	0.94

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$253,148	\$274,036	\$252,820	\$312,120
Depreciation and amortization	28,570	28,399	28,498	28,916
Operating income	35,890	57,015	32,768	36,389
Income before income taxes	4,853	42,255	22,079	30,469
(Provision) benefit for income taxes	(321)	(866)	4,612	8,430
Net income	4,532	41,389	26,691	38,899
Net income available to common stockholders	4,532	41,389	26,691	38,899
Net income per share	0.09	0.81	0.52	0.76
Net income per share — assuming dilution	0.09	0.80	0.52	0.75

During the first quarter of 2015, the Company cash settled the remaining outstanding common stock warrants as described in Note 5. The change in the fair value of the derivative liability from December 31, 2014 through the settlement date was a loss of \$20.2 million, which is included in other gains and losses, net in the accompanying consolidated statement of operations.

During the fourth quarter of 2015, the Company incurred an impairment charge of \$16.3 million associated with a previously contemplated expansion at Gaylord Texan, as described in Note 1, which is included in impairment and other charges in the accompanying consolidated statement of operations.

During the fourth quarter of 2015, the Company recognized a \$6.9 million gain associated with the reimbursement of costs that were previously incurred related to a proposed development in Aurora, Colorado. These costs were impaired in 2012 as part of the Company's strategic shift away from long-term development, but were reimbursed in 2015 by the current developer.

16. Information Concerning Guarantor and Non-Guarantor Subsidiaries

The \$350 Million 5% Senior Notes and the \$400 Million 5% Senior Notes were each issued by the Operating Partnership and Finco and are guaranteed on a senior unsecured basis by the Company, each of the Company's four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of the Company's

subsidiaries, each of which guarantees the Operating Partnership's Credit Facility (such subsidiary guarantors, together with the Company, the "Guarantors"). The subsidiary Guarantors are 100% owned, and the guarantees are full and unconditional and joint and several. Not all of the Company's subsidiaries have guaranteed the \$350 Million 5% Senior Notes and the \$400 Million 5% Senior Notes.

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

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2016

(in thousands)	<u>Parent</u>			<u>Non-</u>		
	<u>Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS:						
Property and equipment, net of accumulated depreciation	\$ —	\$ —	\$1,600,288	\$ 397,724	\$ —	\$1,998,012
Cash and cash equivalents - unrestricted	28	1,234	23	57,843	—	59,128
Cash and cash equivalents - restricted	—	—	—	22,062	—	22,062
Notes receivable	—	—	—	152,882	—	152,882
Trade receivables, less allowance	—	—	—	47,818	—	47,818
Investment in Gaylord Rockies joint venture	—	—	—	70,440	—	70,440
Prepaid expenses and other assets	460	42	5	55,407	(503)	55,411
Intercompany receivables, net	—	—	1,640,220	—	(1,640,220)	—
Investments	988,467	2,886,113	546,007	803,618	(5,224,205)	—
Total assets	<u>\$ 988,955</u>	<u>\$2,887,389</u>	<u>\$3,786,543</u>	<u>\$1,607,794</u>	<u>\$(6,864,928)</u>	<u>\$2,405,753</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:						
Debt and capital lease obligations	\$ —	\$1,501,895	\$ —	\$ 659	\$ —	\$1,502,554
Accounts payable and accrued liabilities	740	8,152	11,863	142,940	(490)	163,205
Dividends payable	39,404	—	—	—	—	39,404
Deferred management rights proceeds	—	—	—	180,088	—	180,088
Deferred income tax liabilities, net	828	—	573	68	—	1,469
Other liabilities	—	—	89,989	61,060	(13)	151,036
Intercompany payables, net	579,986	752,852	—	307,382	(1,640,220)	—
Commitments and contingencies						
Stockholders' equity:						
Preferred stock	—	—	—	—	—	—
Common stock	510	1	1	2,387	(2,389)	510
Additional paid-in-capital	893,102	835,294	2,827,692	1,410,611	(5,073,597)	893,102
Treasury stock	(11,542)	—	—	—	—	(11,542)
Accumulated deficit	(491,805)	(210,805)	856,425	(475,133)	(170,487)	(491,805)
Accumulated other comprehensive loss	(22,268)	—	—	(22,268)	22,268	(22,268)
Total stockholders' equity	<u>367,997</u>	<u>624,490</u>	<u>3,684,118</u>	<u>915,597</u>	<u>(5,224,205)</u>	<u>367,997</u>
Total liabilities and stockholders' equity	<u>\$ 988,955</u>	<u>\$2,887,389</u>	<u>\$3,786,543</u>	<u>\$1,607,794</u>	<u>\$(6,864,928)</u>	<u>\$2,405,753</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2015

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS:						
Property and equipment, net of accumulated depreciation	\$ 6,869	\$ —	\$1,622,674	\$ 353,273	\$ —	\$1,982,816
Cash and cash equivalents — unrestricted	23	1,578	158	54,532	—	56,291
Cash and cash equivalents — restricted	—	—	—	22,355	—	22,355
Notes receivable	—	—	—	152,560	—	152,560
Trade receivables, less allowance	—	—	—	55,033	—	55,033
Prepaid expenses and other assets	7,111	—	116,218	57,264	(118,214)	62,379
Intercompany receivables, net	—	—	1,284,587	—	(1,284,587)	—
Investments	976,809	2,795,064	531,628	697,381	(5,000,882)	—
Total assets	<u>\$ 990,812</u>	<u>\$2,796,642</u>	<u>\$3,555,265</u>	<u>\$1,392,398</u>	<u>\$(6,403,683)</u>	<u>\$2,331,434</u>
LIABILITIES AND STOCKHOLDERS' EQUITY:						
Debt and capital lease obligations	\$ —	\$1,431,032	\$ —	\$ 678	\$ —	\$1,431,710
Accounts payable and accrued liabilities	103	8,153	1,390	262,234	(118,497)	153,383
Dividends payable	36,868	—	—	—	—	36,868
Deferred management rights proceeds	—	—	—	183,119	—	183,119
Deferred income tax liabilities, net	1,609	—	599	(1,045)	—	1,163
Other liabilities	—	—	84,746	60,600	283	145,629
Intercompany payables, net	572,670	506,341	—	205,576	(1,284,587)	—
Commitments and contingencies						
Stockholders' equity:						
Preferred stock	—	—	—	—	—	—
Common stock	513	1	1	2,387	(2,389)	513
Additional paid-in-capital	887,501	996,425	2,812,431	1,213,324	(5,022,180)	887,501
Treasury stock	(10,001)	—	—	—	—	(10,001)
Accumulated deficit	(473,404)	(145,310)	656,098	(509,428)	(1,360)	(473,404)
Accumulated other comprehensive loss	(25,047)	—	—	(25,047)	25,047	(25,047)
Total stockholders' equity	<u>379,562</u>	<u>851,116</u>	<u>3,468,530</u>	<u>681,236</u>	<u>(5,000,882)</u>	<u>379,562</u>
Total liabilities and stockholders' equity	<u>\$ 990,812</u>	<u>\$2,796,642</u>	<u>\$3,555,265</u>	<u>\$1,392,398</u>	<u>\$(6,403,683)</u>	<u>\$2,331,434</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2016

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues:						
Rooms	\$ —	\$ —	\$ —	\$ 420,011	\$ —	\$ 420,011
Food and beverage	—	—	—	477,493	—	477,493
Other hotel revenue	—	—	307,840	157,274	(322,975)	142,139
Entertainment	209	—	—	110,333	(978)	109,564
Total revenues	<u>209</u>	<u>—</u>	<u>307,840</u>	<u>1,165,111</u>	<u>(323,953)</u>	<u>1,149,207</u>
Operating expenses:						
Rooms	—	—	—	109,618	—	109,618
Food and beverage	—	—	—	267,307	—	267,307
Other hotel expenses	—	—	43,197	587,908	(308,331)	322,774
Management fees, net	—	—	—	22,194	—	22,194
Total hotel operating expenses	—	—	43,197	987,027	(308,331)	721,893
Entertainment	—	—	—	74,604	(54)	74,550
Corporate	355	1,615	2	27,171	—	29,143
Corporate overhead allocation	8,735	—	6,833	—	(15,568)	—
Depreciation and amortization	156	—	59,076	50,584	—	109,816
Total operating expenses	<u>9,246</u>	<u>1,615</u>	<u>109,108</u>	<u>1,139,386</u>	<u>(323,953)</u>	<u>935,402</u>
Operating income (loss)	<u>(9,037)</u>	<u>(1,615)</u>	<u>198,732</u>	<u>25,725</u>	<u>—</u>	<u>213,805</u>
Interest expense, net of amounts capitalized						
	—	(63,880)	—	(26)	—	(63,906)
Interest income	28	—	—	11,472	—	11,500
Loss from joint ventures	—	—	—	(2,794)	—	(2,794)
Other gains and (losses), net	—	—	1,868	2,293	—	4,161
Income (loss) before income taxes	(9,009)	(65,495)	200,600	36,670	—	162,766
(Provision) benefit for income taxes	(752)	—	(273)	(2,375)	—	(3,400)
Equity in subsidiaries' earnings, net	169,127	—	—	—	(169,127)	—
Net income (loss)	<u>\$159,366</u>	<u>\$(65,495)</u>	<u>\$200,327</u>	<u>\$ 34,295</u>	<u>\$(169,127)</u>	<u>\$ 159,366</u>
Comprehensive income (loss)	<u>\$162,145</u>	<u>\$(65,495)</u>	<u>\$200,327</u>	<u>\$ 37,074</u>	<u>\$(171,906)</u>	<u>\$ 162,145</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2015

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues:						
Rooms	\$ —	\$ —	\$ —	\$ 404,457	\$ —	\$ 404,457
Food and beverage	—	—	—	461,157	—	461,157
Other hotel revenue	—	—	298,698	145,817	(315,526)	128,989
Entertainment	261	—	—	98,228	(968)	97,521
Total revenues	<u>261</u>	<u>—</u>	<u>298,698</u>	<u>1,109,659</u>	<u>(316,494)</u>	<u>1,092,124</u>
Operating expenses:						
Rooms	—	—	—	110,067	—	110,067
Food and beverage	—	—	—	261,580	—	261,580
Other hotel expenses	—	—	43,388	568,830	(299,229)	312,989
Management fees, net	—	—	—	14,657	—	14,657
Total hotel operating expenses	—	—	43,388	955,134	(299,229)	699,293
Entertainment	—	—	—	67,366	(3)	67,363
Corporate	328	1,433	2	27,151	—	28,914
Corporate overhead allocation	9,682	—	7,580	—	(17,262)	—
Preopening costs	—	—	—	909	—	909
Impairment and other charges	—	—	16,310	2,890	—	19,200
Depreciation and amortization	127	—	58,998	55,258	—	114,383
Total operating expenses	<u>10,137</u>	<u>1,433</u>	<u>126,278</u>	<u>1,108,708</u>	<u>(316,494)</u>	<u>930,062</u>
Operating income (loss)	<u>(9,876)</u>	<u>(1,433)</u>	<u>172,420</u>	<u>951</u>	<u>—</u>	<u>162,062</u>
Interest expense, net of amounts capitalized						
Interest expense, net of amounts capitalized	—	(64,038)	17	120	—	(63,901)
Interest income	—	—	—	12,384	—	12,384
Other gains and (losses), net	(13,346)	—	—	2,457	—	(10,889)
Income (loss) before income taxes	(23,222)	(65,471)	172,437	15,912	—	99,656
(Provision) benefit for income taxes	5,080	—	(222)	6,997	—	11,855
Equity in subsidiaries' earnings, net	129,653	—	—	—	(129,653)	—
Net income (loss)	<u>\$111,511</u>	<u>\$(65,471)</u>	<u>\$172,215</u>	<u>\$ 22,909</u>	<u>\$(129,653)</u>	<u>\$ 111,511</u>
Comprehensive income (loss)	<u>\$112,795</u>	<u>\$(65,471)</u>	<u>\$172,215</u>	<u>\$ 24,193</u>	<u>\$(130,937)</u>	<u>\$ 112,795</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
AND COMPREHENSIVE INCOME
For the Year Ended December 31, 2014

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues:						
Rooms	\$ —	\$ —	\$ —	\$ 384,185	\$ —	\$ 384,185
Food and beverage	—	—	—	437,673	—	437,673
Other hotel revenue	—	—	286,816	151,005	(305,513)	132,308
Entertainment	331	—	—	87,433	(939)	86,825
Total revenues	<u>331</u>	<u>—</u>	<u>286,816</u>	<u>1,060,296</u>	<u>(306,452)</u>	<u>1,040,991</u>
Operating expenses:						
Rooms	—	—	—	111,864	—	111,864
Food and beverage	—	—	—	248,358	—	248,358
Other hotel expenses	—	—	44,160	555,131	(287,455)	311,836
Management fees, net	—	—	—	16,151	—	16,151
Total hotel operating expenses	<u>—</u>	<u>—</u>	<u>44,160</u>	<u>931,504</u>	<u>(287,455)</u>	<u>688,209</u>
Entertainment	—	—	—	59,747	68	59,815
Corporate	97	1,189	2	26,285	—	27,573
Corporate overhead allocation	10,561	—	8,504	—	(19,065)	—
Preopening costs	—	—	—	11	—	11
Depreciation and amortization	84	—	59,420	52,774	—	112,278
Total operating expenses	<u>10,742</u>	<u>1,189</u>	<u>112,086</u>	<u>1,070,321</u>	<u>(306,452)</u>	<u>887,886</u>
Operating income (loss)	<u>(10,411)</u>	<u>(1,189)</u>	<u>174,730</u>	<u>(10,025)</u>	<u>—</u>	<u>153,105</u>
Interest expense, net of amounts capitalized	(16,918)	(44,555)	—	26	—	(61,447)
Interest income	—	—	—	12,075	—	12,075
Loss on extinguishment of debt	(2,148)	—	—	—	—	(2,148)
Other gains and (losses), net	21,892	—	—	1,508	—	23,400
Income (loss) before income taxes	(7,585)	(45,744)	174,730	3,584	—	124,985
(Provision) benefit for income taxes	(2,526)	(2)	(210)	4,205	—	1,467
Equity in subsidiaries' earnings, net	136,563	—	—	—	(136,563)	—
Net income (loss)	<u>\$126,452</u>	<u>\$(45,746)</u>	<u>\$174,520</u>	<u>\$ 7,789</u>	<u>\$(136,563)</u>	<u>\$ 126,452</u>
Comprehensive income (loss)	<u>\$109,240</u>	<u>\$(45,746)</u>	<u>\$174,520</u>	<u>\$ (9,423)</u>	<u>\$(119,351)</u>	<u>\$ 109,240</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net cash provided by (used in) operating activities	\$ 171,231	\$(66,344)	\$ 31,365	\$ 157,349	\$ —	\$ 293,601
Purchases of property and equipment	(507)	—	(36,122)	(81,348)	—	(117,977)
Proceeds from sale of Peterson LOI	6,785	—	—	—	—	6,785
Investment in Gaylord Rockies joint venture	—	—	—	(70,141)	—	(70,141)
Decrease in restricted cash and cash equivalents	—	—	—	293	—	293
Other investing activities	—	—	4,622	(2,823)	—	1,799
Net cash provided by (used in) investing activities	6,278	—	(31,500)	(154,019)	—	(179,241)
Net borrowings under credit facility	—	76,000	—	—	—	76,000
Repayments under term loan B	—	(4,000)	—	—	—	(4,000)
Repayment of note payable related to purchase of AC Hotel	—	(6,000)	—	—	—	(6,000)
Repurchase of Company stock for retirement	(24,811)	—	—	—	—	(24,811)
Payment of dividends	(151,160)	—	—	—	—	(151,160)
Proceeds from exercise of stock options	1,702	—	—	—	—	1,702
Payment of tax withholdings for share-based compensation	(3,235)	—	—	—	—	(3,235)
Other financing activities, net	—	—	—	(19)	—	(19)
Net cash provided by (used in) financing activities	(177,504)	66,000	—	(19)	—	(111,523)
Net change in cash and cash equivalents	5	(344)	(135)	3,311	—	2,837
Cash and cash equivalents at beginning of period	23	1,578	158	54,532	—	56,291
Cash and cash equivalents at end of period	<u>\$ 28</u>	<u>\$ 1,234</u>	<u>\$ 23</u>	<u>\$ 57,843</u>	<u>\$ —</u>	<u>\$ 59,128</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net cash provided by (used in) operating activities	\$ 277,963	\$(104,168)	\$ 5,794	\$ 58,473	\$ —	\$ 238,062
Purchases of property and equipment	(422)	—	(5,672)	(73,721)	—	(79,815)
Proceeds from sale of Peterson LOI	10,000	—	—	—	—	10,000
Increase in restricted cash and cash equivalents	—	—	—	(4,945)	—	(4,945)
Other investing activities	—	—	—	123	—	123
Net cash provided by (used in) investing activities	9,578	—	(5,672)	(78,543)	—	(74,637)
Net repayments under credit facility	—	(280,100)	—	—	—	(280,100)
Repayments under term loan B	—	(4,000)	—	—	—	(4,000)
Issuance of senior notes	—	400,000	—	—	—	400,000
Repurchase of common stock warrants	(154,681)	—	—	—	—	(154,681)
Deferred financing costs paid	—	(11,155)	—	—	—	(11,155)
Payment of dividends	(131,305)	—	—	—	—	(131,305)
Proceeds from exercise of stock options	1,776	—	—	—	—	1,776
Payment of tax withholdings for share-based compensation	(3,700)	—	—	—	—	(3,700)
Other financing activities, net	—	—	—	(377)	—	(377)
Net cash provided by (used in) financing activities	(287,910)	104,745	—	(377)	—	(183,542)
Net change in cash and cash equivalents	(369)	577	122	(20,447)	—	(20,117)
Cash and cash equivalents at beginning of period	392	1,001	36	74,979	—	76,408
Cash and cash equivalents at end of period	<u>\$ 23</u>	<u>\$ 1,578</u>	<u>\$ 158</u>	<u>\$ 54,532</u>	<u>\$ —</u>	<u>\$ 56,291</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014

(in thousands)	<u>Parent Guarantor</u>	<u>Issuer</u>	<u>Guarantors</u>	<u>Non- Guarantors</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net cash provided by (used in) operating activities	\$ 641,606	\$(466,285)	\$ (24)	\$ 76,927	\$ —	\$ 252,224
Purchases of property and equipment	(6,659)	—	60	(51,778)	—	(58,377)
Purchase of AC Hotel	—	—	—	(21,206)	—	(21,206)
Proceeds from sale of Peterson LOI	9,350	—	—	—	—	9,350
Decrease in restricted cash and cash equivalents	—	—	—	2,759	—	2,759
Other investing activities	—	—	—	8,012	—	8,012
Net cash provided by (used in) investing activities	2,691	—	60	(62,213)	—	(59,462)
Net borrowings under credit facility	—	77,000	—	—	—	77,000
Net borrowing under term loan B	—	398,000	—	—	—	398,000
Repurchase and conversion of convertible notes	(358,710)	—	—	—	—	(358,710)
Repurchase of common stock warrants	(177,423)	—	—	—	—	(177,423)
Deferred financing costs paid	—	(8,428)	—	—	—	(8,428)
Payment of dividends	(109,414)	—	—	—	—	(109,414)
Proceeds from exercise of stock options	6,862	—	—	—	—	6,862
Payment of tax withholdings for share-based compensation	(5,220)	—	—	—	—	(5,220)
Other financing activities, net	—	—	—	(600)	—	(600)
Net cash provided by (used in) financing activities	(643,905)	466,572	—	(600)	—	(177,933)
Net change in cash and cash equivalents	392	287	36	14,114	—	14,829
Cash and cash equivalents at beginning of period	—	714	—	60,865	—	61,579
Cash and cash equivalents at end of period	<u>\$ 392</u>	<u>\$ 1,001</u>	<u>\$ 36</u>	<u>\$ 74,979</u>	<u>\$ —</u>	<u>\$ 76,408</u>

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE III – REAL ESTATE AND ACCUMULATED DEPRECIATION

December 31, 2016

(Amounts in thousands)

	Encmbr	Initial Cost to Company			Costs Capitalized Subs to Acq	Gross Amount at End of Year			Acc Depr	Date Acq/ Constr	Depr Life (yrs)
		Land	Bldgs & Impr			Land	Bldgs & Impr	Total (2)			
Gaylord Opryland	(1)	\$ 9,817	\$ 77,125		\$557,399	\$ 48,087	\$ 596,254	\$ 644,341	\$318,015	1983	20-40
Gaylord Palms	(1)	21,564	314,661		50,313	34,421	352,117	386,538	143,294	2002	20-40
Gaylord Texan	(1)	21,235	388,030		78,812	46,406	441,671	488,077	144,661	2004	20-40
Gaylord National	(1)	43,212	840,261		17,514	46,867	854,120	900,987	186,405	2008	20-40
Inn at Opryland	—	2,675	7,248		13,137	2,931	20,129	23,060	7,857	1998	20-40
AC Hotel	—	9,079	17,340		3,655	9,099	20,975	30,074	1,074	2014	20-40
Miscellaneous	—	21,290	16,250		19,024	38,768	17,796	56,564	17,017	N/A	20-40
		<u>\$128,872</u>	<u>\$1,660,915</u>		<u>\$739,854</u>	<u>\$226,579</u>	<u>\$2,303,062</u>	<u>\$2,529,641</u>	<u>\$818,323</u>		

	2016	2015	2014
Investment in real estate:			
Balance at beginning of year	\$2,510,579	\$2,488,361	\$2,436,266
Acquisitions	—	—	33,077
Improvements	21,899	22,302	19,150
Disposals	(2,837)	(84)	(132)
Balance at end of year	<u>\$2,529,641</u>	<u>\$2,510,579</u>	<u>\$2,488,361</u>
Accumulated depreciation:			
Balance at beginning of year	\$ 754,861	\$ 691,691	\$ 629,292
Depreciation	63,718	63,180	62,492
Disposals	(256)	(10)	(93)
Balance at end of year	<u>\$ 818,323</u>	<u>\$ 754,861</u>	<u>\$ 691,691</u>

- (1) Pledged as collateral under the Company's credit facility. At December 31, 2016, \$384.5 million in borrowings and letters of credit were outstanding under such facility.
- (2) The aggregate cost of properties for federal income tax purposes is approximately \$2.4 billion at December 31, 2016.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ryman Hospitality Properties, Inc.

We have audited the accompanying consolidated balance sheets of Ryman Hospitality Properties, Inc. and subsidiaries as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ryman Hospitality Properties, Inc. and subsidiaries at December 31, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ryman Hospitality Properties, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2017, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
February 28, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ryman Hospitality Properties, Inc.

We have audited Ryman Hospitality Properties, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Ryman Hospitality Properties, Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ryman Hospitality Properties, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2016 consolidated financial statements and schedule of Ryman Hospitality Properties, Inc. and subsidiaries and our report dated February 28, 2017, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee
February 28, 2017

BOARD OF DIRECTORS

Colin V. Reed
Chairman and CEO
Ryman Hospitality Properties, Inc.

Michael J. Bender
Former Chief Operating Officer
Global eCommerce, Wal-Mart
Stores, Inc.

Rachna Bhasin
Chief Business Officer
Magic Leap, Inc.

William F. Hagerty IV
Co-Founder and Managing Director
Hagerty, Peterson, and Company

Ellen R. Levine
Editorial Consultant
Hearst Magazines

Patrick Q. Moore
EVP, Chief Strategy and Corporate
Development Officer
YP Holdings

Robert S. Prather, Jr.
President and CEO
Heartland Media, LLC

Michael D. Rose
Former Chairman of the Board
First Horizon National Corporation

Michael I. Roth
Chairman and CEO
The Interpublic Group
of Companies, Inc.

MANAGEMENT TEAM

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Chairman and CEO

Mark Fioravanti
President and Chief Financial Officer

Patrick Chaffin
Senior Vice President,
Asset Management

Scott Lynn
Senior Vice President,
General Counsel and Secretary

Michael Guth
Chief Operating Officer,
Opry Entertainment Group

Stephen G. Buchanan
Executive Vice President,
Opry Entertainment Group

Bennett D. Westbrook
Executive Vice President
and Chief Development Officer

Jennifer Hutcheson
Senior Vice President
and Corporate Controller

Sally Williams
Senior Vice President,
Programming and Artist Relations
General Manger, Grand Ole Opry

FORM 10-K AND CERTIFICATIONS

A complete copy of the company's annual report to the Securities and Exchange Commission on Form 10-K may be obtained without charge by writing to the company's offices and noting "Attn: Mark Fioravanti, President and Chief Financial Officer" in the mailing address.

Our Form 10-K is also available on our website at rymanhp.com. The most recent certifications by our Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K. We have also filed with the New York Stock Exchange the most recent Annual CEO Certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

ANNUAL MEETING

The annual meeting of stockholders will be held on May 4, 2017, at 10 a.m. CDT at the Gaylord Opryland Resort & Convention Center, 2800 Opryland Drive, Nashville, TN.

MARKET INFORMATION

The common stock of Ryman Hospitality Properties, Inc., is listed on the New York Stock Exchange under the symbol RHP. The approximate number of record holders of the company's common stock on March 17, 2017, was 1,402.

DIVIDEND INFORMATION

Pursuant to our current dividend policy, we plan to pay a quarterly cash dividend to stockholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures, or 100% of REIT taxable income on an annual basis, whichever is greater. The declaration, timing and amount of dividends will be determined by future action of our board of directors. Our dividend policy may be altered at any time by our board of directors.

STOCK PRICE INFORMATION

The table below sets forth the high and low sales prices and dividends declared with respect to the company's common stock for 2015 and 2016.

	High	Low	Dividends Declared
1Q16	\$53.70	\$41.50	\$0.75
2Q16	\$54.08	\$47.16	\$0.75
3Q16	\$56.77	\$47.93	\$0.75
4Q16	\$64.08	\$47.31	\$0.75
1Q15	\$64.97	\$52.48	\$0.65
2Q15	\$62.96	\$52.81	\$0.65
3Q15	\$58.52	\$48.13	\$0.70
4Q15	\$61.02	\$48.87	\$0.70

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP | Nashville, TN

SECURITIES COUNSEL

Bass, Berry & Sims PLC | Nashville, TN

TRANSFER AGENT

Computershare
730 Peachtree Street NE, Suite 840
Atlanta, GA 30308 | 312.601.6670

**GAYLORD OPRYLAND
RESORT & CONVENTION CENTER**

Nashville, Tennessee

- 172-acre resort
- 2,888 rooms
- 640,000 square feet of meeting and exhibit space
- 9 acres of atriums filled with gardens and Southern Delta attractions
- 18 food & beverage outlets; 14 retail outlets
- 27,000 square-foot luxury spa and fitness center
- Largest non-gaming hotel in the continental U.S.
- Gaylord Springs Golf Links, 18-hole championship golf course nearby

**GAYLORD PALMS
RESORT & CONVENTION CENTER**

Kissimmee, Florida

- 65-acre resort
- 1,416 rooms
- 400,000 square feet of meeting and exhibit space
- 4.5 acres of atriums filled with rich, Florida-themed attractions
- 10 food & beverage outlets; 7 retail outlets
- 20,000 square-foot luxury spa & fitness center
- Centrally located 5 minutes from Walt Disney World's front gate
- Set in the style and grandeur of a turn-of-the-century Florida mansion
- 18-hole championship golf course nearby

**GAYLORD TEXAN
RESORT & CONVENTION CENTER**

Grapevine, Texas

- 85-acre resort
- 1,511 rooms
- 400,000 square feet of meeting and exhibit space
- 4.5 acres of atriums filled with rich, Lone Star State-themed attractions
- 11 food & beverage outlets; 7 retail outlets
- 25,000 square-foot luxury spa and fitness center
- 39,000 square-foot Glass Cactus entertainment complex overlooking Lake Grapevine
- Stunning lakeside resort
- 18-hole championship golf course nearby

**GAYLORD NATIONAL
RESORT & CONVENTION CENTER**

National Harbor, Maryland

- 42-acre waterfront resort
- 1,996 rooms
- 470,000 square feet of meeting and exhibit space
- 18-story, 1.65-acre glass atrium with spectacular views of the Potomac River and Washington, D.C. monuments
- 8 food & beverage outlets; 6 retail outlets
- 20,000 square-foot luxury spa and fitness center
- High-energy nightclub atop the hotel tower
- Part of the 300-acre National Harbor development
- Private marina nearby



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