Ryman Hospitality Properties, Inc.
Form 10-Q
August 08, 2014
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2014

or

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

Commission file number 1-13079

RYMAN HOSPITALITY PROPERTIES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**73-0664379**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

One Gaylord Drive

Nashville, Tennessee 37214

(Address of Principal Executive Offices)

(Zip Code)

(615) 316-6000

(Registrant s Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

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

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

Class	**Outstanding as of July 31, 2014**
Common Stock, par value $.01	51,017,351 shares

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC.

FORM 10-Q

For the Quarter Ended June 30, 2014

INDEX

	Page
Part I - Financial Information	
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets (Unaudited) - June 30, 2014 and December 31, 2013	3
Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) - For the Three Months and Six Months Ended June 30, 2014 and 2013	4
Condensed Consolidated Statements of Cash Flows (Unaudited) - For the Six Months Ended June 30, 2014 and 2013	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	27
Item 3. Quantitative and Qualitative Disclosures About Market Risk	53
Item 4. Controls and Procedures	54
Part II - Other Information	
Item 1. Legal Proceedings	55
Item 1A. Risk Factors	55
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	55
Item 3. Defaults Upon Senior Securities	55
Item 4. Mine Safety Disclosures	55
Item 5. Other Information	55
Item 6. Exhibits	55
SIGNATURES	56

Table of Contents

Part I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

	June 30, 2014	December 31, 2013
ASSETS:		
Property and equipment, net of accumulated depreciation	$ 2,047,962	$ 2,067,997
Cash and cash equivalents - unrestricted	77,843	61,579
Cash and cash equivalents - restricted	13,901	20,169
Notes receivable	150,959	148,350
Trade receivables, less allowance of $672 and $717, respectively	55,917	51,782
Deferred financing costs	24,498	19,306
Prepaid expenses and other assets	53,469	55,446
Total assets	$ 2,424,549	$ 2,424,629
LIABILITIES AND STOCKHOLDERS EQUITY:		
Debt and capital lease obligations	$ 1,280,122	$ 1,154,420
Accounts payable and accrued liabilities	136,906	157,339
Deferred income tax liabilities, net	22,282	23,117
Deferred management rights proceeds	184,885	186,346
Dividends payable	28,575	25,780
Derivative liabilities	55,989	
Other liabilities	120,575	119,932
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, 50,841 and 50,528 shares issued and outstanding, respectively	508	505
Additional paid-in capital	1,079,274	1,228,845
Treasury stock of 477 and 472 shares, at cost	(8,002)	(7,766)
Accumulated deficit	(467,346)	(454,770)
Accumulated other comprehensive loss	(9,219)	(9,119)
Total stockholders equity	595,215	757,695

Total liabilities and stockholders equity	$ 2,424,549	$ 2,424,629

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

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

(Unaudited)

(In thousands, except per share data)

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues:				
Rooms	$ 99,376	$ 96,073	$ 190,458	$ 181,582
Food and beverage	103,357	99,309	213,428	197,497
Other hotel revenue	30,197	27,449	61,247	53,333
Opry and Attractions	24,983	22,352	39,231	34,884
Total revenues	257,913	245,183	504,364	467,296
Operating expenses:				
Rooms	27,910	26,564	56,460	51,651
Food and beverage	61,058	60,406	124,240	121,654
Other hotel expenses	67,816	68,583	138,846	138,151
Management fees	3,952	3,724	7,863	7,193
Total hotel operating expenses	160,736	159,277	327,409	318,649
Opry and Attractions	15,411	14,629	27,682	25,915
Corporate	6,048	6,636	12,755	13,302
REIT conversion costs		5,420		20,412
Casualty loss		17		49
Impairment and other charges		1,247		1,247
Depreciation and amortization	28,232	29,054	56,235	61,063
Total operating expenses	210,427	216,280	424,081	440,637
Operating income	47,486	28,903	80,283	26,659
Interest expense	(15,472)	(17,424)	(31,142)	(30,747)
Interest income	3,038	3,052	6,069	6,103
Loss on extinguishment of debt	(2,148)		(2,148)	
Other gains and (losses), net	(4,349)	53	(4,349)	47
Income before income taxes and discontinued operations	28,555	14,584	48,713	2,062
Benefit (provision) for income taxes	(576)	1,784	(92)	68,076
Income from continuing operations	27,979	16,368	48,621	70,138

Income from discontinued operations, net of income taxes		12		11		23		21
Net income		27,991		16,379		48,644		70,159
Loss on call spread and warrant modifications related to convertible notes		(4,952)		(4,869)		(4,952)		(4,869)
Net income available to common shareholders	$	23,039	$	11,510	$	43,692	$	65,290
Basic income per share available to common shareholders:								
Income from continuing operations	$	0.45	$	0.22	$	0.86	$	1.26
Income from discontinued operations, net of income taxes								
Net income	$	0.45	$	0.22	$	0.86	$	1.26
Fully diluted income per share available to common shareholders:								
Income from continuing operations	$	0.38	$	0.18	$	0.73	$	0.99
Income from discontinued operations, net of income taxes								
Net income	$	0.38	$	0.18	$	0.73	$	0.99
Dividends declared per common share	$	0.55	$	0.50	$	1.10	$	1.00
Comprehensive income, net of deferred taxes	$	27,944	$	24,789	$	48,544	$	79,731

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

4

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2014 and 2013

(Unaudited)

(In thousands)

	2014	2013
Cash Flows from Operating Activities:		
Net income	$ 48,644	$ 70,159
Amounts to reconcile net income to net cash flows provided by (used in) operating activities:		
Income from discontinued operations, net of taxes	(23)	(21)
Impairment and other charges		1,786
Benefit for deferred income taxes	(1,088)	(69,493)
Depreciation and amortization	56,235	61,063
Amortization of deferred financing costs	2,837	2,642
Amortization of discount on convertible notes	6,028	7,337
Write-off of deferred financing costs		1,845
Loss on extinguishment of debt	2,148	
Stock-based compensation expense	2,728	4,635
Excess tax benefit from stock-based compensation	(12)	(4)
Changes in:		
Trade receivables	(4,135)	(19,107)
Interest receivable	(2,609)	(2,578)
Accounts payable and accrued liabilities	(23,579)	(72,198)
Other assets and liabilities	4,740	4,947
Net cash flows provided by (used in) operating activities - continuing operations	91,914	(8,987)
Net cash flows provided by (used in) operating activities - discontinued operations	(205)	79
Net cash flows provided by (used in) operating activities	91,709	(8,908)
Cash Flows from Investing Activities:		
Purchases of property and equipment	(35,773)	(15,181)
(Increase) decrease in restricted cash and cash equivalents	6,268	(8,273)
Other investing activities	398	226
Net cash flows used in investing activities - continuing operations	(29,107)	(23,228)
Net cash flows used in investing activities - discontinued operations		
Net cash flows used in investing activities	(29,107)	(23,228)

Cash Flows from Financing Activities:		
Net borrowings (repayments) under credit facility	190,500	(82,000)
Issuance of senior notes		350,000
Early redemption of senior notes		(152,180)
Repurchase and conversion of convertible notes	(126,541)	
Repurchase of common stock warrants	(50,775)	
Deferred financing costs paid	(8,158)	(15,395)
Repurchase of Company stock for retirement		(100,028)
Payment of dividend	(53,389)	(25,823)
Proceeds from exercise of stock option and purchase plans	2,309	5,145
Excess tax benefit from stock-based compensation	12	4
Other financing activities, net	(296)	(357)
Net cash flows used in financing activities - continuing operations	(46,338)	(20,634)
Net cash flows used in financing activities - discontinued operations		
Net cash flows used in financing activities	(46,338)	(20,634)
Net change in cash and cash equivalents	16,264	(52,770)
Cash and cash equivalents - unrestricted, beginning of period	61,579	97,170
Cash and cash equivalents - unrestricted, end of period	$ 77,843	$ 44,400

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

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BASIS OF PRESENTATION:

The condensed consolidated financial statements include the accounts of Ryman Hospitality Properties, Inc. (Ryman) and its subsidiaries (the Company) and have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the financial information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013. In the opinion of management, all adjustments necessary for a fair statement of the results of operations for the interim periods have been included. All adjustments are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of the results for the full year because of seasonal and short-term variations.

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 discussed in Note 2. 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 Quarterly Report on Form 10-Q and Ryman s other reports filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act).

The Company principally operates, through its subsidiaries and its property managers, as applicable, in the following business segments: Hospitality, Opry and Attractions, and Corporate and Other.

Newly Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board 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 2017. The Company is currently evaluating the effects of this ASU on its financial statements, and such effects have not yet been determined.

2. REIT CONVERSION:

The Company completed a plan to restructure the Company s business operations to facilitate the Company s qualification as a REIT for federal income tax purposes (the REIT conversion) during 2012 and is electing to be taxed as a REIT commencing with the year ended December 31, 2013.

6

Table of Contents

On October 1, 2012, the Company consummated its agreement to sell the Gaylord Hotels brand and rights to manage the Gaylord Opryland Resort and Convention Center (Gaylord Opryland), the Gaylord Palms Resort and Convention Center (Gaylord Palms), the Gaylord Texan Resort and Convention Center (Gaylord Texan) and the Gaylord National Resort and Convention Center (Gaylord National), which the Company refers to collectively as the Gaylord Hotels properties , to Marriott International, Inc. (Marriott) for $210.0 million in cash (the Marriott sale transaction). 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 accounting 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. The amount related to the IP Rights was recognized into income as other gains and losses during the fourth quarter of 2012.

In addition, pursuant to additional management agreements entered into on October 1, 2012, Marriott assumed responsibility for managing the day-to-day operations of the General Jackson Showboat, Gaylord Springs Golf Links and the Wildhorse Saloon on October 1, 2012. Further, on December 1, 2012, the Company entered into a management agreement pursuant to which Marriott began managing the day-to-day operations of the Inn at Opryland effective December 1, 2012.

The Company has segregated all costs related to the REIT conversion from normal operations and reported these amounts as REIT conversion costs in the accompanying condensed consolidated statements of operations. During the three months and six months ended June 30, 2013, the Company incurred $5.4 million and $20.4 million, respectively, of various costs associated with these transactions. REIT conversion costs incurred during the three months ended June 30, 2013 include employment and severance costs ($2.7 million), professional fees ($0.9 million), and various other transition costs ($1.8 million). REIT conversion costs incurred during the six months ended June 30, 2013 include employment and severance costs ($13.9 million), professional fees ($2.0 million), and various other transition costs ($4.5 million). No REIT conversion costs were incurred during the three months and six months ended June 30, 2014.

The REIT conversion, including the Marriott sale transaction and other restructuring transactions, are designed to enable the Company to hold its assets and business operations in a manner that enables it to elect to be treated as a REIT for federal income tax purposes. As a REIT, the Company generally will not be subject to federal corporate income taxes on that portion of its capital gain or ordinary income from the Company s REIT operations that is distributed to its stockholders. This treatment substantially eliminates the federal double taxation on earnings from REIT operations, or taxation once at the corporate level and again at the stockholder level, that generally results from investment in a regular C corporation. To comply with certain REIT qualification requirements, the Company engaged Marriott to manage the day-to-day operations of its Gaylord Hotels properties and the Inn at Opryland and 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 that act as lessees of the Company s hotels, as well as the businesses within the Company s Opry and Attractions segment, continue to be subject, as applicable, to federal corporate and state income taxes following the REIT conversion.

7

Table of Contents

3. INCOME PER SHARE:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Weighted average shares outstanding - basic	50,814	51,244	50,719	51,832
Effect of dilutive stock-based compensation	464	504	519	533
Effect of convertible notes	6,033	7,464	5,798	7,682
Effect of common stock warrants	3,224	5,678	3,042	5,940
Weighted average shares outstanding - diluted	60,535	64,890	60,078	65,987

The Company had stock-based compensation awards outstanding with respect to approximately zero and 0.1 million shares of common stock for the three months ended June 30, 2014 and 2013, respectively, and approximately zero and 0.1 million shares of common stock for the six months ended June 30, 2014 and 2013, respectively, that could potentially dilute earnings per share in the future but were excluded from the computation of diluted earnings per share for the respective periods as the effect of their inclusion would have been anti-dilutive.

As discussed more fully in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, in 2009 the Company issued 3.75% Convertible Senior Notes due 2014 (the Convertible Notes). The Company will settle the outstanding face value of the Convertible Notes in cash upon conversion/maturity. Any conversion spread associated with the conversion of the Convertible Notes will be settled in shares of the Company s common stock. The Convertible Notes are convertible through the close of business on September 29, 2014 pursuant to the indenture for the Convertible Notes.

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 may purchase shares of the Company s stock. At June 30, 2014, approximately 9.6 million shares of the Company s common stock were issuable pursuant to the warrants, with an adjusted strike price of $25.01 per share, which reflects the warrant settlements and repurchases discussed in Note 7 and the adjustments made in connection with the cash dividend paid by the Company to stockholders on July 15, 2014. The number of shares underlying the warrants and the strike price thereof are subject to further anti-dilution adjustments, including for quarterly cash dividends paid by the Company. If the average closing price of the Company s stock during a reporting period exceeds this strike price, these warrants will be dilutive. Unless modified prior to maturity, the warrants may only be settled in shares of the Company s common stock.

In May and June 2014, the Company modified the agreements with two of the note hedge counterparties to cash settle a portion of the warrants as described in Note 7. In April 2014 and previously in June 2013, the Company entered into agreements with the note hedge counterparties to proportionately reduce the number of Purchased Options (as defined below) and the warrants discussed above in conjunction with a repurchase of a portion of the Convertible Notes. 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 $5.0 million and $4.9 million in the three months and six months ended June 30, 2014 and 2013, respectively. The charge for the 2014 period is recorded as an increase to accumulative deficit and derivative liability, as the liability was settled in cash, and the charge for the 2013 period was recorded as an increase to accumulated deficit and additional paid-in-capital, as the obligation was settled in shares, in the accompanying condensed consolidated balance sheets. These charges also represent a deduction from net income in calculating net income available to common shareholders and earnings per share available to common shareholders in the accompanying condensed consolidated statements of operations.

Table of Contents

4. 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. During the three months and six months ended June 30, 2014, the Company recorded no other comprehensive income and reclassified $(0.1) million and $(0.2) million, respectively, from accumulated other comprehensive (income) into operating expenses in the Company s condensed consolidated statements of operations included herein. During the three months and six months ended June 30, 2013, the Company recorded $13.6 million in other comprehensive income, which primarily represents the decrease in the Company s pension plan liability as described in Note 9, and reclassified $0.1 million and $0.2 million, respectively, from accumulated other comprehensive loss into operating expenses in the Company s condensed consolidated statements of operations included herein. In the three months and six months ended June 30, 2013, the Company also recorded $5.2 million and $4.2 million, respectively, in tax expense for accumulated other comprehensive loss, primarily related to a change in tax rate on the items included in accumulated other comprehensive loss due to the Company s REIT conversion.

5. PROPERTY AND EQUIPMENT:

Property and equipment at June 30, 2014 and December 31, 2013 is recorded at cost and summarized as follows (in thousands):

	June 30, 2014	December 31, 2013
Land and land improvements	$ 244,065	$ 242,418
Buildings	2,315,009	2,300,499
Furniture, fixtures and equipment	596,735	576,209
Construction-in-progress	21,544	25,844
	3,177,353	3,144,970
Accumulated depreciation	(1,129,391)	(1,076,973)
Property and equipment, net	$ 2,047,962	$ 2,067,997

6. NOTES RECEIVABLE:

As further discussed in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, in connection with the development of Gaylord National, the Company is currently holding two issuances of bonds and receives the debt service thereon, which is payable from tax increments, hotel taxes and special hotel rental taxes generated from Gaylord National 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 the three months ended June 30, 2014 and 2013, the Company recorded interest income of $3.0 million and $3.1 million, respectively, on these bonds. During the six months ended June 30, 2014 and 2013, the Company recorded interest income of $6.1 million on these bonds. The Company received payments of $3.5 million during the six months ended June 30, 2014 and 2013 relating to these notes receivable.

9

Table of Contents

7. DEBT:

The Company s debt and capital lease obligations at June 30, 2014 and December 31, 2013 consisted of (in thousands):

	June 30, 2014	December 31, 2013
$1 Billion Credit Facility, interest at LIBOR plus 1.85%, maturing April 18, 2017	$ 300,000	$ 509,500
$400 Million Term Loan Facility, terms as set forth below	400,000	
Convertible Senior Notes, interest at 3.75%, maturing October 1, 2014, net of unamortized discount of $2,707 and $10,096	229,461	293,962
Senior Notes, interest at 5.0%, maturing April 15, 2021	350,000	350,000
Capital lease obligations	661	958
Total debt	1,280,122	1,154,420
Less amounts due within one year	(609)	(599)
Total long-term debt	$ 1,279,513	$ 1,153,821

At June 30, 2014, the Company was in compliance with all of its covenants related to its outstanding debt.

3.75% Convertible Senior Notes

The Convertible Notes are convertible, under certain circumstances as described in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, at the holder s option, into shares of the Company s common stock, at an adjusted conversion rate of 47.9789 shares of common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an adjusted conversion price of approximately $20.84 per share and reflects the adjustment made for the cash dividend paid by the Company to stockholders on July 15, 2014. Additional adjustments may be made for quarterly cash dividends paid by the Company pursuant to customary anti-dilution adjustments. The Company will settle its 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 common stock.

The Convertible Notes are convertible through the close of business on September 29, 2014 pursuant to the indenture. Based on the Company s borrowing capacity under its $1 billion credit facility at June 30, 2014 and the Company s intent and ability to refinance all of its Convertible Notes on a long-term basis when due, the Convertible Notes have been classified as long-term debt in the above table at June 30, 2014.

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 connection with the repurchase, the Company entered into agreements with the note hedge counterparties to proportionately reduce the number of outstanding Purchased Options (as defined below) and warrants. In consideration for the reduction, the counterparties paid the Company approximately $9.2 million. In addition, in June 2014, the Company settled the conversion of $15.3 million of

Convertible Notes that were converted by holders for aggregate consideration of $33.4 million. As a result of these transactions, the Company recorded a loss on extinguishment of debt of $2.1 million during the three months and six months ended June 30, 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 (as more fully discussed in the Company s Annual Report on Form 10-K for the year ended December 31, 2013), the Company recorded a $52.0 million reduction in stockholders equity during the three months and six months ended June 30, 2014.

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 entitle the Company to receive shares of the Company s common stock. At June 30, 2014, the Purchased Options covered approximately 11.1 million shares, with an adjusted strike price of $20.84 per share (the same as the adjusted conversion price of the Convertible Notes), which reflects the repurchases and conversions discussed above and the adjustments made in connection with the cash dividend paid by the Company to stockholders on July 15, 2014. The number of shares underlying the Purchased Options and the strike price thereof are subject to further customary anti-dilution adjustments substantially similar to the Convertible Notes, including for quarterly cash dividends. The Purchased Options will be settled in shares delivered to the Company. Proportionate reductions to the number of shares underlying the Purchased Options may be made in connection with the Company s repurchase, if any, of Convertible Notes prior to their maturity.

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 entitle the counterparties to purchase shares of the Company s common stock. In May 2014, the Company modified an agreement with one of the note hedge counterparties to cash settle 2.4 million warrants in June 2014. As the modification 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 date, resulting in a $47.2 million deduction to additional paid-in-capital in the accompanying condensed consolidated balance sheet as of June 30, 2014. In June 2014, the Company settled this repurchase for total consideration of $50.8 million and recorded a $2.5 million loss on the change in the fair value of the derivative liability, which is included in other gains and losses, net in the accompanying condensed consolidated statement of operations for the three months and six months ended June 30, 2014.

At June 30, 2014, the warrants covered approximately 9.6 million shares, with an adjusted strike price of $25.01 per share, which reflects the repurchases and conversions discussed above and the adjustments made in connection with the cash dividend paid by the Company to stockholders on July 15, 2014. The number of shares underlying the warrants and the strike price thereof are subject to further customary anti-dilution adjustments similar to the adjustments of the Convertible Notes and Purchased Options, including for quarterly cash dividends. Unless modified prior to maturity, the warrants may only be settled at maturity in shares of the Company s common stock, net of the exercise price. Proportionate reductions to the number of shares underlying the warrants may be made in connection with the Company s repurchase, if any, of Convertible Notes prior to their maturity.

Pursuant to a June 2014 agreement with one of the note hedge counterparties, in the third quarter of 2014, the Company will cash settle an additional 2.4 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 $52.3 million deduction to additional paid-in-capital in the accompanying condensed consolidated balance sheet as of June 30, 2014. The change in fair value of the derivative liability from the agreement date through June 30, 2014 was a loss of $2.3 million and is included in other gains and losses, net in the accompanying condensed consolidated statement of operations for the three months and six months ended June 30, 2014. The total consideration to be paid by the Company will be determined when the repurchase transaction settles in the third quarter of 2014.

$400 Million Term Loan Facility

On June 18, 2014, the Company entered into an Amendment No. 1 and Joinder Agreement (the 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 Company s Fourth Amended and Restated

Credit Agreement (the Credit Agreement) for the $1 billion credit facility.

Table of Contents

Pursuant to the Amendment, the Company added an additional senior secured term loan facility in the aggregate principal amount of up to $400.0 million (the Term Loan B) to the Credit Agreement. Proceeds from the Term Loan B may be used, as the Company may determine, to repay revolving loans under the Credit Agreement and to repay the Convertible Notes or 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 June 30, 2014, the interest rate on the Term Loan B was LIBOR plus 3.0%. 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, commencing on September 30, 2014, with the balance due at maturity. 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.

The Term Loan B is guaranteed by the Company, each of its four wholly-owned subsidiaries that own the Gaylord Hotels-branded properties, and certain other subsidiaries of the Company. The Term Loan B is 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 subsidiaries of the Company 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 the Company s 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 Agreement, 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 Agreement (other than the financial maintenance covenants). If an event of default shall occur and be continuing, the commitments under the Amendment may be terminated and the principal amount outstanding under the Amendment, together with all accrued and unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

8. STOCK PLANS:

In addition to grants of stock options to its directors and employees, the Company s Amended and Restated 2006 Omnibus Incentive Plan (the Plan) permits the award of restricted stock and restricted stock units. The fair value of restricted stock and restricted stock units with time-based vesting or performance conditions is determined based on the market price of the Company s stock at the date of grant. The Company generally records compensation expense equal to the fair value of each restricted stock award granted over the vesting period.

During the six months ended June 30, 2014, the Company granted 0.1 million restricted stock units with a weighted-average grant date fair value of $42.54 per award. At June 30, 2014 and December 31, 2013, 0.6 million restricted stock units were outstanding.

The compensation expense that has been charged against pre-tax income for all of the Company s stock-based compensation plans was $1.4 million and $2.0 million for the three months ended June 30, 2014 and 2013, respectively, and $2.7 million and $4.6 million for the six months ended June 30, 2014 and 2013, respectively.

Table of Contents

9. RETIREMENT AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest cost	$ 1,045	$ 947	$ 2,089	$ 1,940
Expected return on plan assets	(1,410)	(1,283)	(2,819)	(2,574)
Recognized net actuarial loss	147	262	295	580
Net settlement loss		1,290		1,290
Total net periodic pension (income) expense	$ (218)	$ 1,216	$ (435)	$ 1,236

As a result of increased lump-sum distributions from the Company s qualified retirement plan during the three months and six months ended June 30, 2013, partially due to the transfer of a large number of the retirement plan participants to Marriott in connection with the REIT conversion, which resulted in an increase in the number of participants eligible for distributions, a net settlement loss of $1.3 million was recognized in the three months and six months ended June 30, 2013. Approximately $0.6 million of the net settlement loss related to lump-sum distributions to former employees affected by the REIT conversion and has been classified as REIT conversion costs. Approximately $0.7 million of the net settlement loss related to lump-sum distributions to former employees not affected by the REIT conversion and has been classified as corporate operating expenses.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Interest cost	$ 54	$ 33	$ 109	$ 97
Amortization of net actuarial loss	104	142	209	238
Amortization of prior service credit	(328)	(380)	(657)	(665)
Total net postretirement benefit income	$ (170)	$ (205)	$ (339)	$ (330)

10. INCOME TAXES:

The Company intends to elect 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 certain assets. In addition, the Company will continue to be required to pay federal and state corporate income taxes on earnings of its taxable REIT subsidiaries (TRSs).

For the three months and six months ended June 30, 2014, the Company recorded income tax expense of $0.6 million and $0.1 million, respectively, related to the current period operations of the Company. This expense is different from the statutory rate primarily due to the non-taxable income of the REIT, partially offset by additional valuation allowance required at the TRSs.

Table of Contents

For the three months ended June 30, 2013, the Company recorded an income tax benefit of $1.8 million, consisting of a tax benefit of $2.8 million related to the current period operations of the Company, partially offset by discrete expense of $1.0 million related to an increase in deferred tax liabilities associated with the Company s REIT conversion. For the six months ended June 30, 2013, the Company recorded an income tax benefit of $68.1 million. This benefit was primarily due to a benefit of $60.4 million related to the Company s REIT conversion and a benefit of $6.7 million related to the reversal of liabilities associated with unrecognized tax positions, as described below. The Company recorded income tax benefit of $1.0 million related to its current period operations for the six months ended June 30, 2013.

As a result of the Company s conversion to a REIT, certain net deferred tax liabilities related to the real estate of the Company were reversed, as the REIT will generally not pay federal corporate income tax related to those deferred tax liabilities. In addition, the Company assessed the need for a valuation allowance on the net deferred tax assets of the TRSs. As a result, the Company recorded a net benefit of $60.4 million related to the conversion to a REIT in the six months ended June 30, 2013.

The Internal Revenue Service has completed its examination of the Company s federal income tax returns for fiscal years 2008, 2009 and 2010. As a result, issues related to 2010 and earlier years have been effectively settled. The Company has not been notified of any other federal or state audits. Due to the favorable resolution of the federal examination, the Company s reserve for unrecognized tax benefits decreased by $12.4 million during the six months ended June 30, 2013, of which $4.8 million was recorded as an income tax benefit. In addition, the Company recorded a reduction to the related accrued interest of $2.1 million as an income tax benefit in the six months ended June 30, 2013.

At June 30, 2014 and December 31, 2013, the Company had no unrecognized tax benefits.

11. COMMITMENTS AND CONTINGENCIES:

As discussed in Note 8 to the financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013, the Company s qualified retirement plan incurred increased lump-sum distributions during 2013, partially due to the transfer of a large number of the retirement plan participants to Marriott in connection with the REIT conversion, which resulted in an increase in the number of participants eligible for distributions. In 2013, the Pension Benefit Guaranty Corporation (PBGC) notified the Company that due to a purported cessation of management operations at the Company as a result of the management transition to Marriott, the Company may be required to take certain actions regarding the plan, including possibly accelerating funding or providing security for future plan liabilities. The Company responded to the PBGC, stating the reasons that it does not believe that the Company s REIT conversion represents a cessation of management operations, and contesting any liability vigorously. The Company does not currently believe that any of the measures proposed by the PBGC are required or warranted. The staff of the PBGC has indicated that it disagrees with the Company s position. In addition, legislation has been introduced in Congress that would impose a moratorium on PBGC actions to enforce this type of asserted liability. At this time, the Company believes that possible outcomes include a dispute and protracted litigation, a settlement requiring the Company to prefund future plan obligations and/or establish a letter of credit or provide other security to satisfy future obligations, or legislation being adopted that would impose a moratorium on PBGC actions to enforce this type of asserted liability or otherwise repeal or limit the applicability of the existing legislation on which the PBGC assertion is based.

In June, the Company agreed to sell 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 is a party with The Peterson Companies, which entitles 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 will receive $26.1 million over three years in exchange for its contractual rights. The sale is expected to close in December of 2014.

Table of Contents

Also in June, the Company agreed to purchase from an affiliate of The Peterson Companies a 190-room hotel currently being operated as the Aloft Hotel at National Harbor for a purchase price of $21.8 million. The transaction is scheduled to close in December of 2014 and requires that the property be transferred to the Company unencumbered by any existing hotel franchise or management agreements. The Company expects to re-brand the hotel and to allow Marriott to operate the property in conjunction with the Gaylord National. Simultaneously with the purchase of this hotel, the Company also agreed to acquire 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. The purchase of the hotel and the land is expected to close in December of 2014.

The Company is self-insured up to a stop loss for certain losses related 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 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 provide for severance payments upon certain events, including certain terminations in connection with a change of control.

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

12. STOCKHOLDERS EQUITY:

Dividends

On February 28, 2014, the Company s board of directors declared the Company s first quarter 2014 cash dividend in the amount of $0.55 per share of common stock, or an aggregate of approximately $27.9 million in cash, which was paid on April 14, 2014 to stockholders of record as of the close of business on March 28, 2014.

On May 6, 2014, the Company s board of directors declared the Company s second quarter 2014 cash dividend in the amount of $0.55 per share of common stock, or an aggregate of approximately $28.0 million in cash, which was paid on July 15, 2014 to stockholders of record as of the close of business on June 27, 2014.

Stock Repurchases

During the six months ended June 30, 2013, the Company repurchased and cancelled approximately 2.3 million shares of its common stock under a previously announced share repurchase program. The shares were repurchased for an aggregate purchase price of $100.0 million, which the Company funded using cash on hand and borrowings under the revolving credit line of the Company s credit facility.

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.

Table of Contents

At June 30, 2014 and December 31, 2013, the Company held certain assets, and at June 30, 2014, the Company held certain liabilities, that are required to be measured at fair value on a recurring basis. These included investments held in conjunction with the Company s non-qualified contributory deferred compensation plan and liabilities associated with a portion of the outstanding common stock warrants associated with the Convertible Notes discussed in Note 7.

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

As discussed in Note 7, in the third quarter of 2014, the Company will cash settle 2.4 million in common stock warrants associated with its Convertible Notes, which have been classified as a derivative liability in the accompanying condensed consolidated balance sheet as of June 30, 2014. The Company determined the fair value of these warrants based on the Company s closing stock price at June 30, 2014 and a pricing grid provided by the counterparty to the warrants that was based on observable inputs. Therefore, the Company has categorized this liability as Level 2.

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

The Company had no liabilities required to be measured at fair value at December 31, 2013. The Company s assets and liabilities measured at fair value on a recurring basis at June 30, 2014 and December 31, 2013, were as follows (in thousands):

	June 30, 2014	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 19,156	$ 19,156	$	$
Total assets measured at fair value	$ 19,156	$ 19,156	$	$
Warrant liability	$ 55,989	$	$ 55,989	$
Total liabilities measured at fair value	$ 55,989	$	$ 55,989	$

	December 31, 2013	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 18,883	$ 18,883	$	$
Total assets measured at fair value	$ 18,883	$ 18,883	$	$

The remainder of the assets and liabilities held by the Company at June 30, 2014 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 6 and the Company s Annual Report on Form 10-K for the year ended December 31, 2013, in connection with the development of Gaylord National, the Company received two bonds (Series A Bond and Series B Bond) from Prince George s County, Maryland which had aggregate carrying values of

16

$88.9 million and $62.1 million, respectively, at June 30, 2014. The maturity dates of the Series A Bond and the Series B Bond are July 1, 2034 and September 1, 2037, respectively. Based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the notes, which the Company considers as Level 3, the fair value of the Series A Bond, which has the senior claim to the cash flows supporting these bonds, approximated carrying value at June 30, 2014 and the fair value of the Series B Bond was approximately $40 million at June 30, 2014. While the fair value of the Series B Bond decreased to less than its carrying value during 2011 due to a change 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 at June 30, 2014.

At June 30, 2014, the Company had outstanding $232.2 million in aggregate principal amount of Convertible Notes that accrue interest at a fixed rate of 3.75%. The carrying value of these notes on June 30, 2014 was $229.5 million, net of discount. The fair value of the Convertible Notes, based upon the present value of cash flows discounted at current market interest rates, which the Company considers as Level 2, was approximately $234 million at June 30, 2014.

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

14. FINANCIAL REPORTING BY BUSINESS SEGMENTS:

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

Hospitality, which includes Gaylord Opryland, Gaylord Palms, Gaylord Texan, Gaylord National and the Inn at Opryland;

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

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

17

Table of Contents

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

	Three Months Ended June 30, 2014	Three Months Ended June 30, 2013	Six Months Ended June 30, 2014	Six Months Ended June 30, 2013
Revenues:				
Hospitality	$ 232,930	$ 222,831	$ 465,133	$ 432,412
Opry and Attractions	24,983	22,352	39,231	34,884
Corporate and Other				
Total	$ 257,913	$ 245,183	$ 504,364	$ 467,296
Depreciation and amortization:				
Hospitality	$ 26,003	$ 25,528	$ 51,517	$ 52,329
Opry and Attractions	1,231	1,319	2,656	2,685
Corporate and Other	998	2,207	2,062	6,049
Total	$ 28,232	$ 29,054	$ 56,235	$ 61,063
Operating income (loss):				
Hospitality	$ 46,191	$ 38,026	$ 86,207	$ 61,434
Opry and Attractions	8,341	6,404	8,893	6,284
Corporate and Other	(7,046)	(8,843)	(14,817)	(19,351)
REIT conversion costs		(5,420)		(20,412)
Casualty loss		(17)		(49)
Impairment and other charges (non-REIT conversion costs)		(1,247)		(1,247)
Total operating income	47,486	28,903	80,283	26,659
Interest expense	(15,472)	(17,424)	(31,142)	(30,747)
Interest income	3,038	3,052	6,069	6,103
Loss on extinguishment of debt	(2,148)		(2,148)	
Other gains and (losses), net	(4,349)	53	(4,349)	47
Income before income taxes and discontinued operations	$ 28,555	$ 14,584	$ 48,713	$ 2,062

15. INFORMATION CONCERNING GUARANTOR AND NON-GUARANTOR SUBSIDIARIES:

The 5% senior notes were 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 $1 billion credit facility and the $400 million term loan 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 Company s 5% senior notes.

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

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

June 30, 2014

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS:						
Property and equipment, net of accumulated depreciation	$ 6,627	$	$ 1,721,670	$ 319,665	$	$ 2,047,962
Cash and cash equivalents - unrestricted	98	8,604	28	69,113		77,843
Cash and cash equivalents - restricted				13,901		13,901
Notes receivable				150,959		150,959
Trade receivables, less allowance				55,917		55,917
Deferred financing costs		24,498				24,498
Prepaid expenses and other assets	32	2,670	112,745	52,536	(114,514)	53,469
Intercompany receivables, net			915,366	22,600	(937,966)	
Investments	2,124,370	2,767,162	526,644	446,253	(5,864,429)	
Total assets	$ 2,131,127	$ 2,802,934	$ 3,276,453	$ 1,130,944	$ (6,916,909)	$ 2,424,549
LIABILITIES AND STOCKHOLDERS EQUITY:						
Debt and capital lease obligations	$ 229,461	$ 1,050,000	$	$ 661	$	$ 1,280,122
Accounts payable and accrued liabilities	25	8,375	874	242,429	(114,797)	136,906
Deferred income tax liabilities, net	6,504	(15)	722	15,071		22,282
Deferred management rights proceeds				184,885		184,885
Dividends payable	28,575					28,575
Derivative liabilities	55,989					55,989
Other liabilities			76,643	43,649	283	120,575
Intercompany payables, net	881,147	56,819			(937,966)	
Commitments and contingencies						
Stockholders equity:						
Preferred stock						

Common stock	508	1	1	2,387	(2,389)	508
Additional paid-in-capital	1,079,274	1,741,704	2,803,623	1,184,038	(5,729,365)	1,079,274
Treasury stock	(8,002)					(8,002)
Accumulated deficit	(142,354)	(53,950)	394,590	(532,957)	(132,675)	(467,346)
Accumulated other comprehensive loss				(9,219)		(9,219)
Total stockholders equity	929,426	1,687,755	3,198,214	644,249	(5,864,429)	595,215
Total liabilities and stockholders equity	$ 2,131,127	$ 2,802,934	$ 3,276,453	$ 1,130,944	$ (6,916,909)	$ 2,424,549

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2013

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS:						
Property and equipment, net of accumulated depreciation	$	$	$ 1,751,479	$ 316,518	$	$ 2,067,997
Cash and cash equivalents - unrestricted		714		60,865		61,579
Cash and cash equivalents - restricted				20,169		20,169
Notes receivable				148,350		148,350
Trade receivables, less allowance				51,796	(14)	51,782
Deferred financing costs		19,306				19,306
Prepaid expenses and other assets		3	227,608	58,267	(230,432)	55,446
Intercompany receivables, net	90,184		697,908	172,064	(960,156)	
Investments	2,061,253	2,767,163	526,644	436,828	(5,791,888)	
Total assets	$ 2,151,437	$ 2,787,186	$ 3,203,639	$ 1,264,857	$ (6,982,490)	$ 2,424,629
LIABILITIES AND STOCKHOLDERS EQUITY:						
Debt and capital lease obligations	$ 293,962	$ 859,500	$	$ 958	$	$ 1,154,420
Accounts payable and accrued liabilities	(14)	8,164	1,470	378,448	(230,729)	157,339
Deferred income tax liabilities, net	6,528	(15)	654	15,950		23,117
Deferred management rights proceeds				186,346		186,346
Dividends payable	25,780					25,780
Other liabilities			73,673	45,976	283	119,932
Intercompany payables, net	733,376	211,925	14,855		(960,156)	
Commitments and contingencies						
Stockholders equity:						
Preferred stock						
Common stock	505	1	1	2,387	(2,389)	505

Additional paid-in-capital	1,228,845	1,741,704	2,803,623	1,184,038	(5,729,365)	1,228,845
Treasury stock	(7,766)					(7,766)
Accumulated deficit	(129,779)	(34,093)	309,363	(540,127)	(60,134)	(454,770)
Accumulated other comprehensive loss				(9,119)		(9,119)
Total stockholders equity	1,091,805	1,707,612	3,112,987	637,179	(5,791,888)	757,695
Total liabilities and stockholders equity	$ 2,151,437	$ 2,787,186	$ 3,203,639	$ 1,264,857	$ (6,982,490)	$ 2,424,629

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Three Months Ended June 30, 2014

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 99,376	$	$ 99,376
Food and beverage				103,357		103,357
Other hotel revenue			74,926	34,723	(79,452)	30,197
Opry and Attractions	84			24,929	(30)	24,983
Total revenues	84		74,926	262,385	(79,482)	257,913
Operating expenses:						
Rooms				27,910		27,910
Food and beverage				61,058		61,058
Other hotel expenses			11,167	131,478	(74,829)	67,816
Management fees				3,952		3,952
Total hotel operating expenses			11,167	224,398	(74,829)	160,736
Opry and Attractions				15,442	(31)	15,411
Corporate	19	316		5,713		6,048
Corporate overhead allocation	2,579		2,043		(4,622)	
Depreciation and amortization	21		14,915	13,296		28,232
Total operating expenses	2,619	316	28,125	258,849	(79,482)	210,427
Operating income (loss)	(2,535)	(316)	46,801	3,536		47,486
Interest expense	(5,437)	(10,034)		(1)		(15,472)
Interest income				3,038		3,038
Loss on extinguishment of debt	(2,148)					(2,148)
Other gains and (losses), net	(4,496)			147		(4,349)
Income (loss) before income taxes and discontinued operations	(14,616)	(10,350)	46,801	6,720		28,555
(Provision) benefit for income taxes	41		(515)	(102)		(576)
Equity in subsidiaries earnings, net	42,566				(42,566)	
Income (loss) from continuing operations	27,991	(10,350)	46,286	6,618	(42,566)	27,979

Income from discontinued operations, net of taxes				12		12
Net income (loss)	$ 27,991	$ (10,350)	$ 46,286	$ 6,630	$ (42,566)	$ 27,991
Comprehensive income (loss)	$ 27,944	$ (10,350)	$ 46,286	$ 6,583	$ (42,519)	$ 27,944

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Three Months Ended June 30, 2013

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 96,073	$	$ 96,073
Food and beverage				99,309		99,309
Other hotel revenue			66,836	31,729	(71,116)	27,449
Opry and Attractions				22,352		22,352
Total revenues			66,836	249,463	(71,116)	245,183
Operating expenses:						
Rooms				26,564		26,564
Food and beverage				60,406		60,406
Other hotel expenses			10,069	125,980	(67,466)	68,583
Management fees				3,724		3,724
Total hotel operating expenses			10,069	216,674	(67,466)	159,277
Opry and Attractions				14,629		14,629
Corporate		(181)	2	6,815		6,636
Corporate overhead allocation	2,120		1,530		(3,650)	
REIT conversion costs				5,420		5,420
Casualty loss				17		17
Impairment and other charges			1,247			1,247
Depreciation and amortization			14,937	14,117		29,054
Total operating expenses	2,120	(181)	27,785	257,672	(71,116)	216,280
Operating income (loss)	(2,120)	181	39,051	(8,209)		28,903
Interest expense	(7,537)	(9,875)		(12)		(17,424)
Interest income				3,052		3,052
Other gains and (losses), net				53		53
Income (loss) before income taxes and discontinued operations	(9,657)	(9,694)	39,051	(5,116)		14,584
(Provision) benefit for income taxes		(3)	(922)	2,709		1,784
Equity in subsidiaries earnings, net	26,036				(26,036)	
Income (loss) from continuing operations	16,379	(9,697)	38,129	(2,407)	(26,036)	16,368

Income from discontinued operations, net of taxes				11		11
Net income (loss)	$ 16,379	$ (9,697)	$ 38,129	$ (2,396)	$ (26,036)	$ 16,379
Comprehensive income (loss)	$ 24,789	$ (9,697)	$ 38,129	$ 6,014	$ (34,446)	$ 24,789

Table of Contents

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Six Months Ended June 30, 2014

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 190,458	$	$ 190,458
Food and beverage				213,428		213,428
Other hotel revenue			142,786	70,468	(152,007)	61,247
Opry and Attractions	84			39,178	(31)	39,231
Total revenues	84		142,786	513,532	(152,038)	504,364
Operating expenses:						
Rooms				56,460		56,460
Food and beverage				124,240		124,240
Other hotel expenses			22,868	258,623	(142,645)	138,846
Management fees				7,863		7,863
Total hotel operating expenses			22,868	447,186	(142,645)	327,409
Opry and Attractions				27,713	(31)	27,682
Corporate	19	620	1	12,115		12,755
Corporate overhead allocation	5,399		3,963		(9,362)	
Depreciation and amortization	21		29,817	26,397		56,235
Total operating expenses	5,439	620	56,649	513,411	(152,038)	424,081
Operating income (loss)	(5,355)	(620)	86,137	121		80,283

&nb