Ryman Hospitality Properties, Inc.
Form 10-Q
November 03, 2016
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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 September 30, 2016

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 October 31, 2016**
Common Stock, par value $.01	51,006,044 shares

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RYMAN HOSPITALITY PROPERTIES, INC.

FORM 10-Q

For the Quarter Ended September 30, 2016

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Part I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

	September 30, 2016	December 31, 2015
ASSETS:		
Property and equipment, net of accumulated depreciation	$ 1,991,690	$ 1,982,816
Cash and cash equivalents - unrestricted	35,858	56,291
Cash and cash equivalents - restricted	25,872	22,355
Notes receivable	150,517	152,560
Trade receivables, less allowance of $659 and $919, respectively	58,253	55,033
Investment in Gaylord Rockies joint venture	50,385	
Prepaid expenses and other assets	62,537	62,379
Total assets	$ 2,375,112	$ 2,331,434
LIABILITIES AND STOCKHOLDERS EQUITY:		
Debt and capital lease obligations	$ 1,486,843	$ 1,431,710
Accounts payable and accrued liabilities	161,347	153,383
Dividends payable	39,087	36,868
Deferred management rights proceeds	180,846	183,119
Deferred income tax liabilities, net	1,367	1,163
Other liabilities	155,426	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, 51,006 and 51,291 shares issued and outstanding, respectively	510	513
Additional paid-in capital	890,946	887,501
Treasury stock of 533 and 511 shares, at cost	(11,142)	(10,001)
Accumulated deficit	(501,505)	(473,404)
Accumulated other comprehensive loss	(28,613)	(25,047)
Total stockholders equity	350,196	379,562
Total liabilities and stockholders equity	$ 2,375,112	$ 2,331,434

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

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

AND COMPREHENSIVE INCOME

(Unaudited)

(In thousands, except per share data)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Revenues:				
Rooms	$ 101,085	$ 92,828	$ 309,385	$ 292,089
Food and beverage	113,100	108,558	362,550	345,931
Other hotel revenue	26,834	23,456	75,604	69,111
Entertainment	30,701	27,978	81,893	72,873
Total revenues	271,720	252,820	829,432	780,004
Operating expenses:				
Rooms	28,371	27,347	82,492	80,216
Food and beverage	64,790	63,797	201,045	193,661
Other hotel expenses	73,331	70,108	219,510	210,513
Management fees, net	4,408	3,213	15,246	10,516
Total hotel operating expenses	170,900	164,465	518,293	494,906
Entertainment	19,100	18,954	54,630	48,775
Corporate	8,447	8,017	22,315	21,384
Preopening costs		118		909
Impairment and other charges				2,890
Depreciation and amortization	26,706	28,498	81,888	85,467
Total operating expenses	225,153	220,052	677,126	654,331
Operating income	46,567	32,768	152,306	125,673
Interest expense	(15,947)	(16,138)	(48,002)	(47,765)
Interest income	2,965	2,982	9,116	9,383
Loss from joint ventures	(638)		(2,086)	
Other gains and (losses), net	2,468	2,467	2,288	(18,104)
Income before income taxes	35,415	22,079	113,622	69,187
(Provision) benefit for income taxes	(1,822)	4,612	(2,352)	3,425
Net income	$ 33,593	$ 26,691	$ 111,270	$ 72,612

Basic income per share	$	0.66	$	0.52	$	2.18	$	1.42
Fully diluted income per share	$	0.66	$	0.52	$	2.17	$	1.41
Dividends declared per common share	$	0.75	$	0.70	$	2.25	$	2.00
Comprehensive income, net of taxes	$	29,979	$	26,364	$	107,704	$	72,381

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

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2016 and 2015

(Unaudited)

(In thousands)

	2016	2015
Cash Flows from Operating Activities:		
Net income	$ 111,270	$ 72,612
Amounts to reconcile net income to net cash flows provided by operating activities:		
Provision (benefit) for deferred income taxes	279	(5,303)
Depreciation and amortization	81,888	85,467
Amortization of deferred financing costs	3,647	4,177
Impairment and other charges		2,890
Loss on repurchase of warrants		20,246
Write-off of deferred financing costs		1,926
Stock-based compensation expense	4,594	4,582
Changes in:		
Trade receivables	(3,220)	(18,619)
Accounts payable and accrued liabilities	2,647	(3,254)
Other assets and liabilities	(1,989)	(10,109)
Net cash flows provided by operating activities	199,116	154,615
Cash Flows from Investing Activities:		
Purchases of property and equipment	(84,557)	(63,352)
Proceeds from sale of Peterson LOI	6,785	10,000
Investment in Gaylord Rockies joint venture	(50,443)	
Increase in restricted cash and cash equivalents	(3,517)	(4,444)
Other investing activities	273	2,533
Net cash flows used in investing activities	(131,459)	(55,263)
Cash Flows from Financing Activities:		
Net borrowings (repayments) under credit facility	60,500	(268,600)
Repayments under term loan B	(3,000)	(3,000)
Issuance of senior notes		400,000
Repayment of note payable related to purchase of AC Hotel	(6,000)	
Repurchase of common stock warrants		(154,681)
Deferred financing costs paid		(11,145)
Repurchase of Company stock for retirement	(24,811)	
Payment of dividend	(112,900)	(95,404)

Proceeds from exercise of stock options	1,284	1,430
Payment of tax withholdings for share-based compensation	(3,150)	(3,647)
Other financing activities	(13)	(373)
Net cash flows used in financing activities	(88,090)	(135,420)
Net change in cash and cash equivalents	(20,433)	(36,068)
Cash and cash equivalents - unrestricted, beginning of period	56,291	76,408
Cash and cash equivalents - unrestricted, end of period	$ 35,858	$ 40,340

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

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

1. BASIS OF PRESENTATION:

On January 1, 2013, Ryman Hospitality Properties, Inc. (Ryman) and its subsidiaries (collectively with Ryman, 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 condensed consolidated financial statements include the accounts of Ryman and its subsidiaries 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. 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, 2015. 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 real estate investment trust (REIT), in which substantially 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 Company principally operates, through its subsidiaries and its property managers, as applicable, in the following business segments: Hospitality, Entertainment, and Corporate and Other.

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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 and is shown in Note 7.

In March 2016, certain subsidiaries of the Company entered into a series of agreements with respect to an equity investment in the Gaylord Rockies Resort & Convention Center in Aurora, Colorado (Gaylord Rockies). See Note 11 for further discussion of this investment.

Newly Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (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 currently effective for the Company in the first quarter of 2018. The Company is currently evaluating the effects of this ASU on its financial statements, as well as which method of adoption the Company will implement, and such effects have not yet been determined.

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 condensed 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 11 in the Company s Annual Report on Form 10-K for the year ended December 31, 2015 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 will require all income tax effects of awards to be recognized in the statement of operations when the awards vest or are settled. This guidance is 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 year. This adoption did not have a material impact on the Company s condensed 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. 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 has 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 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, Marriott manages the day-to-day operations of the Inn at Opryland, the AC Hotel, General Jackson Showboat, Gaylord Springs Golf Links 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.

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3. INCOME PER SHARE:

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Weighted average shares outstanding - basic	51,004	51,283	51,009	51,226
Effect of dilutive stock-based compensation	266	347	270	361
Weighted average shares outstanding - diluted	51,270	51,630	51,279	51,587

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 nine months ended September 30, 2016, the Company recorded $3.7 million in other comprehensive loss, and during the three months and nine months ended September 30, 2015, the Company recorded $0.6 million in other comprehensive loss, which primarily represents the increases in the Company s pension plan liability as described in Note 9. During the three months and nine months ended September 30, 2016, the Company reclassified zero and $0.1 million, respectively, and during the three months and nine months ended September 30, 2015, the Company reclassified zero and $0.2 million, respectively, from accumulated other comprehensive loss into operating expenses in the Company s condensed consolidated statements of operations included herein.

5. PROPERTY AND EQUIPMENT:

Property and equipment at September 30, 2016 and December 31, 2015 is recorded at cost and summarized as follows (in thousands):

	September 30, 2016	December 31, 2015
Land and land improvements	$ 264,064	$ 255,179
Buildings	2,391,028	2,369,851
Furniture, fixtures and equipment	628,251	603,529
Construction-in-progress	39,332	10,576
	3,322,675	3,239,135
Accumulated depreciation	(1,330,985)	(1,256,319)
Property and equipment, net	$ 1,991,690	$ 1,982,816

6. NOTES RECEIVABLE:

As further discussed in the Company s Annual Report on Form 10-K for the year ended December 31, 2015, in connection with the development of Gaylord National, the Company is currently holding two issuances of governmental bonds and receives debt service thereon, payable from property 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 September 30, 2016 and 2015, the Company recorded interest income of $3.0 million on these bonds. During the nine months ended September 30, 2016 and 2015, the Company recorded interest income of $9.0 million and $9.3 million, respectively, on these bonds. The Company received payments of $11.1 million and $9.4 million during the nine months ended September 30, 2016 and 2015, respectively, relating to these notes receivable. See additional discussion regarding the fair value of these notes receivable in Note 13.

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7. DEBT:

The Company s debt and capital lease obligations at September 30, 2016 and December 31, 2015 consisted of (in thousands):

	September 30, 2016	December 31, 2015
$700 Million Revolving Credit Facility, interest at LIBOR plus 1.65%, maturing June 5, 2019, less unamortized deferred financing costs of $5,784 and $7,335	$ 361,116	$ 299,065
$400 Million Term Loan B, interest at LIBOR plus 2.75%, maturing January 15, 2021, less unamortized deferred financing costs of $5,569 and $6,457	385,431	387,543
$350 Million Senior Notes, interest at 5.0%, maturing April 15, 2021, less unamortized deferred financing costs of $4,461 and $5,107	345,539	344,893
$400 Million Senior Notes, interest at 5.0%, maturing April 15, 2023, less unamortized deferred financing costs of $5,906 and $6,469	394,094	393,531
AC Hotel Note Payable		6,000
Capital lease obligations	663	678
Total debt	1,486,843	1,431,710
Less amounts due within one year	(19)	(6,019)
Total long-term debt	$ 1,486,824	$ 1,425,691

At September 30, 2016, the Company was in compliance with all of its covenants related to its outstanding debt.

Warrants Related to Former 3.75% Convertible Senior Notes

Separately and concurrently with the 2009 issuance of its previous convertible notes, the Company also entered into warrant transactions whereby it sold common stock purchase warrants to counterparties affiliated with the initial purchasers of the convertible notes. The warrants entitled the counterparties to purchase shares of the Company s common stock. Pursuant to December 2014 agreements with the remaining counterparties, the Company cash settled the remaining 4.7 million warrants in the first quarter of 2015. 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. 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 condensed consolidated statement of operations for the nine months ended September 30, 2015.

8. STOCK PLANS:

In addition to grants of stock options to its directors and employees, which the Company no longer actively grants, the Company s incentive plans permit the award of restricted stock and restricted stock units. The fair value of restricted stock and restricted stock units with time-based vesting is determined based on the market price of the Company s stock at the date of grant. The fair value of restricted stock and restricted stock units with performance conditions is determined using a Monte-Carlo simulation model. The Company generally records compensation expense equal to the fair value of each restricted stock award granted over the vesting period.

During the nine months ended September 30, 2016, the Company granted 0.1 million restricted stock units with a weighted-average grant date fair value of $47.68 per award. There were 0.5 million restricted stock units outstanding at September 30, 2016 and December 31, 2015.

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The compensation expense that has been charged against pre-tax income for all of the Company s stock-based compensation plans was $1.5 million for the three months ended September 30, 2016 and 2015, and $4.6 million for the nine months ended September 30, 2016 and 2015.

9. PENSION AND POSTRETIREMENT BENEFITS OTHER THAN PENSION PLANS:

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest cost	$ 966	$ 1,005	$ 2,896	$ 2,977
Expected return on plan assets	(1,021)	(1,142)	(3,061)	(3,518)
Amortization of net actuarial loss	307	258	921	875
Net settlement loss	1,567	1,593	1,567	1,593
Total net periodic pension expense	$ 1,819	$ 1,714	$ 2,323	$ 1,927

As a result of increased lump-sum distributions from the Company s qualified retirement plan during 2016 and 2015, net settlement losses of $1.6 million were recognized in the three months and nine months ended September 30, 2016 and 2015. These net settlement losses have been classified as corporate operating expenses in the accompanying condensed consolidated statements of operations.

In addition, the increase in lump-sum distributions required the Company to re-measure its liability under its pension plan as of September 30, 2016. As a result of the lump-sum distributions, offset by a decrease in the pension plan s assumed discount rate from 3.9% at December 31, 2015 to 3.1% at September 30, 2016, the Company recorded a $5.3 million increase in its liability under the pension plan, which was recorded as an increase in other liabilities and accumulated other comprehensive loss in the accompanying condensed consolidated balance sheet at September 30, 2016.

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest cost	$ 30	$ 53	$ 90	$ 159
Amortization of net actuarial loss	60	118	181	354
Amortization of prior service credit	(328)	(329)	(985)	(986)
Total net postretirement benefit income	$ (238)	$ (158)	$ (714)	$ (473)

10. 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 occurring 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.

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The Company recorded an income tax (provision) benefit of $(1.8) million and $4.6 million for the three months ended September 30, 2016 and 2015, respectively, and $(2.4) million and $3.4 million for the nine months ended September 30, 2016 and 2015, respectively, related to the current period operations of the Company. 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.

At September 30, 2016 and December 31, 2015, the Company had no unrecognized tax benefits.

11. COMMITMENTS AND CONTINGENCIES:

Gaylord Rockies Resort & Convention Center

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 an affiliate of 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 $50.4 million of its capital contribution, and expects to fund the remainder of its capital contribution during the remainder of 2016 and the first half of 2017. The Company s capital contributions will be funded from available cash on hand and borrowings under its revolving credit facility.

The terms of the Company s investment 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 RIDA, Ares 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 this investment. The Company s share of equity method net income or loss will increase or decrease, as applicable, the carrying value of our equity method investment.

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 guaranty 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 guaranty 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 guaranties related to the construction loan, the Company agreed to provide a guaranty of the mezzanine debt related to the hotel including a payment guaranty 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 guaranties and liens. The guaranty related to the mezzanine debt also includes an uncapped completion guaranty and an uncapped guaranty 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 guaranties related to the construction loan. As of September 30, 2016, the Company had not recorded any liability in the condensed consolidated balance sheet associated with these guarantees.

Other Commitments and Contingencies

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:

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 are 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 will be made during open trading window periods or pursuant to any applicable Rule 10b5-1 trading plans. The authorization extends until December 31, 2016. The timing, prices, and sizes of repurchases will depend upon prevailing market prices, general economic and market conditions and other considerations. The repurchase program does not obligate the Company to acquire any particular amount of stock.

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 have been repurchased under the current authorization, was cancelled by the Company and has been reflected as a reduction of retained earnings at September 30, 2016 in the accompanying condensed consolidated financial statements.

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Dividends

On February 26, 2016, the Company s board of directors declared the Company s first quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.2 million in cash, which was paid on April 15, 2016 to stockholders of record as of the close of business on March 31, 2016.

On June 13, 2016, the Company s board of directors declared the Company s second quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.3 million in cash, which was paid on July 15, 2016 to stockholders of record as of the close of business on June 30, 2016.

On September 14, 2016, the Company s board of directors declared the Company s third quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.3 million in cash, which was paid on October 14, 2016 to stockholders of record as of the close of business on September 30, 2016.

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 September 30, 2016 and December 31, 2015, the Company held certain assets 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. These investments 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. The Company has consistently applied the above valuation techniques in all periods presented and believes it has obtained the most accurate information available for each type of instrument.

The Company had no liabilities required to be measured at fair value at September 30, 2016 and December 31, 2015. The Company s assets measured at fair value on a recurring basis at September 30, 2016 and December 31, 2015, were as follows (in thousands):

	September 30, 2016	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 21,028	$ 21,028	$	$
Total assets measured at fair value	$ 21,028	$ 21,028	$	$

	December 31, 2015	Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Deferred compensation plan investments	$ 19,289	$ 19,289	$	$
Total assets measured at fair value	$ 19,289	$ 19,289	$	$

The remainder of the assets and liabilities held by the Company at September 30, 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 6 and in the Company s Annual Report on Form 10-K for the year ended December 31, 2015, 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 $81.1 million and $69.4 million, respectively, at September 30, 2016. 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 September 30, 2016 and the fair value of the Series B Bond was approximately $62 million at September 30, 2016. 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 September 30, 2016.

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 operations are organized into three 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; and

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

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

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Revenues:				
Hospitality	$ 241,019	$ 224,842	$ 747,539	$ 707,131
Entertainment	30,701	27,978	81,893	72,873
Corporate and Other				
Total	$ 271,720	$ 252,820	$ 829,432	$ 780,004
Depreciation and amortization:				
Hospitality	$ 24,401	$ 26,383	$ 75,051	$ 79,175
Entertainment	1,637	1,434	4,845	4,199
Corporate and Other	668	681	1,992	2,093
Total	$ 26,706	$ 28,498	$ 81,888	$ 85,467
Operating income:				
Hospitality	$ 45,718	$ 33,994	$ 154,195	$ 133,050
Entertainment	9,964	7,590	22,418	19,899
Corporate and Other	(9,115)	(8,698)	(24,307)	(23,477)
Preopening costs		(118)		(909)
Impairment and other charges				(2,890)
Total operating income	46,567	32,768	152,306	125,673
Interest expense	(15,947)	(16,138)	(48,002)	(47,765)
Interest income	2,965	2,982	9,116	9,383
Loss from joint ventures	(638)		(2,086)	
Other gains and (losses), net	2,468	2,467	2,288	(18,104)
Income before income taxes	$ 35,415	$ 22,079	$ 113,622	$ 69,187

15. 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 Company s $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.

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

September 30, 2016

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS:						
Property and equipment, net of accumulated depreciation	$ 15,107	$	$ 1,605,047	$ 371,536	$	$ 1,991,690
Cash and cash equivalents - unrestricted	59	1,079	33	34,687		35,858
Cash and cash equivalents - restricted				25,872		25,872
Notes receivable				150,517		150,517
Trade receivables, less allowance				58,253		58,253
Investment in Gaylord Rockies joint venture				50,385		50,385
Prepaid expenses and other assets	447	67	6,486	63,115	(7,578)	62,537
Intercompany receivables, net			1,577,611		(1,577,611)	
Investments	955,365	2,861,471	530,944	763,791	(5,111,571)	
Total assets	$ 970,978	$ 2,862,617	$ 3,720,121	$ 1,518,156	$ (6,696,760)	$ 2,375,112
LIABILITIES AND STOCKHOLDERS EQUITY:						
Debt and capital lease obligations	$	$ 1,486,179	$	$ 664	$	$ 1,486,843
Accounts payable and accrued liabilities	1,047	17,454	13,461	136,950	(7,565)	161,347
Dividends payable	39,087					39,087
Deferred management rights proceeds				180,846		180,846
Deferred income tax liabilities, net	1,016		434	(83)		1,367
Other liabilities			88,679	66,760	(13)	155,426
Intercompany payables, net	579,632	695,102		302,877	(1,577,611)	
Commitments and contingencies						
Stockholders equity:						
Preferred stock						
Common stock	510	1	1	2,387	(2,389)	510

Additional paid-in-capital	890,946	859,304	2,812,431	1,346,142	(5,017,877)	890,946
Treasury stock	(11,142)					(11,142)
Accumulated deficit	(501,505)	(195,423)	805,115	(489,774)	(119,918)	(501,505)
Accumulated other comprehensive loss	(28,613)			(28,613)	28,613	(28,613)
Total stockholders equity	350,196	663,882	3,617,547	830,142	(5,111,571)	350,196
Total liabilities and stockholders equity	$ 970,978	$ 2,862,617	$ 3,720,121	$ 1,518,156	$ (6,696,760)	$ 2,375,112

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 2015

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
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	$ 990,812	$ 2,796,642	$ 3,555,265	$ 1,392,398	$ (6,403,683)	$ 2,331,434
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	379,562	851,116	3,468,530	681,236	(5,000,882)	379,562
Total liabilities and stockholders equity	$ 990,812	$ 2,796,642	$ 3,555,265	$ 1,392,398	$ (6,403,683)	$ 2,331,434

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Three Months Ended September 30, 2016

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 101,085	$	$ 101,085
Food and beverage				113,100		113,100
Other hotel revenue			74,738	30,724	(78,628)	26,834
Entertainment	46			30,701	(46)	30,701
Total revenues	46		74,738	275,610	(78,674)	271,720
Operating expenses:						
Rooms				28,371		28,371
Food and beverage				64,790		64,790
Other hotel expenses			10,860	137,101	(74,630)	73,331
Management fees, net				4,408		4,408
Total hotel operating expenses			10,860	234,670	(74,630)	170,900
Entertainment				19,146	(46)	19,100
Corporate	98	410		7,939		8,447
Corporate overhead allocation	2,278		1,720		(3,998)	
Depreciation and amortization	55		14,765	11,886		26,706
Total operating expenses	2,431	410	27,345	273,641	(78,674)	225,153
Operating income (loss)	(2,385)	(410)	47,393	1,969		46,567
Interest expense	18	(16,444)	119	360		(15,947)
Interest income				2,965		2,965
Loss from joint ventures				(638)		(638)
Other gains and (losses), net				2,468		2,468
Income (loss) before income taxes	(2,367)	(16,854)	47,512	7,124		35,415
(Provision) benefit for income taxes	(352)		36	(1,506)		(1,822)
Equity in subsidiaries earnings, net	36,312				(36,312)	
Net income (loss)	$ 33,593	$ (16,854)	$ 47,548	$ 5,618	$ (36,312)	$ 33,593
Comprehensive income (loss)	$ 29,979	$ (16,854)	$ 47,548	$ 2,004	$ (32,698)	$ 29,979

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Three Months Ended September 30, 2015

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 92,828	$	$ 92,828
Food and beverage				108,558		108,558
Other hotel revenue			74,846	27,685	(79,075)	23,456
Entertainment	57			27,966	(45)	27,978
Total revenues	57		74,846	257,037	(79,120)	252,820
Operating expenses:						
Rooms				27,347		27,347
Food and beverage				63,797		63,797
Other hotel expenses			10,935	133,909	(74,736)	70,108
Management fees, net				3,213		3,213
Total hotel operating expenses			10,935	228,266	(74,736)	164,465
Entertainment				19,000	(46)	18,954
Corporate	78	374		7,565		8,017
Corporate overhead allocation	2,482		1,856		(4,338)	
Preopening costs				118		118
Depreciation and amortization	32		14,730	13,736		28,498
Total operating expenses	2,592	374	27,521	268,685	(79,120)	220,052
Operating income (loss)	(2,535)	(374)	47,325	(11,648)		32,768
Interest expense		(16,140)	10	(8)		(16,138)
Interest income				2,982		2,982
Other gains and (losses), net				2,467		2,467
Income (loss) before income taxes	(2,535)	(16,514)	47,335	(6,207)		22,079
(Provision) benefit for income taxes	(135)	(22)	(61)	4,830		4,612
Equity in subsidiaries earnings, net	29,361				(29,361)	
Net income (loss)	$ 26,691	$ (16,536)	$ 47,274	$ (1,377)	$ (29,361)	$ 26,691
Comprehensive income (loss)	$ 26,364	$ (16,536)	$ 47,274	$ (1,704)	$ (29,034)	$ 26,364

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2016

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 309,385	$	$ 309,385
Food and beverage				362,550		362,550
Other hotel revenue			231,074	87,183	(242,653)	75,604
Entertainment	194			81,867	(168)	81,893
Total revenues	194		231,074	840,985	(242,821)	829,432
Operating expenses:						
Rooms				82,492		82,492
Food and beverage				201,045		201,045
Other hotel expenses			32,749	417,510	(230,749)	219,510
Management fees, net				15,246		15,246
Total hotel operating expenses			32,749	716,293	(230,749)	518,293
Entertainment				54,798	(168)	54,630
Corporate	292	1,217	2	20,804		22,315
Corporate overhead allocation	6,748		5,156		(11,904)	
Depreciation and amortization	135		44,263	37,490		81,888
Total operating expenses	7,175	1,217	82,170	829,385	(242,821)	677,126
Operating income (loss)	(6,981)	(1,217)	148,904	11,600		152,306
Interest expense	18	(48,896)	254	622		(48,002)
Interest income	28			9,088		9,116
Loss from joint ventures				(2,086)		(2,086)
Other gains and (losses), net			(87)	2,375		2,288
Income (loss) before income taxes	(6,935)	(50,113)	149,071	21,599		113,622
Provision for income taxes	(352)		(54)	(1,946)		(2,352)
Equity in subsidiaries earnings, net	118,557				(118,557)	
Net income (loss)	$ 111,270	$ (50,113)	$ 149,017	$ 19,653	$ (118,557)	$ 111,270
Comprehensive income (loss)	$ 107,704	$ (50,113)	$ 149,017	$ 16,087	$ (114,991)	$ 107,704

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

AND COMPREHENSIVE INCOME

For the Nine Months Ended September 30, 2015

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenues:						
Rooms	$	$	$	$ 292,089	$	$ 292,089
Food and beverage				345,931		345,931
Other hotel revenue			225,182	82,038	(238,109)	69,111
Entertainment	172			72,863	(162)	72,873
Total revenues	172		225,182	792,921	(238,271)	780,004
Operating expenses:						
Rooms				80,216		80,216
Food and beverage				193,661		193,661
Other hotel expenses			32,803	402,566	(224,856)	210,513
Management fees				10,516		10,516
Total hotel operating expenses			32,803	686,959	(224,856)	494,906
Entertainment				48,938	(163)	48,775
Corporate	251	1,023	2	20,108		21,384
Corporate overhead allocation	7,481		5,771		(13,252)	
Preopening costs				909		909
Impairment and other charges				2,890		2,890
Depreciation and amortization	95		44,245	41,127		85,467
Total operating expenses	7,827	1,023	82,821	800,931	(238,271)	654,331
Operating income (loss)	(7,655)	(1,023)	142,361	(8,010)		125,673
Interest expense		(47,903)	12	126		(47,765)
Interest income				9,383		9,383
Other gains and (losses), net	(20,246)			2,142		(18,104)
Income (loss) before income taxes	(27,901)	(48,926)	142,373	3,641		69,187
(Provision) benefit for income taxes	(135)		(185)	3,745		3,425
Equity in subsidiaries earnings, net	100,648				(100,648)	
Net income (loss)	$ 72,612	$ (48,926)	$ 142,188	$ 7,386	$ (100,648)	$ 72,612
Comprehensive income (loss)	$ 72,381	$ (48,926)	$ 142,188	$ 7,155	$ (100,417)	$ 72,381

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2016

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 141,202	$ (51,999)	$ 23,151	$ 86,762	$	$ 199,116
Purchases of property and equipment	(8,374)		(23,304)	(52,879)		(84,557)
Proceeds from sale of Peterson LOI	6,785					6,785
Investment in Gaylord Rockies joint venture				(50,443)		(50,443)
Increase in restricted cash and cash equivalents				(3,517)		(3,517)
Other investing activities			28	245		273
Net cash used in investing activities	(1,589)		(23,276)	(106,594)		(131,459)
Net borrowings under credit facility		60,500				60,500
Repayments under term loan B		(3,000)				(3,000)
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 dividend	(112,900)					(112,900)
Proceeds from exercise of stock options	1,284					1,284
Payment of tax withholdings for share-based compensation	(3,150)					(3,150)
Other financing activities				(13)		(13)
Net cash provided by (used in) financing activities	(139,577)	51,500		(13)		(88,090)
Net change in cash and cash equivalents	36	(499)	(125)	(19,845)		(20,433)
Cash and cash equivalents at beginning of period	23	1,578	158	54,532		56,291
Cash and cash equivalents at end of period	$ 59	$ 1,079	$ 33	$ 34,687	$	$ 35,858

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RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2015

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 242,190	$ (117,399)	$ 2,754	$ 27,070	$	$ 154,615
Purchases of property and equipment	(199)		(2,764)	(60,389)		(63,352)
Proceeds from sale of Peterson LOI	10,000					10,000
Increase in restricted cash and cash equivalents				(4,444)		(4,444)
Other investing activities				2,533		2,533
Net cash provide by (used in) investing activities	9,801		(2,764)	(62,300)		(55,263)
Net repayments under credit facility		(268,600)				(268,600)
Repayments under term loan B		(3,000)				(3,000)
Issuance of senior notes		400,000				400,000
Repurchase of common stock warrants	(154,681)					(154,681)
Deferred financing costs paid		(11,145)				(11,145)
Payment of dividend	(95,404)					(95,404)
Proceeds from exercise of stock option and purchase plans	1,430					1,430
Payment of tax withholdings for share-based compensation	(3,647)					(3,647)
Other financing activities				(373)		(373)
Net cash provided by (used in) financing activities	(252,302)	117,255		(373)		(135,420)
Net change in cash and cash equivalents	(311)	(144)	(10)	(35,603)		(36,068)
Cash and cash equivalents at beginning of period	392	1,001	36	74,979		76,408
Cash and cash equivalents at end of period	$ 81	$ 857	$ 26	$ 39,376	$	$ 40,340

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Ryman Hospitality Properties, Inc. (Ryman) is a Delaware corporation that conducts its operations so as to qualify as a real estate investment trust (REIT) for federal income tax purposes. The Company conducts its business through an umbrella partnership REIT, in which substantially all of its assets are held by, and operations are conducted through, RHP Hotel Properties, LP, a subsidiary operating partnership (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 Securities and Exchange Commission (the SEC) pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). In this report, we use the terms, the Company, we or our to refer to Ryman Hospitality Properties, Inc. and its subsidiaries unless the context indicates otherwise.

The following discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this report and our audited consolidated financial statements and related notes for the year ended December 31, 2015, appearing in our Annual Report on Form 10-K that was filed with the SEC on February 26, 2016.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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, 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 for federal income tax purposes; (ii) the holding of our non-qualifying REIT assets in one or more taxable REIT subsidiaries (TRSs); (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.

We caution the reader that forward-looking statements involve risks and uncertainties that cannot be predicted or quantified, and, consequently, actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among other things, the risks and uncertainties associated with economic conditions affecting the hospitality business generally, the geographic concentration of our hotel properties, business levels at our hotels, the effect of our election to be taxed as a REIT for federal income tax purposes commencing with the year ended December 31, 2013, our ability to remain qualified as a REIT, our ability to execute our strategic goals as a REIT, our ability to generate cash flows to support dividends, future board determinations regarding the timing and amount of dividends and changes to the dividend policy, our ability to borrow funds pursuant to our credit agreements and to refinance indebtedness, and those factors described in our Annual Report on Form 10-K for the year ended December 31, 2015 or described from time to time in our other reports filed with the SEC.

Any forward-looking statement made in this Quarterly Report on Form 10-Q speaks only as of the date on which the statement is made. New risks and uncertainties 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 Quarterly Report on Form 10-Q, except as may be required by law.

Overview

On January 1, 2013, we began operating as a REIT for federal income tax purposes, 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 7,809 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 located 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.

See Cautionary Note Regarding Forward-Looking Statements in this Item 2 and Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2015 for important information regarding forward-looking statements made in this report and risks and uncertainties we face.

Dividend Policy and Share Repurchase Program

Pursuant to our current dividend policy, we plan to pay a quarterly cash dividend to shareholders 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. On February 26, 2016, our board of directors declared our first quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.2 million in cash, which was paid on April 15, 2016 to stockholders of record as of the close of business on March 31, 2016. On June 13, 2016, our board of directors declared our second quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.3 million in cash, which was paid on July 15, 2016 to stockholders of record as of the close of business on June 30, 2016. On September 14, 2016, our board of directors declared our third quarter 2016 cash dividend in the amount of $0.75 per share of common stock, or an aggregate of approximately $38.3 million in cash, which was paid on October 14, 2016 to stockholders of record as of the close of business on September 30, 2016. We currently plan to pay a quarterly cash dividend of $0.75 per share of common stock in January 2017. The declaration, timing and amount of dividends will be determined by 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 million of our common stock using cash on hand and borrowings under our revolving credit line. The repurchases are 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 will be made during open trading window periods or pursuant to any applicable Rule 10b5-1 trading plans. The authorization extends until December 31, 2016. The timing, prices, and sizes of repurchases will depend upon prevailing market prices, general economic and market conditions and other considerations. The repurchase program does not obligate us to acquire any particular amount of stock.

During the three months ended March 31, 2016, we repurchased 0.5 million shares of our common stock for an aggregate purchase price of $24.8 million, which we funded using cash on hand and borrowings under our revolving credit facility. The repurchased stock, which represents the entirety of shares that have been repurchased under the current authorization, was cancelled and has been reflected as a reduction of retained earnings at September 30, 2016 in the accompanying condensed consolidated financial statements.

Gaylord Rockies Resort & Convention Center

As further discussed in Note 11 to the condensed 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 an affiliate of 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 $50.4 million of our capital contribution and expect to fund the remainder of our capital contribution during the remainder of 2016 and the first half of 2017. Our 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.

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In connection with the agreements, we agreed to provide certain guarantees of the hotel s construction loan and mezzanine debt. See Note 11 to the condensed consolidated financial statements included herein for additional discussion of these guarantees.

Our Strategic Plan

Our goal is to become the nation s premier hospitality REIT for group-oriented meeting hotel assets in urban and resort markets.

Existing Hotel Property Design. Our hotel properties focus on the large group meetings market in the United States and incorporate meeting and exhibition space, signature guest rooms, food and beverage offerings, fitness and spa facilities and other attractions within a large hotel property so attendees needs are met in one location. This strategy creates a better experience for both meeting planners and guests, and has led to our current hotel properties claiming a place among the leading convention hotels in the country.

Expansion of Hotel Asset Portfolio. While our short-term capital allocation strategy has focused on returning capital to stockholders, part of our long-term growth strategy includes acquisitions of other 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. We are interested in highly accessible upper-upscale assets with over 400 hotel rooms in urban and resort group destination markets. We also consider assets that possess or are located near convention centers that present a repositioning opportunity and/or would significantly benefit from capital investment in additional rooms or meeting space. We plan to expand the geographic diversity of our existing asset portfolio through acquisitions. As a REIT, we no longer view independent, large-scale development of resort and convention hotels as part of our long-term growth strategy.

Leverage Brand Name Awareness. We believe the Grand Ole Opry is one of the most recognized entertainment brands in the United States. We promote the Grand Ole Opry name through various media, including our WSM-AM radio station, the Internet and television, and through performances by the Grand Ole Opry s members, many of whom are renowned country music artists. As such, we have alliances in place with multiple distribution partners in an effort to foster brand extension. We are continuously exploring additional products, such as television specials and retail products, through which we can capitalize on our brand affinity and awareness. We believe that licensing our brand for products may provide an opportunity to increase revenues and cash flow with relatively little capital investment.

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.

- Entertainment, consisting of the Grand Ole Opry, the Ryman Auditorium, WSM-AM and our Nashville attractions, which are owned in TRSs.

Corporate and Other, consisting of our corporate expenses.

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For the three months and nine months ended September 30, 2016 and 2015, our total revenues were divided among these business segments as follows:

Segment	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Hospitality	89%	89%	90%	91%
Entertainment	11%	11%	10%	9%
Corporate and Other	0%	0%	0%	0%

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 REIT 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 Group Room Nights Booked a volume indicator which represents, on an aggregate basis, the total number of definite group bookings for future room nights at our hotel properties 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 sale. Cancellation fees, as well as attrition fees that 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. 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. We rely on Marriott, as the manager of our hotels, to manage these factors and to offset any identified shortfalls in occupancy.

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Selected Financial Information

The following table contains our unaudited selected summary financial data for the three months and nine months ended September 30, 2016 and 2015. The table also shows the percentage relationships to total revenues and, in the case of segment operating income, its relationship to segment revenues (in thousands, except percentages).

	Unaudited Three Months Ended September 30,				Unaudited Nine Months Ended September 30,			
	2016	**%**	**2015**	**%**	**2016**	**%**	**2015**	**%**
Income Statement Data:								
REVENUES:								
Rooms	$ 101,085	37.2%	$ 92,828	36.7%	$ 309,385	37.3%	$ 292,089	37.4%
Food and beverage	113,100	41.6%	108,558	42.9%	362,550	43.7%	345,931	44.3%
Other hotel revenue	26,834	9.9%	23,456	9.3%	75,604	9.1%	69,111	8.9%
Entertainment	30,701	11.3%	27,978	11.1%	81,893	9.9%	72,873	9.3%
Total revenues	271,720	100.0%	252,820	100.0%	829,432	100.0%	780,004	100.0%
OPERATING EXPENSES:								
Rooms	28,371	10.4%	27,347	10.8%	82,492	9.9%	80,216	10.3%
Food and beverage	64,790	23.8%	63,797	25.2%	201,045	24.2%	193,661	24.8%
Other hotel expenses	73,331	27.0%	70,108	27.7%	219,510	26.5%	210,513	27.0%
Hotel management fees, net	4,408	1.6%	3,213	1.3%	15,246	1.8%	10,516	1.3%
Entertainment	19,100	7.0%	18,954	7.5%	54,630	6.6%	48,775	6.3%
Corporate	8,447	3.1%	8,017	3.2%	22,315	2.7%	21,384	2.7%
Preopening costs		0.0%	118	0.0%		0.0%	909	0.1%
Impairment and other charges		0.0%		0.0%		0.0%	2,890	0.4%
Depreciation and amortization:								
Hospitality	24,401	9.0%	26,383	10.4%	75,051	9.0%	79,175	10.2%
Entertainment	1,637	0.6%	1,434	0.6%	4,845	0.6%	4,199	0.5%
Corporate and Other	668	0.2%	681	0.3%	1,992	0.2%	2,093	0.3%
Total depreciation and amortization	26,706	9.8%	28,498	11.3%	81,888	9.9%	85,467	11.0%
Total operating expenses	225,153	82.9%	220,052	87.0%	677,126	81.6%	654,331	83.9%
OPERATING INCOME:								
Hospitality	45,718	19.0%	33,994	15.1%	154,195	20.6%	133,050	18.8%

Entertainment	9,964	32.5%	7,590	27.1%	22,418	27.4%	19,899	27.3%
Corporate and Other	(9,115)	(A)	(8,698)	(A)	(24,307)	(A)	(23,477)	(A)
Preopening costs		(A)	(118)	(A)		(A)	(909)	(A)
Impairment and other charges		(A)		(A)		(A)	(2,890)	(A)
Total operating income	46,567	17.1%	32,768	13.0%	152,306	18.4%	125,673	16.1%
Interest expense	(15,947)	(A)	(16,138)	(A)	(48,002)	(A)	(47,765)	(A)
Interest income	2,965	(A)	2,982	(A)	9,116	(A)	9,383	(A)
Loss from joint ventures	(638)	(A)		(A)	(2,086)	(A)		(A)
Other gains and (losses), net	2,468	(A)	2,467	(A)	2,288	(A)	(18,104)	(A)
(Provision) benefit for income taxes	(1,822)	(A)	4,612	(A)	(2,352)	(A)	3,425	(A)
Net income	$ 33,593	(A)	$ 26,691	(A)	$ 111,270	(A)	$ 72,612	(A)

(A) These amounts have not been shown as a percentage of revenue because they have no relationship to revenue.

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Summary Financial Results

Results

The following table summarizes our financial results for the three months and nine months ended September 30, 2016 and 2015 (in thousands, except percentages and per share data):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	**2015**	**% Change**	**2016**	**2015**	**% Change**
Total revenues	$ 271,720	$ 252,820	7.5%	$ 829,432	$ 780,004	6.3%
Total operating expenses	225,153	220,052	2.3%	677,126	654,331	3.5%
Operating income	46,567	32,768	42.1%	152,306	125,673	21.2%
Net income	33,593	26,691	25.9%	111,270	72,612	53.2%
Net income per share - fully diluted	0.66	0.52	26.9%	2.17	1.41	53.9%

Total Revenues

The increase in our total revenues for the three months ended September 30, 2016, as compared to the same period in 2015, is attributable to increases in our Hospitality segment and Entertainment segment revenues for the 2016 period of $16.2 million and $2.7 million, respectively, as discussed more fully below. The increase in our total revenues for the nine months ended September 30, 2016, as compared to the same period in 2015, is attributable to increases in our Hospitality segment and Entertainment segment revenues for the 2016 period of $40.4 million and $9.0 million, respectively, as discussed more fully below. Total Hospitality revenues in the three months and nine months ended September 30, 2016 include $3.6 million and $8.8 million, respectively, in attrition and cancellation fee collections, an increase of $2.4 million and $3.9 million, respectively, from the 2015 periods.

Total Operating Expenses

The increase in our total operating expenses for the three months ended September 30, 2016, as compared to the same period in 2015, is primarily the result of an increase in our Hospitality segment expenses of $6.4 million. The increase in our total operating expenses for the nine months ended September 30, 2016, as compared to the same period in 2015, is primarily the result of increases in our Hospitality segment and Entertainment segment expenses of $23.4 million and $5.9 million, respectively, partially offset by $2.9 million in impairment and other charges during 2015 that did not recur during 2016, as discussed more fully below.

Net Income

Our net income of $33.6 million for the three months ended September 30, 2016, as compared to net income of $26.7 million for the same period in 2015, was due to the change in our revenues and operating expenses reflected above and the following factors, each as described more fully below:

A provision for income taxes of $1.8 million during the 2016 period, as compared to a $4.6 million benefit for income taxes in the 2015 period.

A $0.6 million loss from joint ventures during the 2016 period not incurred in the 2015 period.

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Our net income of $111.3 million for the nine months ended September 30, 2016, as compared to net income of $72.6 million for the same period in 2015, was due to the change in our revenues and operating expenses reflected above and the following factors, each as described more fully below:

- A $20.4 million difference in other gains and (losses), net between the 2016 and 2015 periods, due primarily to the 2015 period including losses for the change in fair value of derivative liabilities associated with portions of the warrants related to our previous 3.75% convertible notes. There was no such event in the 2016 period.

- A provision for income taxes of $2.4 million during the 2016 period, as compared to a $3.4 million benefit for income taxes in the 2015 period.

- A $2.1 million loss from joint ventures during the 2016 period not incurred in the 2015 period.

Factors and Trends Contributing to Performance

The most important factors and trends contributing to our performance during the three months and nine months ended September 30, 2016 described herein were:

- Increased occupancy, ADR and outside-the-room spending at Gaylord Palms during the three-month and nine-month 2016 periods, as compared to the 2015 periods. The increase in occupancy (an increase of 8.7 points of occupancy and 4.8 points of occupancy, respectively) is primarily the result of an increase in groups during the three-month 2016 period and increases of both groups and transient during the nine-month 2016 period. The increase in ADR (an increase of 6.1% and 1.5%, respectively) is primarily the result of increases in both group and transient rate. The increase in outside-the-room spending (an increase of 39.5% and 16.0%, respectively) is primarily the result of an increase in banquets, as well as an increase attributable to new and refurbished dining outlets.

- Increased ADR at Gaylord Opryland (an increase of 9.2% and 5.4%, respectively, during the three-month and nine-month 2016 periods, as compared to the 2015 periods), primarily as a result of an increase in both group and transient rate.

- Increased occupancy and outside-the-room spending at Gaylord Texan (an increase of 2.7 points of occupancy and 4.3%, respectively) during the nine-month 2016 period, as compared to the 2015 period, primarily as a result of an increase in group business and the resulting increase in catering revenue.

- Increased same-store net definite group room nights booked (an increase of 27.1% and 18.2%, respectively, for the 2016 periods as compared to the 2015 periods).

Increased revenue for our Entertainment segment (an increase of 9.7% and 12.4%, respectively, for the 2016 periods, as compared to the 2015 periods), 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.

The nine-month 2015 period included losses of $20.2 million in other gains and losses, net, associated with losses on the change in the fair value of derivative liabilities associated with portions of the warrants related to our previous 3.75% convertible notes.

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Operating Results   Detailed Segment Financial Information

Hospitality Segment

Total Segment Results. The following presents the financial results of our Hospitality segment for the three months and nine months ended September 30, 2016 and 2015 (in thousands, except percentages and performance metrics):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	**2015**	**% Change**	**2016**	**2015**	**% Change**
Revenues (1):						
Rooms	$ 101,085	$ 92,828	8.9%	$ 309,385	$ 292,089	5.9%
Food and beverage	113,100	108,558	4.2%	362,550	345,931	4.8%
Other hotel revenue	26,834	23,456	14.4%	75,604	69,111	9.4%
Total hospitality revenue	241,019	224,842	7.2%	747,539	707,131	5.7%
Hospitality operating expenses:						
Rooms	28,371	27,347	3.7%	82,492	80,216	2.8%
Food and beverage	64,790	63,797	1.6%	201,045	193,661	3.8%
Other hotel expenses	73,331	70,108	4.6%	219,510	210,513	4.3%
Management fees, net	4,408	3,213	37.2%	15,246	10,516	45.0%
Depreciation and amortization	24,401	26,383	-7.5%	75,051	79,175	-5.2%
Total Hospitality operating expenses	195,301	190,848	2.3%	593,344	574,081	3.4%
Hospitality operating income (2)	$ 45,718	$ 33,994	34.5%	$ 154,195	$ 133,050	15.9%
Hospitality performance metrics:						
Occupancy	75.5%	71.9%	5.0%	74.6%	72.7%	2.6%
ADR	$ 175.22	$ 169.24	3.5%	$ 182.46	$ 178.88	2.0%
RevPAR (3)	$ 132.32	$ 121.71	8.7%	$ 136.08	$ 130.07	4.6%
Total RevPAR (4)	$ 315.50	$ 249.81	26.3%	$ 328.79	$ 314.88	4.4%
Net Definite Group Room Nights Booked	502,564	396,810	26.7%	1,251,086	1,062,298	17.8%
Same-store Hospitality performance metrics (5):						
Occupancy	75.6%	72.1%	4.9%	74.8%		