

OFFICE DEPOT INC  
Form DEF 14A  
March 12, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

**OFFICE DEPOT, INC.**

(Exact Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

## Edgar Filing: OFFICE DEPOT INC - Form DEF 14A

☒ No fee required

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## Edgar Filing: OFFICE DEPOT INC - Form DEF 14A

(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**OFFICE DEPOT, INC.**

**6600 North Military Trail**

**Boca Raton, Florida 33496**

**NOTICE OF ANNUAL MEETING OF  
SHAREHOLDERS**

DATE April 21, 2010

TIME 8:30 a.m. Eastern Daylight Time

LOCATION Boca Raton Marriott at Boca Center  
5150 Town Center Circle  
Boca Raton, FL 33486  
(561) 620-3712

ITEMS OF BUSINESS

1. To elect fourteen (14) members of the Board of Directors named, and for the term described, in this Proxy Statement.
2. To ratify our Audit Committee's appointment of Deloitte & Touche, LLP as our independent registered public accounting firm for the current year.
3. To approve an amendment to our Amended Long-Term Equity Incentive Plan and implement a stock option exchange program for eligible employees.
4. To transact any other business that may properly come before the meeting.

RECORD DATE You must own shares of Office Depot common stock of record as of the close of business on March 3, 2010 to attend and vote at our Annual Meeting of Shareholders and any adjournment thereof.

ANNUAL REPORT Our 2009 Annual Report on Form 10-K is enclosed with these proxy materials.

By order of the Board of Directors,

Elisa D. Garcia C.

*Executive Vice President, General Counsel &*

*Corporate Secretary*

Boca Raton, Florida

March 12, 2010

**Please note that for security reasons, we will require that you present the admission ticket included with this Proxy Statement and a positive picture identification if you attend our Annual Meeting. We reserve the right to exclude any person whose name does not appear on our official shareholder list as of our record date of March 3, 2010. If you hold shares in street name and do not have a ticket, you must bring a letter from your stockbroker, or a current brokerage statement, to indicate that the broker is holding shares for your benefit. We also reserve the right to request any person to leave the Annual Meeting who is disruptive, refuses to follow the rules established for the meeting or for any other reason. Cameras, recording devices and other electronic devices, signs and placards will NOT be permitted at the meeting.**

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**PROXY STATEMENT**  
**FOR THE**  
**2010 ANNUAL MEETING OF SHAREHOLDERS**  
**OF OFFICE DEPOT, INC.**  
**6600 North Military Trail**  
**Boca Raton, Florida 33496**  
**Telephone (561) 438-4800**

This Proxy Statement is solicited on behalf of the Board of Directors of Office Depot, Inc. ( **Office Depot** or the **Company** ), a Delaware corporation, with its principal executive offices at 6600 North Military Trail, Boca Raton, Florida 33496. This Proxy Statement contains important information about our 2010 Annual Meeting of Shareholders to be held on April 21, 2010 ( **Annual Meeting** ), at 8:30 a.m. Eastern Daylight Time, at the Boca Raton Marriott at Boca Center, 5150 Town Center Circle, Boca Raton, Florida 33486. We are providing this Proxy Statement and accompanying proxy card to our shareholders on or about March 12, 2010. Our shareholders are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement.

**Purposes of the Meeting.** Important matters outlined in the Notice of this Meeting will be considered at our Annual Meeting. We have provided these proxy materials to you in connection with the solicitation of proxies by our board of directors ( **Board of Directors** or individually, each a **Director** ). Our Board of Directors asks that you authorize your proxies to vote as our Board of Directors recommends.

**Notice of Electronic Availability of Proxy Statement and Annual Report on Form 10-K.** As permitted by rules adopted by the Securities and Exchange Commission (the **SEC** ), Office Depot is making this Proxy Statement and its Annual Report on Form 10-K available to its shareholders electronically via the Internet. You may access these proxy materials at [www.proxyvote.com](http://www.proxyvote.com). On or about March 12, 2010, we will mail to our U.S. and Canadian shareholders this Proxy Statement, our Annual Report on Form 10-K and proxy card.

**Voting Your Shares.** You may vote your shares in one of the following ways: (1) in person at the Annual Meeting; (2) if you requested and received your proxy materials by mail you may vote by completing, signing and returning your proxy card to us in the enclosed postage-paid envelope; (3) by voting electronically using a touch-tone telephone at 800-690-6903; or (4) by using the Internet to vote your shares at [www.proxyvote.com](http://www.proxyvote.com). If your shares are held in **street name** with a broker or similar party, you will need to contact your broker to determine whether you will be able to vote using one of these alternative methods. If you vote over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible. If you choose to use the Internet or telephone to vote, you must do so by 6:00 p.m. Eastern Daylight Time on April 20, 2010, the day before our Annual Meeting takes place.

Delaware law permits electronically transmitted proxies, provided that each such proxy contains or is submitted with information from which the inspectors of election can determine that such proxy was authorized by the shareholder. The voting procedures available to registered shareholders for the Annual Meeting are designed to authenticate each shareholder by use of a control number, to allow shareholders to vote their shares, and to confirm that their instructions have been properly recorded. **OUR BOARD OF DIRECTORS RECOMMENDS that you vote FOR its nominees as Directors of the Company as described in Item 1; that you vote FOR the ratification of our Audit Committee's appointment of Deloitte & Touche, LLP as our independent registered public accounting firm as described in Item 2; and that you vote FOR the approval of an amendment to our Amended Long-Term Equity Incentive Plan and implementation of a stock option exchange program for eligible employees as described in Item 3.**

We also strongly urge you to vote by means of the telephone or the Internet as this allows for automatic tally of your votes and also saves Office Depot the cost of return postage. However you choose to vote, we urge you to VOTE as early as possible.



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**Proxies.** Our Board of Directors has appointed certain persons ( proxies ) to vote proxy shares in accordance with the instructions of our shareholders. If you authorize the proxies to vote your shares, but do NOT specify how your shares should be voted, they will vote your shares as our Board of Directors recommends. If any other matters are presented for consideration at our Annual Meeting, your shares also will be voted as our Board of Directors recommends, unless you indicate on your proxy card that you withhold such authority. You can change or revoke your proxy (1) by mailing your request to our Corporate Secretary at our corporate headquarters, at 6600 North Military Trail, Boca Raton, FL 33496, so that it is received not later than 4:00 p.m. Eastern Daylight Time, on April 20, 2010; (2) by filing a proxy with a later date; or (3) by voting your shares by ballot in person at the Annual Meeting.

**Solicitation of Proxies.** In addition to soliciting proxies by mail, we also may solicit proxies in person, by telephone or over the Internet. Our employees do not receive additional compensation for their solicitation services. Certain banking institutions, brokerage firms, custodians, trustees, nominees and fiduciaries who hold shares for the benefit of another party (the beneficial owner ) may solicit proxies for us. If so, they will mail proxy information to, or otherwise communicate with, the beneficial owners of shares of our common stock held by them. We also have hired Morrow & Co., LLC to assist us in communicating with these institutions and forwarding solicitation materials to them, and we have agreed to pay Morrow & Co., LLC a fee of \$12,000 plus reimbursement of its reasonable out-of-pocket expenses in connection with this service. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of our common stock.

**Shareholders Eligible to Vote at Our Annual Meeting; List of Shareholders Available.** Owners of our common stock as of the close of business on March 3, 2010 (the Record Date ) will be entitled to vote at our Annual Meeting. Our official stock ownership records will conclusively determine whether you are a holder of record as of the Record Date. A list of shareholders entitled to vote at the meeting will be available at our Annual Meeting and for ten days prior to the meeting between the hours of 9:00 a.m. and 4:00 p.m. Eastern Daylight Time at our corporate headquarters in Boca Raton, Florida. As of March 3, 2010, there were 274,730,666 shares of common stock outstanding and owned by shareholders (i.e., excluding shares held in treasury by Office Depot). Each share of common stock is entitled to one vote on each matter considered at our Annual Meeting.

**Establishing a Quorum.** In order for us to transact business at our Annual Meeting, the holders of the majority of the outstanding shares of our stock must be present, either in person or by proxy. Shareholders choosing to abstain from voting and broker non-votes will be treated as present and entitled to vote for purposes of determining whether a quorum is present.

**Effect of Abstentions and Broker Non-Votes.** Brokers who hold shares for the accounts of their clients may vote such shares either as directed by their clients or in their own discretion as permitted under the listing rules of the New York Stock Exchange ( NYSE ). For purposes of the 2010 Annual Meeting, brokers are permitted to vote their clients proxies in their own discretion as to the appointment of the independent registered public accounting firm if the clients have not furnished voting instructions within 10 days of the meeting. Certain proposals other than the ratification of the appointment of the independent registered public accounting firm, such as the election of directors, are non-discretionary and brokers who have received no instructions from their clients do not have discretion to vote on those items. When a broker votes a client s shares on some but not all of the proposals at a meeting, the missing votes are referred to as broker non-votes. Abstentions and broker non-votes will not be counted as a vote for or against any matter. Broker non-votes will not be counted as shares entitled to vote and accordingly will not affect the outcome with respect to any matter to be voted on at the Annual Meeting.

### **Householding of Annual Disclosure Documents.**

**Two or more shareholders sharing an address can request delivery of a single copy of our annual disclosure documents if they are receiving multiple copies by calling Broadridge at (800) 542-1061 or**

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writing to them at Householding Department, 51 Mercedes Way, Edgewood, NY 11717. In the same way, two or more shareholders sharing an address and receiving only a single copy of the annual disclosure documents can request to each receive a separate copy of the disclosure documents. If a broker or other nominee holds your shares, please contact Broadridge and inform them of your request by calling them at (800) 542-1061 or writing to them at Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Please be sure to include your name, the name of your brokerage firm, and your account number.

### **Required Vote.**

*Election of Directors.* In an uncontested election, each nominee must be elected by a majority of the votes cast. This means that the number of votes cast FOR a nominee must exceed the number of votes cast AGAINST the nominee. A properly executed proxy marked ABSTAIN with respect to the election of one or more Directors or shares held by a broker for which voting instructions have not been given will not be voted with respect to the Director or Directors indicated, although it will be counted for purposes of determining whether a quorum is present. In a contested election (an election in which the number of candidates exceeds the number of director positions to be filled), the number of Director nominees that equals the number of director positions to be filled receiving the greatest number of votes cast will be elected as Directors.

*Ratification of Independent Registered Public Accounting Firm.* Pursuant to the Company's Amended and Restated Bylaws ( Bylaws ), ratification of the Company's independent registered public accounting firm requires that a majority of the votes cast at the Annual Meeting be voted FOR the proposal. A properly executed proxy marked ABSTAIN with respect to this proposal will not be counted as a vote cast FOR or AGAINST that proposal. Thus, abstentions will not affect the outcome with respect to this matter.

*Other Matters.* Pursuant to the Company's Bylaws, approval of any other proposal to be voted upon at the Annual Meeting requires a majority of the votes present in person or represented by proxy (as counted for purposes of determining the existence of a quorum) and entitled to vote at the Annual Meeting to be voted FOR the proposal. Accordingly, abstentions and broker non-votes will be counted as votes AGAINST the proposal.

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**MATTERS TO BE CONSIDERED BY OUR SHAREHOLDERS**

**Item 1: Election of Directors**

***Nominees for Directors of Office Depot***

The fourteen (14) individuals set forth below have been nominated for election as Directors at our Annual Meeting, to serve for a term of office that continues from the date and time of their elections until our next annual meeting of shareholders, or until their successors are duly elected and qualified. Mr. Michael J. Myers, a member of the Company's Board of Directors, died on Wednesday July 1, 2009. Mr. Myers served on the Company's Board since 1987 and was a member of the Audit Committee of the Board of Directors. The Company appointed Mr. Thomas J. Colligan to the Board of Directors effective January 4, 2010. The Board of Directors also appointed Mr. Colligan to serve on the Audit Committee of the Board of Directors.

Lee A. Ault III	Neil R. Austrian	Justin Bateman
David W. Bernauer	Thomas J. Colligan	Marsha J. Evans
David I. Fuente	Brenda J. Gaines	Myra M. Hart
W. Scott Hedrick	Kathleen Mason	Steve Odland
James S. Rubin	Raymond Svider	

Subject to our Corporate Governance Guidelines discussed below in the section captioned "Corporate Governance," the fourteen (14) nominees for the office of Director will be elected by majority vote. In an uncontested election, each Director nominee must be elected by a majority of the votes cast. This means that the number of votes cast FOR a Director nominee must exceed the number of votes cast AGAINST the nominee. Pursuant to the Company's Bylaws, abstentions are not considered to be votes cast; therefore an abstention will have no effect on the election of Directors. In a contested election (an election in which the number of candidates exceeds the number of director positions to be filled), the number of Director nominees that equals the number of director positions to be filled receiving the greatest number of votes cast will be elected as Directors. All of our Directors form a single class of Directors and stand for election each year. Information about the nominees, their business experience and other relevant information is set forth below.

Should any of these nominees become unable to serve, our Corporate Governance and Nominating Committee may propose a substitute nominee. If a substitute nominee is named, all proxies voting FOR the nominee who is unable to serve will be voted for the substitute nominee so named. If a substitute nominee is not named, all proxies will be voted for the election of the remaining nominees (or as directed on your proxy card). In no event will more than fourteen (14) Directors be elected at our Annual Meeting. Each person nominated for election has agreed to serve if elected and management has no reason to believe that any nominee will be unable to serve.

Pursuant to Article II, Section 9 of our Bylaws, in any uncontested election of directors, any Director who is an incumbent Director who does not receive a greater number of votes cast FOR his or her election than votes cast AGAINST his or her election must tender his or her resignation to the Board of Directors. After the Director tenders his or her resignation, the Board of Directors must then decide within 90 days of the date the Director submitted his or her resignation, through a process managed by the Corporate Governance and Nominating Committee (and excluding the Director in question from all Board of Directors and Committee deliberations), whether to accept the Director's resignation. Absent a compelling reason for the Director to remain on the Board of Directors, as determined by the Board of Directors, the Board of Directors shall accept the Director's resignation. If the Board of Directors determines that there is a compelling reason for the Director to remain on the Board of Directors and does not accept the Director's resignation, the Board of Directors must publicly disclose its decision either in a Current Report on Form 8-K filed with the SEC or in a press release.

If the Board of Directors accepts an incumbent Director's resignation, that Director will immediately cease to be a member of the Board of Directors. If the Board of Directors does not accept an incumbent Director's

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resignation, that Director will continue to serve until the next annual meeting of shareholders, or until the earlier of his or her subsequent resignation or removal. If a Director nominee who was not already serving as an incumbent Director is not elected at the annual meeting, under Delaware law and our Bylaws, that Director nominee would not become a director and would not serve on the Board of Directors as a holdover director.

**Your Board of Directors Recommends a Vote FOR the Election of Each of the Nominees Listed in Item 1 on Your Proxy Card:**

**Election of all Nominees Listed Above as Directors**

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**BIOGRAPHICAL INFORMATION ON THE NOMINEES**

***LEE A. AULT III***

***AGE: 73***

Mr. Ault has served as a Director since 1998. He is currently a director of a cluster of mutual funds managed by Capital Research and Management Company. Mr. Ault served as Chair of the board of directors of In-Q-Tel, a technology venture company, from 1999 until December 2006, and he was formerly Chair, President and Chief Executive Officer of Telecredit, Inc., a payment services company that merged with Equifax, Inc. in 1990. He served as a director of Viking Office Products, Inc. from 1992 until August 1998 when Office Depot merged with Viking Office Products. Mr. Ault also is a director of Anworth Mortgage Asset Corporation, a real estate investment trust.

With 23 years as CEO of Telecredit, Inc., Mr. Ault brings to the Board of Directors demonstrated ability at the most senior level of a public company providing services to the retail industry and others. In addition, Mr. Ault is able to draw upon 18 years of experience in the office products industry through his services as a director of Viking Office Products and Office Depot. He also brings the experience gained through his service on numerous boards of public and private companies.

***NEIL R. AUSTRIAN***

***AGE: 70***

Mr. Austrian has served as a Director since 1998. He also served as our interim Chair and Chief Executive Officer from October 4, 2004 until March 11, 2005. Mr. Austrian served as President and Chief Operating Officer of the National Football League from April 1991 until December 1999. He was a Managing Director of Dillon, Read & Co. Inc. from October 1987 until March 1991. Mr. Austrian served as a Director of Viking Office Products from January 1988 until August 1998 when Office Depot merged with Viking Office Products. He also serves as a Director of The DirecTV Group (formerly Hughes Electronics Company).

Mr. Austrian's service as interim CEO of the Company gave him insights into the operations of Office Depot and its management. Mr. Austrian's experience as the President and Chief Operating Officer of the National Football League, makes him uniquely suited to understand and oversee the complex managerial, strategic and financial considerations necessary to serve on the board of a corporation such as Office Depot, as well as to serve as our Lead Director. His experience at Dillon Reed & Co. Inc. provided him with a sound footing in finance, investment banking and deal negotiation. In addition, he served as the Chief Financial Officer of Doyle Berbach Advertising, a public advertising agency, from 1974 until 1978, which enhanced his finance experience. Mr. Austrian's knowledge of all aspects of the business gained while serving as a director of Viking Office Products, positions him well to serve as a member of our Board of Directors.

***JUSTIN BATEMAN***

***AGE: 36***

Mr. Bateman has served as a Director since June 2009. He is a Partner with BC Partners, the U.S. investment arm of which he co-established in early 2008, and is based in the firm's New York office. Mr. Bateman initially joined BC Partners' London office in 2000 from PricewaterhouseCoopers, where he spent three years in Transaction Services working on due diligence projects for both financial investors and corporate clients. In 2002/2003 he left BC Partners to complete his MBA at INSEAD before rejoining its London office. Over the years Mr. Bateman has participated in or been a board member of General Healthcare Group, Baxi Holdings, Ltd. and Regency Entertainment. He is currently a director of Intelsat, Ltd, the leading international provider of fixed satellite services. Mr. Bateman was appointed as a Director of the Company pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

Mr. Bateman's education and experience in business and finance allows him to provide the Board significant managerial, strategic, financial and compliance-based expertise. Mr. Bateman serves as an observer on the Audit Committee and his experience as a chartered public accountant and understanding of accounting

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issues is helpful to the committee. Mr. Bateman's analysis of and participation in the oversight of BC Partners portfolio companies provides him with the skills he needs to assist the Company with its strategic planning process.

### ***DAVID W. BERNAUER***

***AGE: 65***

Mr. Bernauer has served as a Director since 2004. He is the retired Chair and CEO of Walgreen Co. Mr. Bernauer previously served as Chair of Walgreen from July 2006 until July 2007. From 2003 until July 2006, he served as Chair and Chief Executive Officer of Walgreen. From 2002 to 2003, Mr. Bernauer served as President and Chief Executive Officer of Walgreen; from 1999 to 2002 as President and COO of Walgreen, and he has served in various management positions, with increasing areas of responsibility, at Walgreen since 1966. Currently Mr. Bernauer is also a director of Lowe's Companies, Inc.

Mr. Bernauer's ascension at Walgreen over the course of four decades, culminating in his role as Chair and Chief Executive Officer, gives him unique and first-hand experience in developing business and financial strategies necessary to grow and develop a successful national brand. He is an experienced retail executive with strong knowledge of retail merchandising and supply chain issues, honed while serving as the Chief Information Officer, Vice President of Purchasing and Merchandising at Walgreen. During his tenure at Walgreens Mr. Bernauer gained valuable experience in weathering difficult economic times, which makes him a valuable component of a well rounded Board of Directors.

### ***THOMAS J. COLLIGAN***

***AGE: 65***

Mr. Colligan has served as a Director since January 2010. He is the Vice Dean of The Wharton School's Aresty Institute of Executive Education where he is responsible for the non-degree executive education programs. From 2004 to 2007, Mr. Colligan served as a managing director at Duke Corporate Education, a corporation that provides custom executive education and is affiliated with Duke University's Fuqua School of Business. Prior to joining Duke Corporate Education, he was Vice Chairman of PricewaterhouseCoopers LLP from 2001 to 2004 and served PwC in other capacities from 1969 to 2004, including as a Partner. Mr. Colligan also has advised Fortune 500 companies in various industries, including technology, telecommunications, pharmaceuticals and consumer products. He previously served as a director of Schering-Plough Corporation, Anesiva, Inc. and Educational Management Corporation.

Mr. Colligan's experience as a former audit partner and Vice Chairman of PricewaterhouseCoopers, LLP qualifies him to serve on the Board of Directors and to provide guidance to the Company's internal audit function. In addition, Mr. Colligan's current position as Vice Dean of The Wharton School's Aresty Institute of Executive Education and his previous position as Managing Director at Duke Corporate Education have provided him a broad based understanding of new and developing business strategies that will assist the Board of Directors.

### ***MARSHA J. EVANS***

***AGE: 62***

Ms. Evans has served as a Director since 2006. Ms. Evans retired from the U.S. Navy in 1998 with the rank of Rear Admiral. Ms. Evans was National Executive Director of Girl Scouts of the USA from 1998 to 2002, President and CEO of the American Red Cross from 2002 to 2005 and acting Commissioner of the Ladies Professional Golf Association in 2009. Currently, she is also a Director of Huntsman Corporation, Weight Watchers International, North Highland and The Estate of Lehman Brothers Holdings.

Ms. Evans brings significant leadership experience to the Company's Board of Directors. She has served as CEO of six different organizations from 1991 to the present. During that time she developed extensive human resources experience while serving as CEO of The Girl Scouts of the USA and the American Red Cross.

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### ***DAVID I. FUENTE***

***AGE: 64***

Mr. Fuente has been a Director since he joined Office Depot in 1987. Until December 2001, he served as Chair of our Board of Directors. From December 1987 until July 2000, Mr. Fuente also served as Chief Executive Officer of our Company. He is a Director of Ryder System, Inc. and Dick's Sporting Goods.

As Office Depot's former Chief Executive Officer, Mr. Fuente contributed significantly to the development of the Company at an early stage. He is familiar with all aspects of the Company including its management, operations and financial requirements. Mr. Fuente's experience in the early development of the Company has provided the Company certain continuity in its operational and financial management. Mr. Fuente is the Chairman of the G 100, a think tank of CEOs and business leaders. His experience as a board member and as a former CEO, as well as his financial expertise bring necessary skills to the Board of Directors.

### ***BRENDA J. GAINES***

***AGE: 60***

Ms. Gaines has been a Director since 2002. Ms. Gaines retired in 2004 from her position as President and Chief Executive Officer of Diners Club North America, a Division of Citigroup, a position she held from 2002 until 2004. She served as President of Diners Club North America from 1999 until 2002. From 1994 until 1999, she served as Executive Vice President, Corporate Card Sales, for Diners Club North America, and prior to that she served in various positions of increasing responsibility within Citigroup or its predecessor corporations from 1988. From 1985 until 1987, Ms. Gaines was Deputy Chief of Staff for the Mayor of the City of Chicago. She currently is a director of NICOR, Inc., the Federal National Mortgage Association (Fannie Mae) and Tenet Healthcare Corporation, and served as a director of CNA Financial Corp. from 2004 to 2007. She also previously served as a board member of the non-profit organization March of Dimes.

Ms. Gaines has significant experience in financial services, including the credit card and payment industry. As CEO of Diners Club North America, she managed a company with three distinct customer groups, that included retail consumers, small businesses and large multinational corporations. While working as the Deputy Chief of Staff for the Mayor of the City of Chicago, Ms. Gaines developed valuable experience working with public agencies, which is one of the Company's larger customer segments. This experience enables her to provide insights into the Company's core customers as well as the Company's products and services. Ms. Gaines has held a number of executive and board leadership positions in a number of public companies. Ms. Gaines' service on other public company boards allows her to provide the Board of Directors with a variety of perspectives on corporate governance issues.

### ***MYRA M. HART***

***AGE: 69***

Dr. Hart has served as a Director since 2004. She is currently a member of Harvard Business School's senior faculty. From 1995 to 2007, she served as Professor, Entrepreneurial Management, at the Harvard Business School. In 2007 and 2008, she was a visiting scholar at Babson College and Stanford University, respectively. From 1985 until 1990, Dr. Hart was a member of the Staples, Inc. founding management team, leading operations, strategic planning and growth implementation in new and existing markets. She is a Director of Nina McLemore, Inc. and Kraft Foods, Inc. and a former director of Summer Infant, Inc. Dr. Hart is also a member of the National Board of the Smithsonian Institution, a Trustee of Babson College and a Trustee Emeritus of Cornell University.

Dr. Hart's experience as a member of the founding management team of Staples, Inc. enables her to share with the Board of Directors suggestions about how similarly-situated companies effectively assess and undertake business considerations and opportunities. In addition, as a member of Harvard Business School's senior faculty, Dr. Hart has been able to offer Office Depot a variety of business and management solutions that are grounded in proven policies and practices taught at the Harvard Business School. Dr. Hart's service on other public, private and non-profit boards also provides knowledge of best practices.

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### ***W. SCOTT HEDRICK***

***AGE: 64***

Mr. Hedrick has been a Director since 1991. From November 1986 until April 1991, he was a Director of The Office Club, Inc., which was acquired by Office Depot in 1991. He was a founder and has been a general partner of InterWest Partners, a venture capital fund, since 1979. Mr. Hedrick is also a director of Hot Topic, Inc. and a cluster of mutual funds managed by Capital Research and Management Company.

As one of our longest-serving non-executive Directors, Mr. Hedrick brings an important institutional knowledge to the Board of Directors. His work with InterWest provides him with a solid basis for his analysis of our financial strategies. Mr. Hedrick's service on the board of Hot Topic, Inc. gives him another view of the issues affecting retailers, which our Board of Directors finds useful.

### ***KATHLEEN MASON***

***AGE: 60***

Ms. Mason has served as a Director since 2006. She currently serves as President and Chief Executive Officer of Tuesday Morning Corporation and has served in that position since July 2000. From July 1999 to November 1999, Ms. Mason served as President of Filene's Basement, a department store chain. From January 1997 to June 1999, Ms. Mason was President of HomeGoods, an off-price home fashion store and a subsidiary of TJX Companies. Ms. Mason was Chair and Chief Executive Officer of Cherry & Webb, a women's specialty store, from February 1987 to December 1996. Prior to those dates, she held management positions at Kaufmann's Division of the May Company, Mervyn's Division of Target, Inc. and the Limited. She is also a director of Genesco, Inc. and was a director of The Men's Warehouse, Inc. from 2000 to 2006 and of Hot Topic, Inc. from 2004 to 2006.

Ms. Mason's senior executive positions at various large national retail companies gives her the experience to critically review the various business considerations necessary to run a successful consumer-driven business such as ours. Ms. Mason's broad exposure to numerous retailers provides our Board of Directors with relevant comparisons and her extensive retail knowledge gives her an insight into a number of issues facing Office Depot. As a sitting CEO of a public retail company Ms. Mason is able to offer the Board of Directors sound business and financial strategies to address evolving complex audit issues.

### ***STEVE ODLAND***

***AGE: 51***

Mr. Odland has been Chair of the Board of Directors and Chief Executive Officer since March 2005. Prior to joining Office Depot, he was Chair, Chief Executive Officer, and President of AutoZone, Inc. from 2001 until March 2005. Previously he was an executive with Ahold USA from 1998 to 2000. Mr. Odland was President of the Foodservice Division of Sara Lee Bakery from 1997 to 1998. He was employed by The Quaker Oats Company from 1981 to 1996 in various executive positions. Mr. Odland is also a director of General Mills, Inc.

Mr. Odland's knowledge of all aspects of the Company's business and his historical understanding of its operations, combine with his drive for innovation and excellence, to position him well to serve as our Chairman and Chief Executive Officer. Mr. Odland has years of experience in consumer products marketing and sales, food service business to business and international management with global public companies. His service on other boards and industry groups enables him to share best practices with our Board of Directors.

### ***JAMES S. RUBIN***

***AGE: 42***

Mr. Rubin has served as a Director since June 2009. He is a Senior Partner of BC Partners, which he joined in May 2008 from One Equity Partners (One Equity), where he was a founding partner since its inception in 2001. Mr. Rubin originated and executed transactions in a variety of industries with a particular focus on healthcare and business services and was also responsible for building One Equity's practice in India. Prior to forming One Equity, Mr. Rubin was a Vice President with Allen & Company Incorporated, a New York



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merchant bank specializing in media and entertainment transactions and advisory work. From 1996 to 1998, he held a number of senior policy positions with the Federal Communications Commission. Mr. Rubin is currently a board member of Intelsat Ltd, the leading international provider of fixed satellite services, and ATI Enterprises, a private post-secondary education company. He is a member of the board of the New York City non-profit Common Ground Communities and serves on the board of The Dalton School. Mr. Rubin was appointed as a Director pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

Mr. Rubin's extensive background in the financial services industry allows him to provide proven financial advice to our Board of Directors. Mr. Rubin brings significant business and finance experience to our Board and provides new strategies and solutions to address an increasingly complex business environment.

***RAYMOND SVIDER***

***AGE: 47***

Mr. Svider has served as a Director since June 2009. He has been co-Chairman of BC Partners since December 2008 and has been a Managing Partner of the firm since 2003. Mr. Svider joined BC Partners in 1992 in Paris before moving to London in 2000 to lead its investments in the technology and telecoms industries. Over the years, Mr. Svider has participated in or led a variety of investments including Tubesca, Nutreco, UTL, Neopost, Polyconcept, Neuf Telecom, Unity Media/ Tele Columbus, and Intelsat Ltd. He is currently chairman of the board, the audit and compensation committees of Intelsat Ltd., and a member of the board of ATI Enterprises. Prior to joining BC Partners, Mr. Svider worked in investment banking at Wasserstein Perella in New York and Paris, and at the Boston Consulting Group in Chicago. Mr. Svider was appointed as a Director pursuant to the terms of the Investor Rights Agreement in connection with the Company's transaction with BC Partners.

As a Managing Partner of BC Partners since 2003, Mr. Svider has demonstrated significant leadership abilities and extensive knowledge of complex financial and operational issues facing large organizations. He brings an understanding of international operations and financial strategy to the Board of Directors. In addition, through his oversight of BC Partners portfolio companies, Mr. Svider has significant experience in developing various strategies to motivate and compensate executives.

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### **CORPORATE GOVERNANCE**

#### ***Corporate Governance Guidelines***

We have a strong commitment to good corporate governance practices and the independence of our Board of Directors from our management. These practices provide a framework within which the Board of Directors and management can pursue our strategic objectives and ensure long-term growth for the benefit of our shareholders. Our Corporate Governance Guidelines may be viewed at our corporate web site, [www.officedepot.com](http://www.officedepot.com) under the headings Company Information/Investor Relations/Corporate Governance. In addition, a printed copy of our Corporate Governance Guidelines will be provided to any shareholder upon written request to our Corporate Secretary. The Corporate Governance and Nominating Committee reviews the guidelines annually and any changes are recommended to the Board of Directors for approval.

#### ***Board Leadership Structure***

Mr. Odland is required to serve as both Chairman and Chief Executive Officer pursuant to the duties outlined in his employment agreements. Mr. Odland's combined role as Chairman and Chief Executive Officer promotes unified leadership and direction for the Board of Directors and executive management and it allows for a single, clear focus for the chain of command to execute the Company's strategic initiatives and business plans. In addition, the Company's Corporate Governance Guidelines provide that if the roles of Chief Executive Officer and Chairman are not contractually required to be combined, the position of Chairman shall be held by an independent director of the Board of Directors. When the role of CEO and Chairman are combined, the non-management Directors of the Board select an independent Director to serve as Lead Director.

Our Lead Director is Mr. Neil R. Austrian. As Lead Director, Mr. Austrian presides at regularly scheduled executive sessions of non-management Directors. The non-management Directors select a Director to serve as the chair of the Nominating and Corporate Governance Committee and to serve as Lead Director. That Director is required to be an Independent Director of the Board of Directors.

The Lead Director's role includes the following duties:

preside at all meetings of the Board of Directors where the Chair is not present;

preside at all executive sessions of the Independent Directors;

call meetings of the Independent Directors, as needed;

meet regularly with the CEO;

serve as a liaison between the CEO and the Independent Directors;

develop the agendas for meetings of the Independent Directors;

approve Board of Directors meeting agendas and schedules;

review information sent to the Board of Directors; and

meet with shareholders as appropriate.

***Director Independence***

The Board of Directors believes in strong and independent Directors. The Board of Directors evaluates the independence of each nominee for election as a Director of our Company in accordance with the Corporate Governance Guidelines, which incorporate the applicable listing standards of NYSE. The Corporate Governance Guidelines require that a majority of our Board of Directors must be Independent Directors within the meaning of NYSE's listing standards, and all Directors who sit on our Corporate Governance and Nominating Committee, Audit Committee and Compensation Committee must also be Independent Directors.

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All members of our Audit Committee, Finance Committee, Compensation Committee and Corporate Governance and Nominating Committee have been determined by our Board of Directors to be Independent Directors. Our Board of Directors has reviewed the various relationships between members of our Board of Directors and the Company and has affirmatively determined that none of our Directors has a material relationship with Office Depot other than Mr. Odland, our Chair and Chief Executive Officer, who is a full time employee of our Company. Our Board of Directors has also determined that Messrs. Bateman, Rubin and Svider are affiliates of the Company due to the stock ownership of BC Partners. The Board of Directors concluded that a relationship with a shareholder of the Company in and of itself does not impair Messrs. Bateman, Rubin and Svider's independent judgment in connection with their duties and responsibilities as Directors of the Company.

As a result, all members of our Board of Directors other than Mr. Odland have been determined to be Independent Directors. This determination by our Board of Directors is based upon an individual evaluation of each of our Directors, his or her employment or board of directors affiliations, and a determination that the Independent Director has no business relationship with our Company other than his or her service on our Board of Directors. None of our Directors serves as an executive officer of a charitable organization to which we made contributions during 2009. Our Chief Executive Officer, Mr. Odland, is not a member of any Committees of our Board of Directors.

### ***Board of Directors Role in Risk Oversight***

Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company. The full Board of Directors participates in an annual enterprise risk management assessment, which is led by the Company's Chief Compliance Officer. In this process, risk is assessed throughout the business, focusing on four primary areas of risk: financial risk, legal/compliance risk, operational/strategic risk and compensation risk. In addition to discussion of risk with the full Board of Directors at least once a year, the independent directors discuss risk management during executive sessions without management present with the Lead Director presiding.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board of Directors also have responsibility for risk management. In particular, the Audit Committee focuses on assessing and mitigating financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. The Audit Committee also receives quarterly reports on identified risk areas. In setting compensation, the Compensation Committee also strives to create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy.

### ***How Nominees to Our Board of Directors are Selected***

Candidates for election to our Board of Directors are nominated by our Corporate Governance and Nominating Committee and ratified by our Board of Directors for nomination to the shareholders. The Corporate Governance and Nominating Committee does not have a formal policy with respect to diversity, however, it seeks to have a Board of Directors that represents diversity as to gender, race, ethnicity and background experiences. The Corporate Governance and Nominating Committee operates under a charter, which is available on our corporate web site at [www.officedepot.com](http://www.officedepot.com) under the headings Company Information/Investor Relations/Corporate Governance.

**Candidates Recommended by Shareholders.** Our Corporate Governance and Nominating Committee will give due consideration to candidates recommended by shareholders. Shareholders may recommend candidates for the consideration of the Corporate Governance and Nominating Committee by submitting such

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recommendation directly to the Committee by mail, as described under the heading Corporate Governance; Communicating with our Board of Directors in this Proxy Statement. In making recommendations, shareholders should be mindful of the discussion of minimum qualifications set forth in the following paragraph.

**Qualifications for Nomination.** Our Corporate Governance and Nominating Committee believes that the minimum qualifications for serving on our Board of Directors are that a nominee have substantial experience in working as an executive officer for, or serving on the board of directors of a public company, or that he or she demonstrates by significant accomplishment in another field of endeavor. That experience may have been gained in the for-profit or the non-profit sectors. The Corporate Governance and Nominating Committee also seeks director candidates with an ability to make a meaningful contribution to the oversight and governance of a company having a scope and size similar to our Company. A Director must have an exemplary reputation and record for honesty in his or her personal dealings and business or professional activity, as confirmed by a background and security check. All Directors should possess at least a basic understanding of financial matters, have an ability to review and understand our financial and other reports, and to discuss such matters intelligently and effectively. He or she also needs to exhibit qualities of independence in thought and action. All Directors should possess strong collaboration skills, have the potential to influence management and also have the ability to dedicate significant time to service on our Board of Directors. A candidate should be committed first and foremost to the interests of all our shareholders. Persons who represent a particular special interest, ideology, narrow perspective or point of view would not, therefore, generally be considered good candidates for election to our Board of Directors.

**Methods of Finding Qualified Nominees.** Our Corporate Governance and Nominating Committee identifies nominees in a number of ways. One method is the recommendation of sitting members of the Board of Directors, who personally know and have an understanding of the qualifications of a proposed nominee. A second method is an awareness of persons who are successful in business, the non-profit sector or a profession, whether personally known to a member of the Board of Directors or not. Such persons are contacted from time to time to ask whether they would be willing to serve. If they are willing, then the Committee conducts significant amounts of due diligence to ensure that a nominee possesses the qualifications, qualities and skills outlined above. The Corporate Governance and Nominating Committee also from time to time may engage search firms to assist the Committee in identifying potential nominees to our Board of Directors. These firms conduct searches on behalf of the Corporate Governance and Nominating Committee and provide the Committee with names of potential director candidates. We pay these firms a fee for such services. As mentioned above, our Corporate Governance and Nominating Committee also is open to receiving recommendations from shareholders as to potential candidates it might consider.

Messrs. Raymond Svider, James Rubin and Justin Bateman were appointed as Directors pursuant to the terms of the Investor Rights Agreement, dated as of June 23, 2009, among the Company, BC Partners, Inc. and certain funds advised by BC Partners, Inc. (the Investors ) (the Investor Rights Agreement ) whereby the Investors were entitled to nominate three directors to the Board and the Company agreed to use all reasonable efforts to cause the persons nominated by the Investors pursuant to the terms of the Investor Rights Agreement to be elected to the Board. In addition, pursuant to the terms of the Investor Rights Agreement, Mr. James Rubin was appointed to the Corporate Governance and Nominating Committee and the Finance Committee and Mr. Raymond Svider was appointed to the Finance Committee and the Compensation Committee. For more information regarding the Investor Rights Agreement, please refer to our Form 8-K filed with the SEC on June 23, 2009.

Prior to his appointment to the Board of Directors, Mr. Colligan's nomination was presented to the Corporate Governance and Nominating Committee by a third-party search firm, which was employed by the Company to assist the Committee in identifying candidates for Director, facilitate the screening and interview process and gather additional information about the prospective nominee's background and experience.

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### ***Communicating with our Board of Directors***

Our shareholders and any other parties interested in communicating with our Board of Directors may contact any member (or all members) of our Board of Directors (including without limitation the Lead Director, Neil R. Austrian, or the Independent Directors as a group), any Committee of our Board of Directors or any Chair of any such Committee by mail. To communicate with our Directors by mail, correspondence may be addressed to any individual Director by name, to the Independent Directors as a group, to the Lead Director by title, to any Committee of our Board of Directors by name or to any Committee Chair either by name or by title. All such mailings are to be sent c/o Corporate Secretary to our corporate headquarters address, 6600 North Military Trail, Boca Raton, FL 33496.

In addition, any person who desires to communicate any matter specifically and confidentially to our Audit Committee may contact the Audit Committee by addressing a letter to the Chair of the Audit Committee, c/o Corporate Secretary, at our corporate headquarters address. Mark on the outside of the envelope that the communication inside is Confidential. Such communications to our Audit Committee may be submitted anonymously to the Audit Committee Chair, in which event the envelope will not be opened for any purpose, other than appropriate security inspections. Such mailing will be forwarded directly to the Chair of our Audit Committee for his or her review and follow-up action as he or she deems appropriate.

It is our Board of Directors' policy that each of our Directors should attend the Annual Meeting, at which time they are available to answer questions that may be raised in the question and answer period. At our 2009 Annual Meeting, all Directors were in attendance.

### ***Related Person Transactions Policy***

Our Related Person Transactions Policy (the "Policy") sets forth the procedures governing the review and approval or ratification of transactions between the Company, on the one hand, and (i) an executive officer; (ii) director; (iii) an immediate family member of an executive officer or director; (iv) any security holder who is known by the Company to own of record or beneficially more than five percent of any class of the Company's voting securities at the time of the transaction; or (v) an immediate family member of such five percent security holder, on the other hand. Persons in categories (i), (ii), (iii), (iv) and (v) are collectively referred to as "Related Persons."

This Policy applies to all related person transactions, and under the Policy a "related person transaction" is any transaction:

In which the Company was or is to be a participant;

In which the amount exceeds \$120,000;

In which any Related Person has, or will have, a direct or indirect material interest;

Including any contribution of \$120,000 or more to a charitable organization of which a Related Person is a trustee, director, executive officer or has a similar relationship.

No Related Person transaction shall be approved or ratified if such transaction is contrary to the best interests of the Company. Unless different terms are specifically approved or ratified by the Corporate Governance and Nominating Committee, any approved or ratified transaction must be on terms that are no less favorable to the Company than would be obtained in a similar transaction with an unaffiliated third party under the same or similar circumstances. All related person transactions or series of similar transactions must be presented to the Corporate Governance and Nominating Committee for review and pre-approval or ratification. A copy of the Policy is available for review on the Company's web site at [www.officedepot.com](http://www.officedepot.com) under the headings "Company Information/Investor Relations/Corporate Governance."

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From time to time the Company may engage in purchase and sale transactions for office products with BC Partners or its portfolio companies. These transactions are conducted on an arms length basis and are not material to BC Partners.

### ***Succession Planning***

At least annually, the Board of Directors formally discusses CEO and senior management succession with the CEO and also in executive session with only non-management Directors present. The process includes an evaluation of the requirements for the CEO and each senior management position and the regular review of potential permanent and interim candidates for CEO and senior management positions.

### ***Code of Business Conduct (Code of Ethical Behavior)***

Our Board of Directors has adopted a Code of Ethical Behavior for all of our employees. This Code also applies to our Directors. A copy of this Code may be viewed at our corporate website, [www.officedepot.com](http://www.officedepot.com) under the headings Company Information/ Investor Relations/Corporate Governance. In addition, a printed copy of our Code of Ethical Behavior will be provided to any shareholder upon written request to our Corporate Secretary at the address for our corporate headquarters listed elsewhere in this Proxy Statement.

The Company has established the confidential Office Depot Hotline (the Hotline) to assist our employees in complying with their ethical and legal obligations and reporting suspected violations of applicable laws, our policies or established procedures. The Hotline enables our associates, vendors and the public to express their concerns about possible violations of law or our policies without fear of retribution or retaliation of any kind. It is our express policy that no retaliatory action be taken against any associate for using the Hotline procedure. The Hotline is operated by an independent third party, not by Company personnel. The Hotline can be accessed by either calling the following toll-free number or visiting the following web site:

**1-866-634-6854**

***[www.odhotline.com](http://www.odhotline.com)***

**Table of Contents****COMMITTEES OF OUR BOARD OF DIRECTORS**

The Board of Directors has established four (4) standing committees (i) Audit, (ii) Compensation, (iii) Corporate Governance and Nominating, and (iv) Finance. Our Board of Directors met eight (8) times during fiscal 2009. With the exception of Mr. Myers, who passed away in July 2009, all of our Directors attended more than 75% of the total number of Board of Directors meetings and meetings of the committees on which they serve. The table below shows the current membership for each of the Board of Directors' standing committees:

<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Corporate Governance &amp; Nominating Committee</b>	<b>Finance Committee</b>
Thomas J. Colligan	Lee A. Ault, III	Lee A. Ault, III	Neil R. Austrian
Brenda J. Gaines*	David W. Bernauer	Neil R. Austrian*	David W. Bernauer
Myra M. Hart	Marsha J. Evans*	Brenda J. Gaines	David I. Fuente*
Kathleen Mason	W. Scott Hedrick	W. Scott Hedrick	James S. Rubin
	Raymond Svider	James S. Rubin	Raymond Svider

\* Committee Chair

Each of the four committees of our Board of Directors has a written charter that has been approved by our Board of Directors, is available for review on our corporate website, [www.officedepot.com](http://www.officedepot.com) under the headings Company Information/Investor Relations/Corporate Governance and is available in hard copy upon written request to our Corporate Secretary.

***Audit Committee***

The Audit Committee has four members and typically meets at least four times per year. During 2009, the Audit Committee held five (5) meetings. Our Board of Directors has reviewed and made the determinations required by the listing standards of NYSE and regulations of the SEC regarding the independence and financial literacy of the members of our Audit Committee. All members of the Audit Committee have been determined to be financially literate. In addition, our Board of Directors has determined that the following members of our Audit Committee qualify as audit committee financial experts within the meaning of the applicable regulations of the SEC: Brenda Gaines, Kathleen Mason and Thomas Colligan.

The Audit Committee is responsible for the performance of our internal audit function as well as ensuring our compliance with legal and regulatory requirements, assessing and mitigating financial risks to the Company and insuring the integrity of our financial reporting process. The Audit Committee's responsibilities, discussed in detail in its charter, include, among other duties, the duty to:

oversee the financial reporting process;

meet with internal and external auditors regarding audit results;

engage and ensure the independence of our independent registered public accounting firm;

review the effectiveness of our internal controls; and

oversee compliance with our Code of Ethical Behavior.

***Corporate Governance and Nominating Committee***



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The Corporate Governance and Nominating Committee has five members and typically meets three to four times per year. During 2009, the Corporate Governance and Nominating Committee met five (5) times. Mr. Neil R. Austrian, the Chair of our Corporate Governance and Nominating Committee, also serves as the Lead Director of our Board of Directors. Pursuant to our Corporate Governance Guidelines, the Independent Directors elect the Chair of the Corporate Governance and Nominating Committee who also serves as the Company's Lead Director.

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Our Corporate Governance and Nominating Committee is responsible for establishing and monitoring the effectiveness of the overall corporate governance philosophy and the Director nomination process. The Corporate Governance and Nominating Committee's responsibilities include, among other duties, the duty to:

review and make recommendations to the Board of Directors concerning the size and composition of our Board of Directors and its committees and the recruitment and selection of Directors;

nominate Director candidates for election at annual meetings; and

review and make recommendations to the Board of Directors concerning our corporate governance policies and practices.

In addition, the Corporate Governance and Nominating Committee is also responsible for reviewing and approving any transactions between the Company and any Related Person. See Corporate Governance; Related Person Transactions Policy.

### ***Finance Committee***

The Finance Committee has five members and typically meets at least four times each year. During 2009, the Finance Committee met eight (8) times.

Our Finance Committee is responsible for overseeing our capital structure, financial policies and business and financial plans. The Finance Committee's responsibilities, discussed in detail in its charter, include, among other duties, the duty to:

review our financial policies and procedures;

review annual capital budgets and major spending requests from management;

monitor our financial standing and financial ratings;

review our long-range financial objectives; and

provide oversight and advice to management regarding our capital allocation, spending and structure.

### ***Compensation Committee***

The Compensation Committee has five members and typically meets four times per year. During 2009, the Compensation Committee met seven (7) times. All members of the Committee have been determined by our Board of Directors to be Independent Directors.

#### ***Compensation Committee Responsibilities and Authority***

Our Compensation Committee is responsible for establishing and monitoring the effectiveness of the overall compensation philosophy and policies of our Company. As set forth in its Charter, the Compensation Committee's responsibilities, include, among other duties, the duty to:

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review the performance and approve the compensation of each of our executive officers except for our Chief Executive Officer (CEO), whose performance and compensation will be reviewed and established by the independent members of the full Board of Directors;

provide oversight of all cash compensation, equity compensation, benefits and perquisites for our executive officers and directors; and

provide oversight of our general compensation policies.

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In connection with its review of performance of our executive officers, the Compensation Committee also reviews the financial results of the Company for the purposes of determining compensation program levels and if performance goals were attained. The Compensation Committee obtains the data regarding the Company's financial results for the year from management and discusses the financial results with its compensation consultant and others as it may deem necessary, and then certifies the results and reports the results to the Board of Directors. The Compensation Committee reviews the individual performance ratings for the NEOs other than the CEO.

The Chair of the Compensation Committee works with members of our Human Resources department and with the Executive Vice President and General Counsel to set individual meeting agendas for the Compensation Committee that are consistent with an annual calendar of regular activities that has been approved by the Compensation Committee and reported to the Board of Directors. As needed, telephonic Compensation Committee meetings are held which are not part of the pre-established annual calendar.

### *Compensation Committee Charter*

The Compensation Committee Charter is reviewed periodically to ensure that the Compensation Committee is fulfilling its duties in aligning our executive compensation program with shareholder value creation, ensuring that we attract and retain talented executives and managers, and are being responsive to the legitimate needs of our shareholders. There were no changes to the Compensation Committee Charter in 2009.

### *Delegation of Authority; Subcommittees*

The Compensation Committee has delegated authority to the Chair of the Committee to approve, upon the recommendation of the CEO and the Executive Vice President, Human Resources, new hire equity grants for officers who are not executive officers, provided that such grants do not exceed a level that is 25% above the annual target long-term incentive in effect during the year of the grant for officers at the same level as the new hire, and otherwise follows policies approved by the Compensation Committee. Grants and awards to executive officers and directors are reserved to the full Compensation Committee. The Compensation Committee has also delegated authority to our Compensation and Benefits Committee (which consists of the Executive Vice President, Human Resources, Executive Vice President and General Counsel and Executive Vice President and Chief Financial Officer) the power to administer and make certain non-material amendments to our qualified 401(k) plan and our health and welfare plans that are subject to the Employee Retirement Income Security Act of 1974 and our non-qualified deferred compensation plans. The Compensation Committee has also been delegated the power to administer and make certain non-material amendments and grants under our long term equity plans, but only to the extent that such grant is not made to or such amendment does not affect the rights or obligations of any participant in the long term equity plans who is also a Section 16 reporting officer of the Company, or of any Executive Vice President, Senior Vice President or Vice President of the Company. The Compensation Committee has not delegated any of its authority (for example to a subcommittee).

### *Involvement of Compensation Consultants and Executive Management in Compensation Decisions*

Among other matters, the Charter provides the Compensation Committee with the authority to engage outside advisors (including independent compensation consultants and legal counsel) to study our compensation policies and practices and to make recommendations regarding both general and specific director and executive compensation matters. The Compensation Committee continues to engage Hay Group, a human resource and compensation consulting firm, as its independent advisor with respect to executive compensation. The Compensation Committee believes that Hay Group's counsel to the Compensation Committee is particularly valuable and insightful due to the consultant's expertise among global retail and business-to-business publicly-traded organizations, its broad understanding of the Company's compensation strategy and systems for all employees and its ability to assure that compensation systems throughout the Company have internal pay equity.

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Hay Group provides independent advice to the Compensation Committee on NEO and executive compensation matters including base salaries, annual incentives, long term incentives and perquisites. Specifically at the direction of the Committee, a separate set of Hay Group employees worked with the Company's management team on certain non-executive compensation related matters including grouping jobs into job grades for the purpose of providing structure for compensation program administration for all employees of the Company, broad-based compensation design and the global alignment of other executive and non-executive compensation programs. The members of management with which Hay Group worked include the Executive Vice President, Human Resources, Vice President, Compensation, Benefits and Human Resources, Information Management, Director of Compensation, Human Resources, Directors and Vice President, Human Resources Europe.

Throughout 2009, the Compensation Committee Chair worked directly with Hay Group to determine the scope of the work needed to be performed to assist the Compensation Committee in its decision making processes prior to each regularly-scheduled Compensation Committee meeting. In addition, Hay Group also worked from time to time with other members of the Compensation Committee (particularly in executive sessions of the Committee), the Executive Vice President, Human Resources, the Executive Vice President and General Counsel, and other management members (particularly Human Resources and Legal staff) to gain better understanding of our pay policies and practices and to facilitate the development of our executive compensation strategies and approach to determining compensation levels. The Company also purchases survey information from Hay Group to assist in the determination of competitive compensation for positions below the executive level. In addition, the Company purchases survey information from other compensation specialists that are not customized for the Company in order to help the Company understand the competitive market in which we compete for talent. These surveys provide general information regarding the form and amount of compensation typically paid within our industry and are consulted but not relied upon by the Compensation Committee.

### *Executive Session*

At each meeting, the Compensation Committee meets in executive session without members of management present for the purpose of discussing matters independently from management.

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### **EXECUTIVE AND DIRECTOR COMPENSATION**

#### **Compensation Discussion and Analysis**

This Compensation Discussion and Analysis ( CD&A ) discusses Office Depot, Inc. 's (the Company ) compensation philosophy and practices; the elements of compensation of the Chief Executive Officer ( CEO ), Executive Vice President and Chief Financial Officer ( CFO ) and the other named executive officers who are listed in the Summary Compensation Table that follows (collectively, the NEOs ). In addition, outlined below is the Compensation Committee 's (the Committee ) assessment of the Company 's compensation philosophy and practices and discussion regarding why each element of compensation has been selected and how it is applied and implemented by the Committee.

#### ***Our Compensation Philosophy***

The executive compensation program is constructed to align the interests of management with shareholders, to attract and retain highly qualified individuals and to create long-term value while not incentivizing excessive risk taking. To accomplish this, the compensation structure is composed of three major components: base salary, performance-based annual cash bonus, and long term equity incentives. Certain benefits and perquisites are also normally provided to attract and retain talented executives and are viewed as competitively necessary in the retail industry.

Base salary is designed to provide a competitive fixed amount of compensation which amounts to no more than half of an NEO 's total target compensation. This target mix of base salary with target variable compensation was unchanged from 2008 as no changes were made to base salary or target variable compensation in fiscal year 2009.

The performance-based annual cash bonus is designed to link compensation to shareholder interests and provide meaningful rewards that align with short-term objectives while avoiding undue risk taking. The target bonus is set approximately at the peer group median if certain annual plan goals are satisfied. Additionally, the target bonus payout is normally leveraged up and down for above and below plan performance respectively. However, for fiscal year 2009, the annual bonus plan only provided the target bonus payout with no upside potential, because the Committee recognized that even if performance goals were met, the Company would still experience performance below historical standards. Two thirds of the 2009 bonus was payable if certain financial metrics were achieved or exceeded, and up to one-third of the target bonus payout was dependent on the Committee 's qualitative evaluation of the achievement of specific execution factors. For fiscal year 2009, the extreme volatility and uncertainty of the financial environment made it very difficult to set a relationship between performance achievement and reward. The Committee believed it was critical that the Company achieve positive cash flow before financing for the year and positive Earnings Before Interest, Taxes, Depreciation, and Amortization ( EBITDA ) for the second half of the year based on the successful implementation of the liquidity initiatives in the first half of the year. For those reasons, the bonus payout for cash flow before financing and EBITDA were set to pay at the target amount. The Committee may also include a discretionary component in the performance-based annual cash bonus. This enabled the Committee to consider risk issues, quality of performance, and other factors.

The long-term equity incentive is constructed to balance short-term performance rewards with those for sustained long-term performance results that benefit the stockholders and provide retentive characteristics. The Committee believes that the long-term equity incentive program is imperative in retaining the management team. This program provides for the grant of non-qualified stock options, as well as restricted stock, at the discretion of the Committee. Long-term incentive opportunities are structured to be at the median of the peer group. The long-term incentive is designed to provide meaningful rewards that align with long-term objectives while avoiding undue risk taking. The long-term grant in 2009 was made in accordance with this philosophy.

NEOs are eligible for certain benefits and perquisites including an executive insurance plan (i.e., medical, prescription, dental, and vision coverage) and a car allowance. Due to the challenging business environment in 2009, the Committee reduced the NEOs ' benefits to help meet the Company 's cost objectives.

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### ***Overview of 2009 Compensation Programs for Named Executive Officers***

#### ***Salary and Incentive Compensation***

The Committee established a compensation structure for executive officers that focused on the Company's key financial and business objectives for 2009. The Committee designed the 2009 compensation structure to ensure that the Company continued to attract, retain and motivate executives to achieve financial performance objectives that the Committee established. Given the unprecedented business environment that the Company and the global economy faced during 2009, the Committee evaluated the most appropriate structure for measuring NEO performance during that difficult period. The Committee did not increase base salaries in fiscal year 2009, and the CEO's base compensation has never been increased.

In establishing these 2009 performance metrics, the Committee considered the key performance measures for the business given the current economic environment. Specifically, the Committee believed that maintaining focus on cash flow and earnings would be essential to the Company's success. For that reason, the Committee determined that for fiscal year 2009, one-third of the award under the annual cash bonus plan would be based on attaining a cash flow before financing goal for the year, and one-third would be based on attaining a goal relative to EBITDA for the second half of 2009 to reflect the benefit of the implementation of various corporate initiatives earlier in the year. In addition, the Committee established that the final one-third of the award under the annual cash bonus plan was discretionary, and would be based on achieving qualitative factors set by the Committee, including, but not limited to, implementing a major new financial reporting system, implementing multiple cost-saving and restructuring initiatives, maintaining top vendor relationships, increasing direct imports as a percentage of sales, and maintaining voluntary turnover at the director and above level below 15%. The 2009 corporate initiatives included process changes to improve supply chain operating efficiency and process improvements through the implementation of an integrated financial management system. The objective was to create an incentive program that remained relevant throughout the 2009 fiscal year and that was aligned with the Company's primary corporate initiatives. Also, immediate action was taken by the Committee to reduce compensation and benefit expenses in 2009 by eliminating the 401(k) plan and deferred compensation plan company match and other compensation and benefit programs, including the employee stock purchase plan, the tuition assistance plan, and financial planning for officers.

The financial targets under the 2009 annual cash bonus plan were designed to provide an all or nothing approach. So, regardless of whether target performance was achieved or exceeded for the financial metrics, only target bonus could be paid. The financial targets for cash flow before financing and EBITDA were exceeded. Whereas, the Committee had discretion to award an amount between \$0 and target for the qualitative metric based on its evaluation of the overall results of the qualitative factors considered. As a result of Company-wide performance in fiscal year 2009, 100% of target bonus awards were payable to the NEOs.

In fiscal year 2009, the factors considered by the Committee in determining long-term incentive awards included current market conditions, business results, individual performance, leadership potential and retention. The 2009 long-term incentive grant was delivered entirely in non-qualified stock options. Half of these options were granted at a 25% premium over the fair market value. These payments are detailed in the compensation tables that follow.

#### ***Effect of Equity Purchase by BC Partners***

The approval by the Company's shareholders on October 14, 2009 of the convertibility to common shares of the Company's convertible preferred stock held by BC Partners triggered certain provisions in our NEOs' employment agreements and change-in-control agreements. Two of the NEOs, Messrs. Brown and Rubin,

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received an annual bonus for 2009 that was equal to their highest bonus in the last three fiscal years preceding the equity purchase because the transaction triggered their change-in-control agreements which included this bonus provision. In addition, under the change-in-control and employment agreements between the Company and the Company's NEOs, the equity purchase triggered enhanced severance benefits that could be paid to an NEO upon a subsequent termination of employment by the Company without cause or resignation with good reason (as defined in those agreements). For Messrs. Odland, Brown and Rubin good reason includes the executive's ability to terminate his employment for any reason during the 30-day period immediately preceding the first anniversary of the effective date of the change of control. Upon such termination Messrs. Odland, Brown and Rubin could receive approximately \$11.3 million, \$3 million and \$2.9 million, respectively. The value reported for Mr. Odland in the previous sentence includes the approximate value of unvested long-term incentives that immediately vested upon the approval of the equity purchase. Pursuant to the change-in-control provision of his employment agreement, all outstanding equity awards held by Mr. Odland became fully vested upon the change of control, even without a subsequent employment termination. These employment and change-in-control agreements are a part of the Company's compensation programs and were negotiated and executed prior to any contemplated transaction with BC Partners.

### *New CEO Employment Agreement*

In February 2010, the Company and Mr. Odland entered into an amended and restated employment agreement (the Amended Employment Agreement) that amends the severance and change-in-control provisions and eliminates tax gross-up benefits contained in the employment agreement originally dated March 11, 2005, as amended February 28, 2008, between the Company and Mr. Odland (the Previous Employment Agreement). The Amended Employment Agreement also provides for the payment of a cash retention award to Mr. Odland subject to certain conditions. The Amended Employment Agreement became effective on February 19, 2010 for a term ending on March 11, 2011 and shall automatically renew for an additional one year period on each successive March 11 unless the Company or Mr. Odland provides 90 days prior written notice that the term of employment shall not be extended.

Among other things, the Amended Employment Agreement eliminates Mr. Odland's ability to terminate his employment for any reason, constituting good reason, during the 30-day period immediately preceding the first anniversary of the effective date of the BC Partners equity purchase described above. In addition, the Amended Employment Agreement provides for a retention award of \$5 million, subject to vesting in three equal installments over the period beginning on the effective date of the Amended Employment Agreement and ending on September 14, 2012 subject to Mr. Odland's continued employment through the vesting dates. The retention award will be paid to Mr. Odland in cash, to the extent vested, upon his termination of employment, subject to applicable tax regulations regarding deferred compensation. In addition, the retention award shall be subject to accelerated vesting upon Mr. Odland's termination without cause, for good reason or due to death or disability, as these terms are defined in the Amended Employment Agreement. Information regarding the new severance and change-in-control provisions of the Amended Employment Agreement is set forth under the section heading Summary of Executive Agreements and Potential Payments Upon Termination Or Change Of Control below. The Committee approved the Amended Employment Agreement in order to retain our CEO and eliminate any uncertainty regarding the leadership of the Company based on the benefits otherwise triggered under Mr. Odland's Previous Employment Agreement as a result of the BC Partners equity purchase.

### *Role of Compensation Consultants in Compensation Decisions*

As discussed in the section entitled Committees of Our Board of Directors; Compensation Committee; Involvement of Compensation Consultants and Executive Management in Compensation Decisions, the Committee engages Hay Group, a human resource and compensation consulting firm, as its independent advisor with respect to executive compensation.

In addition, Hay Group also works from time to time with members of the Committee, particularly in executive sessions of the Committee; and at the request of the Committee, with the Company's executives, other



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management members, and Human Resources and Legal Departments, to gain a better understanding of the Company's pay policies and practices and to facilitate the development of the Company's executive compensation strategies and determination of appropriate compensation levels. The Company also purchases survey information from Hay Group to assist in the determination of competitive compensation for positions below the executive level. The Committee has also engaged independent legal counsel to advise it in certain compensation matters.

### ***Role of Management in Compensation Decisions***

The Committee believes that even the best advice of a compensation consultant or other outside advisors must be combined with the input from senior management and the Committee's own individual experiences and best judgment to arrive at the proper alignment of compensation philosophy, programs and practices. The CEO, CFO, the Executive Vice President, Human Resources and the Executive Vice President, General Counsel are the members of senior management who interact most closely with the Committee. These individuals work with the Committee to provide their perspectives on reward strategies and how to align those strategies with the Company's business and management retention goals. They provide feedback and insights into the effectiveness of the Company's compensation programs and practices. The Committee looks to the Legal Department for advice in the design and implementation of compensation plans, programs and practices. In addition, the CEO, the Executive Vice President, Human Resources, the Executive Vice President, General Counsel and certain members of the Human Resources and Legal Departments often attend portions of Committee meetings to participate in the presentation of materials and to discuss management's point of view regarding compensation issues. The Committee requires management input to properly assess the internal impact of regulatory changes and potential program changes. Management is asked to provide advantages and disadvantages of decision items so that the Committee has a full range of information from both internal and external sources upon which to make its decisions. There is no predetermined weight given to management's input in making compensation program decisions.

### ***Competitive Benchmarking***

The Committee believes benchmarking is useful as a method to gauge the compensation level for executive talent within competitive job markets that are germane to the Company based upon both financial and non-financial characteristics. The Committee utilizes data gathered from the Company's Peer Group (defined below) and survey data from the Hay Group for benchmarking purposes. However, the Peer Group and Hay Group survey data are not used in isolation. NEO compensation also is reviewed in comparison with the Company's financial performance and the financial performance of the Peer Group. This information is then used to analyze each NEO's individual performance and tenure in his/her current position. After a review of the benchmarking data and the other factors mentioned, the Committee determines any changes to the NEO compensation positioning, target total direct compensation structures, variable compensation program design, and/or benefit and perquisite offerings, if necessary. Target total direct compensation is the sum of current base salary plus target annual cash incentive opportunity plus target annual equity incentives grant value. The Committee considers each element of compensation individually but also considers the total direct compensation as well as the mix of compensation paid to the NEOs when making compensation decisions. Data from proxy statements filed with the SEC provides specific Peer Group NEO information concerning base salaries, bonuses earned, long-term incentives granted, types of long-term incentive vehicles used, and benefit/perquisite prevalence. Hay Group survey data also provides information concerning base salaries, annual incentives earned and long-term incentive grants, but additionally provides target levels of variable pay as a percentage of base salaries and dollar values of certain executive benefits/perquisites.

The Committee developed specific criteria to select the Company's Peer Group and reviews these criteria annually. The criteria used in 2008 was retained by the Committee in 2009 and included companies with revenues within one half to two times the Company's revenue; a retail or direct to customer business; a business to business model; significant global operations; a significant distribution function; and private brand-driven

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operations. Companies selected for the Peer Group were required to have a number of these characteristics but not required to have all of them. Circuit City, which went bankrupt during 2009, was the only company removed from the 2008 peer group. No companies were added.

For 2009, the Company's Peer Group consisted of the following twenty-two organizations:

Arrow Electronics, Inc.	Kohl's Corporation	Sherwin-Williams Company
AutoNation, Inc.	Limited Brands, Inc.	Staples, Inc.
Avnet, Inc.	Macy's, Inc.	Starbucks Corporation
Avon Products, Inc.	Marriott Intl, Inc.	Tech Data Corporation
Best Buy Co., Inc.	Nike, Inc.	TJX Companies, Inc.
Gap Inc.	OfficeMax Inc.	Xerox Corporation
Genuine Parts Company	Rite Aid Corporation	Yum! Brands, Inc.
J.C. Penney Co., Inc.		

The Company's financial performance was evaluated relative to Peer Group performance for fiscal year 2008 (the most recent year from which data is available) sales, total shareholder return (TSR), and earnings before interest and taxes compound annual growth rate (EBIT CAGR) for 1, 3, and 5 years. The following table details the Company's performance on a percentile basis in comparison to our Peer Group:

**1,3,5 Year Performance Analysis Through Fiscal Year 2008**

	SALES (\$000)	1 Year	TSR 3 Year	5 Year	1 Year	EBIT CAGR 3 Year	5 Year
<b>25th Percentile</b>	\$ 11,081	-53%	-23%	-11%	-25%	-3%	1%
<b>Median</b>	\$ 16,309	-44%	-14%	-4%	-14%	4%	6%
<b>75th Percentile</b>	\$ 19,132	-23%	-4%	-1%	1%	7%	9%
<b>OFFICE DEPOT</b>	\$ 14,496	-79%	-54%	-29%	-98%	-73%	-52 %
<b>Percent Rank</b>	42%	2%	0%	4%	0%	2%	2%

The Company's performance is in the bottom half of the Peer Group. This deviation is primarily due to our reliance on small businesses and individuals who are disproportionately affected by the weak liquidity environment and current global economic crisis. This has had a disproportionate impact on the Company's small business customers and their demands for the Company's products when compared to other companies in the Peer Group. In response to the restrictions on the availability of credit, both consumers and businesses have reduced their spending on office products and related services. In addition, businesses have laid off employees and many smaller businesses have shut down, directly affecting the consumption of the Company's products and related services. This reduction in purchases of office products and related services, along with the fact that the Company's North American business is more heavily concentrated in Florida and California, two states among the hardest hit by the weakening economy, had a disproportionate impact on the Company's performance.

In 2009, the CEO's total direct compensation (which includes the elements of base salary, annual cash incentive awards and annual equity incentives) was benchmarked solely against the Peer Group because the Committee believes that CEO positions within the Peer Group are of similar scope and complexity. The Hay Group survey compensation data was utilized to review the compensation of the non-CEO NEOs. This data is selected based on job content since proxy matches by title may not be available or may not adequately represent actual job content of our non-CEO NEOs. The Committee determined that this additional information was useful because of the variability of job content below the CEO level. The possibility of considerable variation in levels of responsibility and duties by title among our non-CEO NEOs limits the reliability of a strict comparison against our Peer Group by job title alone. However, our Committee still considers the Peer Group information to be the primary source for NEOs comparison information, while the Hay Group surveys are considered a secondary source for the reasons stated above.

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The following table summarizes each element of NEO compensation, what each element is designed to reward, how the amount for each element is determined, the evaluation metrics, and the actions taken by the Committee during 2009 that were related to each element of compensation.

Elements	Objectives & Basis	Evaluation Metrics	Actions Taken by the Compensation Committee
<b>Base Salary</b>	<b>To provide fixed income based on:</b>	<b>Peer Group Compensation Position:</b>	CEO has not received a base salary increase since joining the Company in 2005
	Size, scope and complexity of the individual's role	CEO base pay for 2009 is 19% below median of Peer Group CEO data	No change in NEO base salary in 2008 & 2009
	Individual's current and historical performance	NEO base pay for 2009 is 11% below median of Peer Group NEO data	
	Relative position compared to market pay information		
<b>Annual Cash Incentive</b>	<b>To provide focus and rewards for achievement of annual performance targets:</b>	<b>Performance Based:</b>	100% of bonus authorized for 2009 because financial targets and qualitative factors were achieved
	2009 Performance Measures:	Award for EBITDA and Cash Flow Before Financing is based on all or nothing for achievement of annual cash incentive plan performance targets with no additional compensation paid if targets are exceeded	Bonuses above target were paid to Mr. Brown and Mr. Rubin pursuant to the bonus provision contained in their change-in-control agreements
	EBITDA		
	Cash Flow Before	Qualitative factors reviewed by Committee include: implementing a major financial system, implementing multiple cost-saving initiatives, maintaining top vendor relationships, maintaining voluntary turnover below 15% at the level of Director and above, and increasing direct imports as a percentage of sales	
	Financing		
	Qualitative factors		

Total cash compensation is  
designed to pay at the median for  
meeting plan target performance

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Elements	Objectives & Basis	Evaluation Metrics	Actions Taken by the
<b>Long-term Equity Incentive</b>	<b>To provide incentive for delivering stockholder value creation and to retain executives:</b>	<b>Performance Based:</b>	<b>Compensation Committee</b> Target award levels established at approximately the median of the Peer Group data
	Awards may be made in stock options, stock appreciation rights, performance shares, restricted stock, restricted stock units and cash	A minimum of 50% of each equity award for NEOs will be performance based	In 2009, all long-term incentives were granted in stock options. Half of the annual grant options were granted at a 25% premium.
<b>Benefits and Perquisites</b>	<b>To provide competitive health benefits and executive perquisites:</b>	<b>Peer Group Benefits Position:</b>	401(k) plan company match eliminated in January, 2009
	Each year, NEOs and their dependents are covered under an executive insurance plan that provides medical, prescription, dental and vision benefits	Company is below Peer Group in providing retirement benefits. In 2009, discontinuance of company match under 401(k) plan	Froze current Deferred Compensation Plan beginning in 2010
	Each year, NEOs also receive the following perquisites:	Company has no pension plan, no retiree medical benefits and effective for 2010, no deferred compensation plan	Approved replacement of group term life insurance in 2010 with a group variable life insurance product for delivery of the one times annual salary of up to \$500,000 in compensation in Company paid life insurance. The executives will have the ability to contribute after-tax compensation to this plan on a voluntary basis in 2010.
	Car allowance		
	Annual physical		
<b>Stock Ownership Guidelines</b>	<b>To ensure alignment with shareholder interests:</b>	<b>Peer group ownership requirements:</b>	No change to stock ownership guidelines
	CEO: 5 times base salary	Hay Group provided Committee with Peer Group data which included both target dollars and target share guidelines, with the target dollars being the common methodology. The current guidelines used for NEOs are within the target range of the Peer Group	
	Non-CEO NEOs: 1.5 times base salary		

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		Actions Taken by the	
Elements	Objectives & Basis	Evaluation Metrics	Compensation Committee
Other	<b>Change-in-Control Protection of Compensation:</b>	<b>Reasonable protection for executive compensation during a change-in-control to promote the continuity of management</b>	The change-in-control provisions were triggered during 2009 due to the BC Partners purchase of equity convertible to more than 20% of the common shares outstanding
	Employment and/or change-in-control agreements are part of the compensation program for NEOs		See Change in Control Without Termination Table for description of benefits payable during change-in-control period

### Base Salary

The Committee views a competitive annual base salary as an important component of compensation that will be paid even if the Company does not achieve its annual financial performance goals in order to attract and retain executive talent. Annual base salaries also serve as the foundation for the annual cash bonus plan, which expresses annual cash incentive opportunity as a percentage of annual base salary.

The Committee reviews the NEOs' base salaries in February of each year and considers the Company's financial performance as well as the Company's compensation objectives to attract and retain highly qualified individuals when evaluating proposed salary budgets and may increase, maintain or decrease salaries of NEOs. During the review process in February 2009, based on the Company's performance and the NEOs' competitiveness to market data, the Committee did not increase base salaries for any of the NEOs in 2009 even though base salaries were below the peer group median. The Committee believes that based on the Company's overall performance in 2009, its decision not to increase salaries for the NEOs is consistent with its compensation philosophy and with its overall compensation objectives. The CEO has not received a base salary increase since he began his employment with the Company in 2005. In 2009, the CEO's base salary was at 19% below the median of the Peer Group. On average, the non-CEO NEOs' base salaries were 11% below the median of the Peer Group.

### Annual Cash Incentives ( Bonus Plan )

At the beginning of 2009, the Committee designed a Bonus Plan to provide annual cash incentives (generally referred to as bonuses) for our NEOs of which two-thirds was to be based upon the Company's ability to meet annual financial performance targets that would ensure the successful continued operation of the Company's business during the turbulent financial period. The Committee believed that the two financial measures critical to the protection and creation of investor wealth were positive cash flow before financing for the year and positive EBITDA for the second half of 2009. Each of the Company's performance goals was targeted to pay out at 100% upon achievement with no additional bonus award to be paid if target was exceeded. If a target was not met, then no bonus award was to be paid. These metrics were based on total Company performance, as opposed to business unit performance, since the Committee believes that the NEOs' primary job is to direct the overall performance of the Company. These financial performance goals were met and exceeded by the Company in 2009. All of the qualitative performance goals were also met and exceeded by the Company in 2009, and the Committee awarded the discretionary one-third of the bonus.

Targets under the Bonus Plan are expressed as a percentage of annual base salary earned during the year. Targets increase with job scope and complexity, thereby increasing variable pay opportunity for jobs that have a

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greater impact on the Company's annual results. The Committee attempts to approximate the median target bonuses based on Peer Group compensation levels. In 2009, the target bonus for the CEO was 160% of his annual salary under the terms of his Previous Employment Agreement. The 2009 target bonuses for the Division Presidents (i.e., International Division, North American Retail Division and Business Solutions Division) were 75% of their respective annual salaries. The 2009 target bonus for the CFO was 70% of his annual salary.

As a result of achieving positive cash flow before financing for 2009, positive EBITDA for the second half of 2009, and achievement of all of the 2009 qualitative factors discussed above, the Committee authorized bonuses to be paid at 100% of target to the NEOs for the 2009 fiscal year.

In addition, as a result of the change-in-control provisions in their Employment Agreements, the 2009 bonuses paid to Mr. Brown and Mr. Rubin were equal to the highest bonus paid within the last three fiscal years prior to the year of the change-in-control, which occurred on October 14, 2009. This bonus provision resulted in a bonus amount payable which was 32% and 22% higher than the target bonus otherwise payable for 2009 for Mr. Brown and Mr. Rubin, respectively, because both NEOs were employed during fiscal year 2006, which paid the highest bonus within the last three fiscal years before the change-in control and paid a higher bonus than the target bonus for the 2009 fiscal year.

The 2010 Bonus Plan will continue to include EBITDA and replace free cash flow before financing with free cash flow as quantitative bases for bonus awards for 2010. However, the discretionary award component based on qualitative performance goals will not be included in the 2010 Bonus Plan. Instead, the 2010 Bonus Plan will include a quantitative sales criteria.

### ***Long-Term Equity Incentives***

The Committee also considers long-term equity incentive compensation to be critical to the alignment of executive compensation with shareholder value creation. Therefore, a market competitive long-term incentive component is an integral part of the overall executive compensation program. The Company's long-term equity incentive compensation awards are made pursuant to the Office Depot, Inc. 2007 Long-Term Incentive Plan (the "LTIP").

The Committee evaluated the LTIP design in early 2009 and revised the methodology for determining grants because of the Company's low stock price. Long-term incentive grants in recent years had been determined by a target competitive long-term incentive value divided by the stock price for restricted stock or Black-Scholes value for stock options. The Committee elected to focus on the increase in value of the stock from the depressed value because the Committee felt that an option grant based on Black-Scholes would likely result in an excessive award based on the likely strike price and resultant Black-Scholes valuation. The NEOs' equity incentive grants were determined using a number of factors which included a comparative analysis of long-term equity awards provided to NEOs in the Company's Peer Group, a discretionary assessment of each NEO's performance compared to current year business plan and a comparison to Peer Group and broader market performance.

The entire long-term incentive grant was delivered through non-qualified stock options in order to maximize the incentive value delivered through the use of shares cancelled by the grant since restricted stock cancels two authorized shares for every one share granted under the LTIP. One-half of the annual option grant was delivered through 25% premium-priced options.

### ***Equity Awards Levels***

The CEO's equity grant for 2009 was 1,020,000 non-qualified stock options. Half of these options were granted at the grant date fair-market value of \$.85 on the grant date and half at a 25% premium price of \$1.0625. The other NEOs' long term incentive equity grant levels were similarly determined. At a hypothetical \$5 gain,



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these options provided target compensation in line with the stated compensation philosophy for long-term incentive grants being approximately at the median of the Peer Group data. The NEOs may realize value if the stock price has meaningful growth. The Company has changed its policy with respect to the amount of options awarded to Division Presidents, Executive Vice Presidents on Executive Committee, and Other Executive Vice Presidents. Previously, the Company made the same award to individuals within each level. However, in fiscal year 2009, the Committee changed that policy to enable the Company to reward, incentivize, and retain individuals differently within each level. When making these decisions, the Committee considered prior year performance, challenges facing each individual's business unit, the individual's performance, the individual's level of responsibility, and competition for the individual's talents within the industry. In 2009, an additional award of 500,000 stock options was made to Mr. Schmidt to recognize his performance and to better assure his retention as the leader of the Business Solutions Division. Equity grants made to the NEOs in 2009 are set forth in the Grants of Plan Based Awards Table.

Stock option grants vest over time. For the 2009 grant, one-third vests on each of the first, second, and third anniversaries of the date of the grant, providing the executive remains in the Company's employment. The vesting schedule is intended to promote retention. Under the LTIP, if an executive leaves the Company for any reason other than death, disability or retirement before vesting, the unvested stock options are forfeited. Stock options were granted with a seven-year term. Section 16 officers, including NEOs, who are involuntarily terminated from the Company, other than for cause, or who voluntarily terminate their employment after completing five years of continuous service, have eighteen (18) months to exercise stock options that are vested at the time of separation. Stock options vest on retirement (age 60 with 5 years of service) for all recipients of options under the LTIP. Vested options for Section 16 officers who have not completed 5 years of service are exercisable for 90 days after termination of employment. All unvested options are forfeited. The LTIP provides that stock options may not be granted with exercise prices that are less than 100% of fair market value of the stock on the grant date. The LTIP defines "fair market value" as the closing stock price on the date of grant. The grant date is the date on which the Committee actually meets and takes action to make the grants. The LTIP does not permit re-pricing of stock options. No back-dating of stock options is permitted under any circumstances. The LTIP does permit the exchange of existing stock options with shareholder approval.

The Committee grants equity under the shareholder approved LTIP in accordance with its policy of making annual grants at least 5 days but not more than 30 days following the release of earnings. New hire option grants to officers made during the year are granted on the later of the first business day of employment or on the business day following the grant approval by the Committee Chair. The annual equity grants for 2009 were approved by the Committee at a meeting on March 4, 2009 after the Company's earnings were released for the 2008 fiscal year.

### ***Benefits and Perquisites***

The Company provides the NEOs with a basic set of core benefits (e.g., coverage for medical, dental, vision care, prescription drugs, annual physical, basic life insurance, long term disability coverage, and car allowance) plus voluntary benefits that an NEO may select (e.g., supplemental life insurance). The Company's overall benefits philosophy is to focus on the provision of these core benefits, with NEOs able to use their cash compensation to obtain such other benefits as they individually determine to be appropriate. The CEO is entitled, pursuant to his employment agreement, to the use of Company provided aircraft for personal travel, but such usage is limited to not more than 100 hours of such personal air travel per year.

The Company matching contribution to the 401(k) plan was discontinued in 2009 and has not been reinstated as of this time. The Company's matching contributions were discontinued due to the difficult economic period. Additionally, the following programs were eliminated in 2009: the employee stock purchase plan, the tuition assistance plan, and financial planning for officers.

In 2009, benefits and perquisites comprised approximately 3% of total direct compensation for the CEO. No other NEO had benefits and perquisites that comprised more than 3% of their total direct compensation. Benefits

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and perquisites provided to the NEOs are summarized in the Summary Compensation Table and Nonqualified Deferred Compensation Table, including footnotes. The CFO had relocation expenses paid on his behalf that were excluded from this calculation.

***Deferred Compensation Plans***

The Company currently maintains three non-qualified deferred compensation plans which are all frozen to new contributions. One of the plans was for the executive officers and members of the Board of Directors ( Officers DCP ). A second plan was for all highly compensated employees of the Company ( DCP ). Both plans are trusted and administered separately. In October, 2008, the Committee approved a new non-qualified deferred compensation plan ( DCP II ), for participants in both the Officers DCP and the DCP, to be administered by one administrator. At the same time, the Officers DCP and DCP were frozen and the plan provisions as of December 31, 2004 were grandfathered. Both of the grandfathered plan documents were amended for compliance with 409A of the Internal Revenue Code. In October, 2009, the Committee decided to also freeze the DCP II for new deferrals beginning in 2010 due to the lack of participation by eligible participants, the elimination of the 401(k) excess company matching contributions, and the personnel cost to maintain a plan that has minimal interest to the eligible population.

***Risk Review***

The global financial and economic crisis has presented challenges for many companies, including the Company. The Committee has generally reviewed, analyzed and discussed the executive compensation incentive programs in the context of how the current global economic and financial situation might affect the program. The Committee does not believe that any aspects of the compensation program encourage the NEOs to take unnecessary and excessive risks. Specifically, the financial goals set forth in the Bonus Plan are based upon performance targets that the Committee believes are attainable without the need to take inappropriate risks or make material changes to the Company's business or strategy. In addition, the LTIP awards that vest over a three-year period mitigate against taking short-term risks. Finally, the equity component of the Company's compensation program coupled with the Company's stock ownership guidelines, which expose NEOs to the loss of the value of retained equity if stock prices decline, incentivize NEOs to focus on long-term share appreciation.

***Deductibility of Executive Compensation***

Section 162(m) of the Internal Revenue Code ( Code ) generally does not allow a tax deduction to public companies for compensation in excess of \$1 million paid to the CEO or any of the other NEOs, excluding the CFO. Certain compensation is specifically exempt from the deduction limit to the extent that it does not exceed \$1 million during any fiscal year or is performance based as defined in Code section 162(m). The Committee strives to structure NEO compensation to come within the deductibility limits set in Code section 162(m) whenever possible. However, the Committee believes that it must maintain the flexibility to take actions which it deems to be in the best interests of the Company but which may not qualify for tax deductibility under Code section 162(m).

***Item 6. Selected Financial Data***

The following selected historical financial information of the Company and its subsidiaries as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 was derived from our audited consolidated financial statements included herein. The selected financial information as of December 31, 2012, 2011 and 2010 and for each of the two years in the period ended December 31, 2011 was derived from previously issued audited consolidated financial statements. The information in the following table includes the financial information of our predecessor, Gaylord, with respect to the financial information provided for periods prior to, and including, our REIT conversion on October 1, 2012. The information in the following table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes as of December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 included herein (in thousands, except per share amounts).

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	Years Ended December 31,				
	2014	2013	2012	2011	2010
<b>Income Statement Data:</b>					
Revenues:					
Rooms	\$ 384,185	\$ 357,313	\$ 365,611	\$ 351,567	\$ 278,404
Food and beverage	412,061	382,340	401,252	381,699	323,195
Other hotel revenue	157,920	138,856	149,178	153,368	121,339
Opry and Attractions	86,825	76,053	70,553	65,510	47,023
Total revenues	1,040,991	954,562	986,594	952,144	769,961
Operating expenses:					
Rooms	116,103	106,849	96,900	95,897	76,998
Food and beverage	248,358	237,153	242,739	235,193	201,327
Other hotel expenses	307,597	295,152	314,643	315,085	261,791
Management fees	16,151	14,652	4,207		
Total hotel operating expenses	688,209	653,806	658,489	646,175	540,116
Opry and Attractions	59,815	56,528	52,130	51,364	40,970
Corporate	27,573	26,292	46,876	48,152	51,692
REIT conversion costs (1)		22,190	101,964		
Casualty loss (2)		54	858	1,225	42,321
Preopening costs (3)	11		340	408	55,287
Impairment and other charges (4)		2,976			
Depreciation and amortization:					
Hospitality	103,422	103,147	107,343	109,521	91,117
Opry and Attractions	5,258	5,368	5,119	5,261	4,710
Corporate and Other	3,598	8,013	18,229	10,507	9,734
Total depreciation and amortization	112,278	116,528	130,691	125,289	105,561
Total operating expenses	887,886	878,374	991,348	872,613	835,947
Operating income (loss):					
Hospitality	162,535	121,556	150,210	130,939	91,705
Opry and Attractions	21,752	14,157	13,305	8,884	1,342
Corporate and Other	(31,171)	(34,305)	(65,107)	(58,659)	(61,425)
REIT conversion costs (1)		(22,190)	(101,964)		
Casualty loss (2)		(54)	(858)	(1,225)	(42,321)
Preopening costs (3)	(11)		(340)	(408)	(55,287)
Impairment and other charges (4)		(2,976)			
Total operating income (loss)	153,105	76,188	(4,754)	79,531	(65,986)
Interest expense, net of amounts capitalized	(61,447)	(60,916)	(58,582)	(74,673)	(81,426)
Interest income	12,075	12,267	12,307	12,460	13,124
Income from unconsolidated companies		10	109	1,086	608
Net gain (loss) on extinguishment of debt (5)	(2,148)	(4,181)			1,299

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Other gains and (losses) (6)	23,415	2,447	22,251	(916)	(535)
Income (loss) from continuing operations before income taxes	125,000	25,815	(28,669)	17,488	(132,916)
(Provision) benefit for income taxes (7)	1,467	92,662	2,034	(7,420)	40,718
Income (loss) from continuing operations	126,467	118,477	(26,635)	10,068	(92,198)
Income (loss) from discontinued operations, net of taxes (8)	(15)	(125)	(9)	109	3,070
Net income (loss)	126,452	118,352	(26,644)	10,177	(89,128)
Loss on call spread modification related to convertible notes (9)	(5,417)	(4,869)			
Net income (loss) available to common stockholders	\$ 121,035	\$ 113,483	\$ (26,644)	\$ 10,177	\$ (89,128)
<b><u>Income (Loss) Per Share:</u></b>					
Income (loss) from continuing operations	\$ 2.38	\$ 2.22	\$ (0.56)	\$ 0.21	\$ (1.95)
Income from discontinued operations, net of taxes					0.06
Net income (loss)	\$ 2.38	\$ 2.22	\$ (0.56)	\$ 0.21	\$ (1.89)
<b><u>Income (Loss) Per Share - Assuming Dilution:</u></b>					
Income (loss) from continuing operations	\$ 2.17	\$ 1.81	\$ (0.56)	\$ 0.20	\$ (1.95)
Income from discontinued operations, net of taxes					0.06
Net income (loss)	\$ 2.17	\$ 1.81	\$ (0.56)	\$ 0.20	\$ (1.89)
Dividends Declared per Common Share (10)	\$ 2.20	\$ 2.00	\$ 6.84	\$	\$

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	As of December 31,				
	2014	2013	2012	2011	2010
<b>Balance Sheet Data:</b>					
Total assets	\$ 2,413,146	\$ 2,424,629	\$ 2,532,451	\$ 2,554,759	\$ 2,614,438
Total debt	1,341,555	1,154,420	1,031,863	1,073,825	1,159,215
Total stockholders' equity (11)	401,407	757,695	853,598	1,045,535	1,029,752

- (1) We have segregated all costs related to the transactions that facilitated our conversion to a REIT (as discussed more fully in REIT Conversion and Marriott Sale Transaction under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations) from normal operations and reported these amounts as REIT conversion costs in the accompanying consolidated statements of operations. During 2013, we incurred \$22.2 million of REIT conversion costs, which includes \$14.4 million in employment, severance and retention costs, \$2.7 million in professional fees, and \$5.1 million in various other transition costs. During 2012, we incurred \$102.0 million of REIT conversion costs, which includes \$33.3 million of non-cash impairment charges, \$23.1 million in professional fees, \$24.4 million in employment, severance and retention costs, and \$21.2 million in various other transition costs.
- (2) Casualty loss for 2010 reflects \$92.3 million in expenses related to the May 2010 flooding in Nashville, partially offset by \$50.0 million in insurance proceeds.
- (3) Preopening costs for 2010 are related to the reopening of Gaylord Opryland and the Grand Ole Opry House, which were closed during portions of 2010 as a result of the flood in Nashville. In 2014, we began incurring preopening costs related to the AC Hotel.
- (4) Impairment charges in 2013 are primarily associated with disposed equipment at Gaylord National and the decision not to move forward with a proposed expansion at Gaylord Palms in the near-term.
- (5) During 2014, we settled the repurchase of and subsequently cancelled \$56.3 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$120.2 million. In addition, prior to their maturity we early settled the conversion of \$15.3 million of convertible notes that were converted by holders. We recorded a loss on extinguishment of debt of \$2.1 million in 2014 as a result of these transactions. During 2013, we settled the repurchase of and subsequently cancelled \$54.7 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$98.6 million. In addition, we settled \$1.2 million of convertible notes that were converted by a holder. We recorded a loss on extinguishment of debt of \$4.2 million in 2013 as a result of these transactions. During 2010, we repurchased \$28.5 million in aggregate principal amount of our outstanding 6.75% senior notes for \$27.0 million. After adjusting for deferred financing costs and other costs, we recorded a pre-tax gain of \$1.3 million as a result of these repurchases.
- (6) Other gains and (losses) for 2014 includes a \$26.1 million gain associated with the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland and a \$4.2 million loss on the repurchase of a portion of the common stock warrants associated with our convertible notes. Other gains and (losses) for 2014, 2013 and 2012 includes \$2.4 million, \$2.3 million and \$2.3 million in income, respectively, received from the marketing and maintenance fund associated with the Gaylord National bonds. Other gains and (losses) for 2012 includes \$20.0 million in income recognized on the sale of intellectual property to Marriott.
- (7) Benefit for income taxes during 2013 includes a benefit of \$64.8 million related to the REIT conversion and a benefit of \$19.2 million related to our current period operations.
- (8) We have presented the operating results of Corporate Magic and ResortQuest, as well as various smaller businesses, as discontinued operations for all periods presented.
- (9) In 2014 and 2013, in connection with the repurchase of portions of our 3.75% convertible notes, we entered into agreements with the note hedge counterparties to our convertible notes to proportionately reduce the number of related purchased options and warrants as described in Note 5 of our consolidated financial statements included

herein. In addition, in 2014, we entered into agreements with the note hedge counterparties to cash settle the remaining outstanding warrants prior to their maturity.

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These agreements were considered modifications to the purchased options and the warrants, and based on the terms of the agreements, we recognized a charge of \$5.4 million and \$4.9 million in 2014 and 2013, respectively, which is recorded as an increase to accumulated deficit and either additional paid-in-capital or derivative liabilities, as applicable based on whether the modification was settled in shares of common stock or cash, in the consolidated balance sheets included herein. This charge also represents a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders in the consolidated statements of operations included herein.

- (10) Dividends declared for 2014 represent quarterly dividends of \$0.55 per share, or an aggregate of \$112.0 million in cash. Dividends declared for 2013 represent quarterly dividends of \$0.50 per share, or an aggregate of \$101.7 million in cash. Dividends declared for 2012 reflects the aggregate declared per share value of the special dividend paid on December 21, 2012. We distributed an aggregate amount of approximately \$309.8 million. Twenty percent, or \$62.0 million, of the special dividend was paid in cash, and the remainder was paid in shares of our common stock.
- (11) As a result of the modifications to the warrant agreements described above, the fair value of the warrants at the modification date was reclassified from additional paid-in-capital to derivative liabilities, resulting in a \$304.4 million reduction to stockholders' equity during 2014.

## ***Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations Overview***

We are a Delaware corporation, originally incorporated in 1956, that, following our REIT conversion, began operating as a self-advised and self-administered REIT for federal income tax purposes on January 1, 2013, specializing in group-oriented, destination hotel assets in urban and resort markets. Our owned assets include a network of four upscale, meetings-focused resorts totaling 7,795 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" ) and the Inn at Opryland (renamed from the Radisson Hotel at Opryland), a 303-room overflow hotel adjacent to Gaylord Opryland. In addition, in December 2014, we completed the purchase of a hotel to be rebranded as the AC Hotel at National Harbor, Washington D.C. ( "AC Hotel" ), a 192-room overflow hotel adjacent to Gaylord National, which will be managed by Marriott upon its anticipated March 2015 opening. 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 nearly 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 meetings hotel assets located in urban and resort markets.

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

As discussed below, on October 1, 2012, Marriott assumed responsibility for managing the day-to-day operations of our Gaylord Hotels properties and other of our Nashville attractions and began managing the Inn at Opryland on December 1, 2012. Marriott will also manage the AC Hotel upon its anticipated March 2015 opening. As a result, we rely upon Marriott to generate occupancy and revenue levels at our hotel properties. However, there can be no assurance that Marriott will continue to increase occupancy and revenue levels at our hotel properties.



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For much of 2013, we experienced difficulties in in-the-year, for-the-year sales booking levels, as overall weakness in the group sector and difficulties related to the management transition to Marriott impacted our 2013 results. Joint efforts with Marriott resulted in improvements in the latter half of 2013 and in 2014, including increased bookings over the prior year; however, we are continuing to work with Marriott in these areas to ensure further improvement going forward.

See *Forward-Looking Statements* and *Risk Factors* under Part I of this report for important information regarding forward-looking statements made in this report and risks and uncertainties we face.

***REIT Conversion and Marriott Sale Transaction***

After conducting a strategic review of our business, in 2012, our board of directors unanimously approved and we completed the restructuring of our business operations to facilitate our qualification as a REIT for federal income tax purposes (the *REIT conversion*). We have elected to be taxed as a REIT commencing with the year ended December 31, 2013. As a REIT, we generally are not subject to federal corporate income taxes on that portion of our capital gain or ordinary income from our REIT operations that is distributed to our stockholders. This treatment substantially eliminates the federal *double taxation* on earnings from our 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. Our non-REIT operations, which consist of the activities of taxable REIT subsidiaries (*TRSs*) that act as lessees of our hotels, as well as the businesses within our Opry and Attractions segment, continue to be subject, as applicable, to federal corporate income taxes. The steps we took during 2012 to effect the REIT conversion are summarized below.

*The Merger.* Under requirements of the Internal Revenue Code of 1986, as amended (the *Code*), REITs are subject to ownership restrictions such that no more than 50% of the value of the REIT's outstanding common stock may be owned, directly or indirectly, by five or fewer individuals (as defined by the Code to include various kinds of entities) during the second half of any calendar year. To implement articles of incorporation that enabled us to satisfy the requirements under the Code and otherwise to address concerns related to stock ownership, our predecessor, Gaylord Entertainment Company, formerly a Delaware corporation (*Gaylord*), formed and merged with and into Ryman Hospitality Properties, Inc. (formerly known as Granite Hotel Properties, Inc.), a Delaware corporation (*Ryman*), effective October 1, 2012 (the *Merger*). The Merger was approved by the stockholders of Gaylord at a special meeting of stockholders held on September 25, 2012. As a result of the Merger, the outstanding shares of Gaylord's common stock converted into the right to receive the same number of shares of Ryman's common stock, and Ryman succeeded to and began conducting, directly or indirectly, all of the business conducted by Gaylord immediately prior to the Merger. The rights of our stockholders are now governed by our Amended and Restated Certificate of Incorporation (the *Charter*) and our Amended and Restated Bylaws. The Charter generally prohibits any stockholder from owning more than 9.8% of the outstanding shares of our common stock or any other class or series of our stock. These ownership limitations are subject to waiver or modification by our board of directors. The shares of our common stock are trading on the New York Stock Exchange under the ticker symbol *RHP*. Pursuant to Rule 12g-3(a) of the Securities Exchange Act of 1934, as amended (the *Exchange Act*), shares of common stock of Ryman, as successor to Gaylord, are deemed to be registered under Section 12(b) of the Exchange Act.

*Implementation of UPREIT and TRS Structure.* To facilitate our qualification as a REIT, we underwent a reorganization of our operations and corporate structure. We now operate as an umbrella partnership REIT (an *UPREIT*), which means that all of our assets are held by, and operations are conducted through, RHP Hotel Properties, LP, a subsidiary operating partnership (the *Operating Partnership*) that we formed in connection with the REIT conversion. In the future, we may amend the limited partnership agreement of the Operating Partnership to provide that its partnership units will be convertible on a one-for-one basis for shares of our common stock. Under certain circumstances, we may issue such partnership units as consideration to acquire hotel properties. By offering

partnership units, the seller of such hotel property could defer federal income tax on any of the seller's gains on sale, and this tax advantage may enable us to acquire hotel properties in the future which otherwise might not be available for sale.

As a REIT, at least 75% of our gross income for each taxable year must generally be derived from rents from real property or other income permitted by the Code. To meet this requirement, we implemented a structure under which our hotel properties are owned or leased by certain subsidiaries of the Operating Partnership, which are disregarded entities for federal income tax purposes, and these qualified REIT subsidiaries lease or sublease our hotels to TRSs pursuant to leases that contain economic terms which are similar to a lease between unrelated parties. The rent that we receive from our TRS lessees qualifies as rents from real property as long as the property is operated on behalf of our TRS lessees by a person who qualifies as an independent contractor (as defined in the Code) and who is, or is related to a person who is, actively engaged in the trade or business of operating qualified lodging facilities (as defined in the Code) for any person unrelated to us and our TRS lessees (an eligible independent contractor). As described below, our TRS lessees have engaged Marriott to manage the day-to-day operations of our hotels as an eligible independent contractor.

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In addition, we own our Opry and Attractions businesses in TRSs, and certain of those TRSs have engaged Marriott to manage their assets, as described below.

*Marriott Management.* On October 1, 2012, we completed the Marriott sale transaction pursuant to that certain Purchase Agreement, dated May 30, 2012, by and among Gaylord, Gaylord Hotels, Inc., Marriott Hotel Services, Inc., and Marriott, pursuant to which we sold the Gaylord Hotels brand and rights to manage our Gaylord Hotels properties for \$210 million in cash (the "Marriott sale transaction"). In connection with the Marriott sale transaction, each of our TRS lessees for our Gaylord Hotels properties is now a party to a management agreement (one for each of our Gaylord Hotels properties) and a pooling agreement with Marriott. Under the management agreements, on October 1, 2012, Marriott assumed responsibility for managing the day-to-day operations of our Gaylord Hotels properties. We do not have the authority to require Marriott to operate our Gaylord Hotels properties in a particular manner, although we do have consent and approval rights for certain matters under the hotel management agreements, subject to the limitations described therein. Each of the management agreements has a term expiring in 2047, with three automatic 10-year renewal periods (provided the applicable hotel has met certain performance thresholds). Each of the management agreements requires us to pay Marriott a base management fee of approximately 2% of gross revenues from the applicable property for each fiscal year or portion thereof. Additionally, the pooling agreement requires us to pay Marriott an incentive fee of: (i) 20% of pooled available cash flow (which is generally operating profit for the pooled hotels less an owner's priority) in each of 2013 and 2014; (ii) 10% of the first \$10.0 million of pooled available cash flow, plus 20% of any additional pooled available cash flow over such threshold for 2015; and (iii) 10% of the first \$15.0 million of pooled available cash flow, plus 20% of any additional pooled available cash flow over such threshold in or after 2016. The owner's priority is collectively \$240.0 million, plus certain additional amounts, including 10% of certain non-routine capital expenditures, conversion work, and non-routine replacements of furniture, fixtures and equipment and routine capital expenditures in excess of a reserve. If one or more of our Gaylord Hotels properties were not a pooled hotel (i.e., if we cease to own the hotel or we lease the hotel to a third party), the thresholds used to calculate the incentive fee in the pooling agreement will be adjusted, and the incentive fee for the non-pooled hotel will be based on such hotel's performance. The management agreements and pooling agreement also contain certain restrictions on our incurring indebtedness that encumber our Gaylord Hotels properties on an individual or aggregate basis. The management agreements may be terminated earlier than the stated term if certain events occur, including the failure of Marriott to satisfy certain performance standards. The management agreements prohibit us from selling the Gaylord Hotels properties to certain persons, including any person who does not, in Marriott's reasonable judgment, have sufficient financial resources and liquidity to fulfill our obligations under the management agreement, or any person who owns a controlling interest in a hotel brand (e.g. Hilton, Hyatt) totaling at least ten full-service hotels or twenty-five select-service hotels, or in a group of hotels totaling at least ten full-service hotels or twenty-five select-service hotels that are not affiliated with a brand but that are marketed and operated as a collective group, if such brand or group of hotels compete with Marriott. In addition, we may not sell a Gaylord Hotels property if we are then in breach of the applicable management agreement.

In addition to the Marriott sale transaction, our TRSs entered into additional management agreements with Marriott pursuant to which Marriott assumed responsibility for managing the day-to-day operations of the General Jackson Showboat, Gaylord Springs and the Wildhorse Saloon beginning October 1, 2012, and the Inn at Opryland beginning December 1, 2012. Marriott will also manage the AC Hotel upon its anticipated March 2015 opening.

*Internal Reorganization.* In connection with our REIT conversion, in order to comply with IRS requirements, we transferred to Marriott approximately 8,400 employees who worked at our various properties. In addition, we implemented a reorganization within, and a reduction in the number of members of, our executive management team and the other employees within the Corporate and Other segment. In connection with the reorganization, our corporate overhead expenses within the Corporate and Other segment have been reduced.

*Costs Related to REIT Conversion.* We have segregated all costs related to the foregoing transactions from normal operations and reported these amounts as REIT conversion costs in the accompanying consolidated statements of operations. We incurred \$22.2 million and \$102.0 million of REIT conversion costs during 2013 and 2012, respectively. REIT conversion costs incurred during 2013 include employment and severance costs (\$14.4 million), professional fees (\$2.7 million), and various other transition costs (\$5.1 million). REIT conversion costs incurred during 2012 include noncash impairment charges (\$33.3 million), professional fees (\$23.1 million), employment and severance costs (\$24.4 million), and various other transition costs (\$21.2 million). We incurred no REIT conversion costs during 2014.

*Distribution of Accumulated Earnings and Profits.* A REIT is not permitted to retain earnings and profits accumulated during years when the company or its predecessor was taxed as a C corporation. To qualify for taxation as a REIT for the taxable year ended December 31, 2013, we were required to distribute to our stockholders on or before December 31, 2013, our undistributed accumulated earnings and profits attributable to taxable periods ended prior to January 1, 2013. To satisfy this requirement, on

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November 2, 2012, our board of directors declared a special dividend in the amount of \$6.84 per share of common stock, or an aggregate of approximately \$309.8 million to stockholders of record as of the close of business on November 13, 2012, payable on December 21, 2012. Stockholders had the option to elect to receive the special dividend in cash or shares of common stock, with the total amount of cash payable to stockholders limited to 20% of the total value of the special dividend, or approximately \$62.0 million. Cash elections exceeded the amount of cash available for distribution, and, therefore, the available cash was prorated among those stockholders that elected to receive cash, and the remainder of the special dividend was paid in shares of common stock. On December 21, 2012, we paid an aggregate of approximately \$62.0 million in cash and issued approximately 6.7 million shares of common stock with a fair value of \$247.8 million in connection with the special dividend. We believe that the total value of the special dividend was sufficient to fully distribute our accumulated earnings and profits, and that a portion of the special dividend exceeded our accumulated earnings and profits. We have received a ruling from the Internal Revenue Service that the special dividend was a taxable distribution to our stockholders for federal income tax purposes, without regard to the form of payment. Pursuant to customary anti-dilution provisions in the indentures governing our 3.75% convertible senior notes and in our call and warrant agreements, the dividend caused an adjustment to the conversion rate that was taxable to the holders of the convertible notes as of November 8, 2012, as well as an adjustment to the call and warrant exercise prices.

***Dividend Policy and Share Repurchase Program***

Pursuant to our current dividend policy, we plan to pay a quarterly cash dividend to stockholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income, whichever is greater. During 2014, the Company's board of directors declared quarterly dividends of \$0.55 per share of common stock (\$2.20 per share of common stock for the full year), or an aggregate of \$112.0 million in cash. During 2013, the Company's board of directors declared quarterly dividends of \$0.50 per share of common stock (\$2.00 per share of common stock for the full year), or an aggregate of \$101.7 million in cash. The declaration, timing and amount of dividends will be determined by future action of our board of directors. Our dividend policy may be altered at any time by our board of directors.

On December 17, 2012, we announced that our board of directors authorized a share repurchase program for up to \$100.0 million of our common stock using cash on hand and borrowings under our revolving credit line, to be implemented through open market transactions on U.S. exchanges or in privately negotiated transactions, in accordance with applicable securities laws, with any market purchases to be made during open trading window periods or pursuant to any applicable SEC Rule 10b5-1 trading plans. In May 2013, we completed our repurchases under the repurchase program by repurchasing approximately 2.3 million shares of our common stock for an aggregate purchase price of approximately \$100.0 million, which we funded using cash on hand and borrowings under the revolving credit line of our credit facility. The repurchased stock was cancelled and has been reflected as a reduction of retained earnings in the consolidated financial statements included herein.

***Debt Transactions***

As further described below in Liquidity and Capital Resources Principal Debt Agreements, (i) in January 2013, we paid at maturity all of our outstanding 6.75% senior notes at par at a cost of \$152.2 million; (ii) in April 2013, certain of our subsidiaries completed the private placement of \$350.0 million in aggregate principal amount of 5.00% senior notes due 2021; (iii) in April 2013, we refinanced our \$925 million credit facility by entering into a \$1 billion senior secured credit facility; (iv) in July 2013, we repurchased and cancelled \$54.7 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$98.6 million and reduced the number of associated purchased options and warrants pro rata; (v) in April 2014, we repurchased and cancelled \$56.3 million in aggregate principal amount of our 3.75% convertible notes in private transactions for aggregate consideration of \$120.2 million and

reduced the number of associated purchased options and warrants pro rata; (vi) in June 2014, we settled the conversion of \$15.3 million of our 3.75% convertible notes that were converted by holders for \$15.3 million in cash and shares of our common stock, which were offset by shares received on exercise of our Purchased Options (as defined below); (vii) in June 2014, we cash settled 2.4 million warrants associated with our 3.75% convertible notes for total consideration of \$50.8 million; (viii) in June 2014, we entered into a \$400.0 million term loan facility; (ix) in August 2014, we cash settled an additional 2.4 million warrants associated with our 3.75% convertible notes for total consideration of \$57.6 million; (x) in October 2014, we settled the conversion or repaid at maturity the remaining \$232.2 million of our 3.75% convertible notes; (xi) in December 2014, we cash settled an additional 2.6 million warrants associated with our 3.75% convertible notes for total consideration of \$69.1 million; and (xii) in the first quarter of 2015, we intend to cash settle the remaining 4.7 million warrants.

**Table of Contents*****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 and the AC Hotel. Beginning October 1, 2012, Marriott assumed responsibility for the day-to-day management of our Gaylord Hotels properties. Effective December 1, 2012, under an additional management agreement, Marriott assumed responsibility for managing the day-to-day operations of the Inn at Opryland, and Marriott will assume the day-to-day management of the AC Hotel upon its anticipated March 2015 opening.

Opry and Attractions, consisting of our Grand Ole Opry assets, WSM-AM and our Nashville attractions. As a result of the REIT conversion, we own our Opry and Attractions businesses in TRSs, which conduct their business consistent with past practice, except for the management agreements with Marriott for the General Jackson, Wildhorse Saloon and Gaylord Springs discussed above.

Corporate and Other, consisting of our corporate expenses.

For the years ended December 31, 2014, 2013 and 2012, our total revenues were divided among these business segments as follows:

<b>Segment</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Hospitality	92%	92%	93%
Opry and Attractions	8%	8%	7%
Corporate and Other	0%	0%	0%

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

***Key Performance Indicators***

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

hotel occupancy (a volume indicator);

average daily rate ( ADR ) a price indicator calculated by dividing room revenue by the number of rooms sold;

Revenue per Available Room ( RevPAR ) a summary measure of hotel results calculated by dividing room revenue by room nights available to guests for the period;

Total Revenue per Available Room ( Total RevPAR ) a summary measure of hotel results calculated by dividing the sum of room, food and beverage and other ancillary service revenue by room nights available to guests for the period; and

Net Definite Room Nights Booked a volume indicator which represents the total number of definite bookings for future room nights at our hotels confirmed during the applicable period, net of cancellations. Hospitality segment revenue from our occupied hotel rooms is recognized as earned on the close of business each day and from concessions and food and beverage sales at the time of the sale. Attrition fees, which are charged to groups when they do not fulfill the minimum number of room nights or minimum food and beverage spending requirements originally contracted for, as well as



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cancellation fees, are recognized as revenue in the period they are collected. Almost all of our Hospitality segment revenues are either cash-based or, for meeting and convention groups meeting credit criteria, billed and collected on a short-term receivables basis. The hospitality industry is capital intensive, and we rely on the ability of our hotels to generate operating cash flow to repay debt financing and fund maintenance capital expenditures.

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

Effective October 1, 2012, Marriott assumed responsibility for managing these processes at our Gaylord Hotels properties and began managing the Inn at Opryland on December 1, 2012. Marriott will manage the AC Hotel upon its opening.

***Summary Financial Results***

The following table summarizes our financial results for the years ended December 31, 2014, 2013 and 2012 (in thousands, except percentages and per share data):

	<b>2014</b>	<b>% Change</b>	<b>2013</b>	<b>% Change</b>	<b>2012</b>
Total revenues	\$ 1,040,991	9.1%	\$ 954,562	-3.2%	\$ 986,594
Total operating expenses	887,886	1.1%	878,374	-11.4%	991,348
Operating income (loss)	153,105	101.0%	76,188	1702.6%	(4,754)
Net income (loss)	126,452	6.8%	118,352	544.2%	(26,644)
Net income (loss) available to common shareholders	121,035	6.7%	113,483	525.9%	(26,644)
Net income (loss) per share available to common shareholders fully diluted	2.17	19.9%	1.81	423.2%	(0.56)

***2014 Results As Compared to 2013 Results***

The increase in our total revenues during 2014, as compared to 2013, is attributable to increases in our Hospitality segment and Opry and Attractions segment revenues of \$75.7 million and \$10.8 million, respectively, as discussed more fully below. Total Hospitality revenues in 2014 include \$8.9 million in attrition and cancellation fee collections, a \$0.4 million increase from 2013.

The increase in total operating expenses during 2014, as compared to 2013, is primarily the result of an increase in hotel operating expenses of \$34.4 million, partially offset by a lack of REIT conversion costs during 2014, as compared to \$22.2 million in 2013, as discussed more fully below.

The above factors resulted in a \$76.9 million increase in operating income for 2014, as compared to 2013.

The \$8.1 million increase in our net income in 2014, as compared to 2013, was due to the change in our operating income described above, and the following factors, each as described more fully below:

A decrease in the benefit for income taxes of \$91.2 million in 2014, as compared to 2013.

A \$21.0 million increase in other gains and losses for 2014, as compared to 2013, primarily associated with a \$26.1 million gain on the 2014 sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland.

*2013 Results As Compared to 2012 Results*

The decrease in our total revenues during 2013, as compared to 2012, is attributable to a decrease in our Hospitality segment revenue of \$37.5 million, partially offset by an increase in our Opry and Attractions segment revenues of \$5.5 million, as discussed more fully below. The decrease in revenues in our Hospitality segment includes the effect of outsourcing retail operations at Gaylord Opryland, Gaylord Texan and Gaylord National commencing during the fourth quarter of 2012, as described more fully below. Total Hospitality revenues in 2013 include \$8.5 million in attrition and cancellation fee collections, a \$2.1 million increase from 2012.

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The decrease in total operating expenses during 2013, as compared to 2012, is due primarily to a \$79.8 million decrease in REIT conversion costs during 2013, a decrease of \$20.6 million in our Corporate and Other segment operating expenses, and a decrease of \$14.2 million in depreciation, all as discussed more fully below.

The above factors resulted in operating income of \$76.2 million for 2013, as compared to an operating loss of \$4.8 million in 2012.

Our net income of \$118.4 million in 2013, as compared to a net loss of \$26.6 million in 2012, was due to the change in our operating income described above, and the following factors, each as described more fully below:

A \$90.6 million increase in the benefit for income taxes during 2013, as compared to 2012.

A \$19.8 million decrease in other gains and losses for 2013, as compared to 2012, primarily associated with a \$20.0 million gain on the sale of intellectual property to Marriott in connection with the Marriott sale transaction in 2012.

A \$4.2 million loss on the extinguishment of debt primarily associated with the repurchase of a portion of our 3.75% convertible notes during 2013.

A \$2.3 million increase in our interest expense, net of amounts capitalized, for 2013, as compared to 2012.

### *Factors and Trends Contributing to Operating Performance in 2014 Compared to 2013*

The most important factors and trends contributing to our operating performance in 2014 as compared to 2013 were:

Increased outside-the-room spending at each of our hotel properties (an increase of 9.4% during 2014, as compared to 2013), primarily due to increased levels of premium groups and the resulting increase in banquet revenues.

Increased occupancy at Gaylord National and Gaylord Opryland (an increase of 5.1 percentage points of occupancy and 3.4 percentage points of occupancy, respectively, during 2014, as compared to 2013), primarily as a result of an increase in corporate and association group room nights.

Increased ADR at Gaylord Opryland, Gaylord Texan and Gaylord Palms (an increase of 5.9%, 5.5% and 3.3%, respectively, for 2014, as compared to 2013), primarily as a result of room rate increases for both groups and transient.

In-the-year, for-the-year cancellations for 2014 decreased 52.4% as compared to 2013.

Increased net definite group room nights booked (an increase of 14.0% for 2014, as compared to 2013), as overall group performance metrics continue to improve and second quarter 2014 included a record number of bookings for second quarter.

Increased revenue for our Opry and Attractions segment (an increase of 14.2% for 2014, as compared to 2013), primarily as a result of increased attendance at the Grand Ole Opry House and Ryman Auditorium.

The incurrence of \$22.2 million in REIT conversion costs during 2013 that did not recur in 2014.

*Factors and Trends Contributing to Operating Performance in 2013 Compared to 2012*

The most important factors and trends contributing to our operating performance in 2013 as compared to 2012 were:

Difficulties in in-the-year, for-the-year sales booking levels, as overall weakness in the group sector and difficulties related to the management transition to Marriott impacted our results. Our joint effort with Marriott resulted in improvement in the latter half of 2013, including increased bookings over the prior year.

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Cost synergies not being realized as quickly as anticipated and operating costs inefficiencies at our hotels from the transition to Marriott systems and procedures impacted our results.

REIT conversion costs, specifically \$22.2 million and \$102.0 in REIT conversion costs during 2013 and 2012, respectively.

Decreased occupancy levels at Gaylord National (a decrease of 3.2 percentage points of occupancy during 2013, as compared to 2012), primarily due to decreased levels of group and governmental business. The decrease in governmental business is primarily attributable to the U.S. government sequestration and included cancellations by several large government-related groups during 2013. Further, for groups that did travel, the sequestration drove many of these groups to reduce attendance and banquet spending while they were on property, which negatively impacted both occupancy and total revenue.

Decreased outside-the-room spending at each of our hotel properties (a decrease of 5.1% during 2013, as compared to 2012), primarily due to a decrease in banquets. This decrease in outside-the-room spending was driven by a shift in the mix of group business during 2013 from higher-rated corporate business to lower-rated groups, social, military, education, religious and fraternal groups and transient guests.

Increased attrition levels for 2013, as compared to 2012, which decreased our operating income, RevPAR and Total RevPAR. Attrition for 2013 was 11.1% of bookings, compared to 8.3% for 2012.

In-the-year, for-the-year cancellations for 2013 increased 5.4%, as compared to 2012, primarily associated with cancellations from governmental groups. However, in-the-year, for-the-year cancellations for the last six months of 2013 decreased 61.7%, as compared to the same 2012 period.

A decrease of \$20.6 million in corporate expenses for 2013, as compared to 2012, primarily due to the transition of the Company to a REIT, which resulted in lower employment costs.

***Operating Results Detailed Segment Financial Information*****Hospitality Segment**

*Total Segment Results.* The following presents the financial results of our Hospitality segment for the years ended December 31, 2014, 2013 and 2012 (in thousands, except percentages and performance metrics):

	2014	% Change	2013	% Change	2012
Revenues:					
Rooms	\$ 384,185	7.5%	\$ 357,313	-2.3%	\$ 365,611
Food and beverage	412,061	7.8%	382,340	-4.7%	401,252
Other hotel revenue	157,920	13.7%	138,856	-6.9%	149,178

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Total hospitality revenue (1)	954,166	8.6%	878,509	-4.1%	916,041
Hospitality operating expenses:					
Rooms	116,103	8.7%	106,849	10.3%	96,900
Food and beverage	248,358	4.7%	237,153	-2.3%	242,739
Other hotel expenses	307,597	4.2%	295,152	-6.2%	314,643
Management fees	16,151	10.2%	14,652	248.3%	4,207
Depreciation and amortization	103,422	0.3%	103,147	-3.9%	107,343
Total Hospitality operating expenses	791,631	4.6%	756,953	-1.2%	765,832
Hospitality operating income (2)	\$ 162,535	33.7%	\$ 121,556	-19.1%	\$ 150,209
Hospitality performance metrics:					
Occupancy	73.3%	3.7%	70.7%	-0.1%	70.8%
ADR	\$ 177.27	3.7%	\$ 170.89	-1.9%	\$ 174.20
RevPAR (3)	\$ 129.98	7.5%	\$ 120.89	-2.0%	\$ 123.36
Total RevPAR (4)	\$ 322.81	8.6%	\$ 297.22	-3.8%	\$ 309.07
Net Definite Group Room Nights Booked	1,814,000	14.0%	1,591,000	7.6%	1,478,000

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- (1) Hospitality results and performance metrics include the results of our Gaylord Hotels and the Inn at Opryland for all periods presented.
- (2) Hospitality operating income does not include REIT conversion costs of \$7.6 million and \$21.2 million in 2013 and 2012, respectively, impairment charges of \$2.8 million in 2013, or preopening costs of \$0.3 million during 2012. See the discussion of these items set forth below.
- (3) We calculate Hospitality RevPAR by dividing room revenue by room nights available to guests for the period. Hospitality RevPAR is not comparable to similarly titled measures such as revenues.
- (4) We calculate Hospitality Total RevPAR by dividing the sum of room, food and beverage, and other ancillary services revenue (which equals Hospitality segment revenue) by room nights available to guests for the period. Hospitality Total RevPAR is not comparable to similarly titled measures such as revenues.

The increase in total Hospitality segment revenue in 2014, as compared to the same period in 2013, is primarily due to increases of \$30.3 million, \$18.4 million, \$15.7 million and \$10.0 million at Gaylord Opryland, Gaylord National, Gaylord Texan and Gaylord Palms, respectively, primarily a result of increased rooms revenue and outside-the-room spending during 2014 as a result of an increase in premium group business discussed below.

The decrease in total Hospitality segment revenue in 2013, as compared to the same period in 2012, is primarily due to decreases of \$13.5 million, \$9.9 million, \$7.9 million and \$7.6 million at Gaylord Texan, Gaylord National, Gaylord Palms and Gaylord Opryland, respectively, primarily a result of decreased outside-the-room spending during 2013 as a result of a decrease in group business and an increase in transient business discussed below, as well as the effect of outsourcing retail sales operations at Gaylord Opryland, Gaylord Texan and Gaylord National commencing during the fourth quarter of 2012. The properties now only receive rental lease payments rather than full retail revenue and associated expense. The net impact of this change in retail sales operations resulted in a decrease in other hotel revenue for 2013, as compared to 2012, of approximately \$7.9 million and also affected Total RevPAR. The retail operations of Gaylord Palms were already outsourced prior to Marriott's management.

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

	2014	2013	2012
Group	73%	72%	75%
Transient	27%	28%	25%

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

	2014	2013	2012
Corporate Groups	47%	47%	44%
Associations	36%	34%	37%
Other Groups	17%	19%	19%

The proportional increase in transient business during 2013, as compared to 2012, was primarily the result of a decrease in group business, primarily at Gaylord Palms and Gaylord Opryland due to decreased group business, and Gaylord National, due to decreased governmental business, and an increase in transient business as a result of joining

the Marriott brand, which has allowed the hotels to fill more rooms with transient guests when group business is down.

The increases in rooms operating expenses in 2014, as compared to 2013, and in 2013, as compared to 2012, are primarily attributable to increases at Gaylord National and Gaylord Opryland, as described below.

The increase in food and beverage operating expenses in 2014, as compared to 2013, is attributable to increases at each of our Gaylord Hotels properties, as described below. The decrease in food and beverage operating expenses in 2013, as compared to 2012, is attributable to decreases at Gaylord Texan, Gaylord Palms and Gaylord Opryland, partially offset by an increase at Gaylord National, as described below.



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

	2014	% Change	2013	% Change	2012
Administrative employment costs	\$ 96,166	-1.3%	\$ 97,479	-7.2%	\$ 105,085
Utilities	29,049	10.7%	26,242	0.6%	26,088
Property taxes	30,576	2.5%	29,823	-1.1%	30,163
Other	151,806	7.2%	141,608	-7.6%	153,307
<b>Total other hotel expenses</b>	<b>\$ 307,597</b>	<b>4.2%</b>	<b>\$ 295,152</b>	<b>-6.2%</b>	<b>\$ 314,643</b>

Administrative employment costs include salaries and benefits for hotel administrative functions, including, among others, senior management, accounting, human resources, sales, conference services, engineering and security. Administrative employment costs decreased slightly during 2014, as compared to 2013. Utility costs increased during 2014, as compared to 2013, primarily due to an increase at Gaylord National as a result of increased rates. Property taxes increased slightly during 2014, as compared to 2013, primarily as a result of an increase at Gaylord Opryland due to an increased valuation. Other expenses, which include supplies, advertising, maintenance costs and consulting costs, increased during 2014, as compared to 2013, primarily as a result of increases at Gaylord Palms and Gaylord Opryland.

Administrative employment costs decreased during 2013, as compared to 2012, primarily due to a decrease at Gaylord Opryland. Utility costs and property taxes were stable during 2013, as compared to 2012. Other expenses, which include supplies, advertising, maintenance costs and consulting costs, decreased during 2013, as compared to 2012, primarily as a result of decreases at Gaylord National, Gaylord Palms and Gaylord Opryland.

As discussed above, beginning in the fourth quarter of 2012, each of our management agreements with Marriott requires us to pay Marriott a base management fee of approximately 2% of gross revenues from the applicable property for each fiscal year or portion thereof. Additionally, an incentive fee is based on the profitability of our Gaylord Hotels properties calculated on a pooled basis. We accrued \$19.1 million, \$17.6 million and \$4.9 million in total base management fees to Marriott related to our Hospitality segment properties during 2014, 2013 and 2012, respectively, which are presented throughout this Annual Report on Form 10-K net of the amortization of the deferred management rights proceeds discussed in Note 2 to the consolidated financial statements included herein. We did not accrue an incentive fee to Marriott related to our Hospitality segment properties during 2014, 2013 or 2012.

Hospitality depreciation and amortization expense remained stable in 2014, as compared to 2013. Hospitality depreciation and amortization expense decreased in 2013, as compared to 2012, primarily related to the initial furniture, fixtures and equipment placed in service at Gaylord Texan's opening in 2004 becoming fully depreciated during 2012 and a portion of the initial furniture, fixtures and equipment placed in service at Gaylord National's opening in 2008 becoming fully depreciated during 2013.

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*Property-Level Results.* The following presents the property-level financial results for the years ended December 31, 2014, 2013 and 2012:

*Gaylord Opryland Results.* The results of Gaylord Opryland for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands, except percentages and performance metrics):

	2014	% Change	2013	% Change	2012
<b>Revenues:</b>					
Rooms	\$ 134,225	10.8%	\$ 121,150	0.9%	\$ 120,068
Food and beverage	118,575	9.0%	108,753	-1.3%	110,174
Other hotel revenue	58,661	14.5%	51,215	-12.4%	58,451
<b>Total revenue</b>	<b>311,461</b>	<b>10.8%</b>	<b>281,118</b>	<b>-2.6%</b>	<b>288,693</b>
<b>Operating expenses:</b>					
Rooms	36,879	9.5%	33,686	11.1%	30,329
Food and beverage	69,414	4.3%	66,555	-2.6%	68,337
Other hotel expenses	99,701	6.1%	94,012	-10.7%	105,241
Management fees	5,287	12.9%	4,683	240.8%	1,374
Depreciation and amortization	31,318	-4.2%	32,683	-5.3%	34,527
<b>Total operating expenses</b>	<b>242,599</b>	<b>4.7%</b>	<b>231,619</b>	<b>-3.4%</b>	<b>239,808</b>
<b>Hospitality performance metrics:</b>					
Occupancy	76.2%	4.7%	72.8%	3.3%	70.5%
ADR	\$ 167.53	5.9%	\$ 158.24	-1.9%	\$ 161.37
RevPAR	\$ 127.60	10.8%	\$ 115.17	1.2%	\$ 113.83
Total RevPAR	\$ 296.09	10.8%	\$ 267.24	-2.4%	\$ 273.69

Rooms revenue and RevPAR increased at Gaylord Opryland during 2014, as compared to 2013, primarily as a result of the increase in occupancy, which was due to an increase in group business, and the increase in ADR, which was due to a favorable mix shift to more premium corporate and association groups, as well as an increase in transient rate. Rooms expenses increased during 2014, as compared to 2013, primarily as a result of increased variable expenses associated with the increase in occupancy.

The increase in food and beverage revenue at Gaylord Opryland during 2014, as compared to 2013, was primarily due to increased revenue from banquets and restaurant outlets related to the increase in occupancy and the mix shift discussed above. Food and beverage expenses increased in 2014, as compared to 2013, primarily as a result of the increase in variable expenses related to the increase in revenue, partially offset by decreases in food and employment costs due to more efficient inventory and labor management.

Other revenue increased at Gaylord Opryland during 2014, as compared to 2013, primarily as a result of an increase in ancillary revenues, such as parking and resort fees related to the increase in occupancy, an increase in revenues associated with our annual Christmas programs, and an increase in attrition and cancellation fee collections. Other hotel expenses increased in 2014, as compared to 2013, primarily due to increased sales and marketing costs associated with the increase in premium group rooms and an increase in property taxes due to an increased valuation, as well as the incurrence of a \$0.6 million settlement with the Federal Communications Commission during 2014.

Depreciation and amortization decreased during 2014, as compared to 2013, primarily as a result of furniture, fixtures and equipment placed in service during a 2005 rooms renovation becoming fully depreciated during 2013.

Rooms revenue and RevPAR increased at Gaylord Opryland during 2013, as compared to 2012, primarily as a result of the increase in occupancy, which was due to an increase in both group and transient business. Rooms expenses increased during 2013, as compared to 2012, primarily as a result of increased variable expenses associated with the increase in occupancy, as well as increased labor costs.

The decrease in food and beverage revenue at Gaylord Opryland during 2013, as compared to 2012, was primarily due to a decrease in revenue from banquets and restaurant outlets. Food and beverage expenses decreased in 2013, as compared to 2012, as a result of the decrease in variable expenses related to the decrease in revenue.

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As discussed above, under Marriott's management of Gaylord Opryland, the retail sales operations of the hotel were outsourced to a third-party retailer in the fourth quarter of 2012. The property now only receives rental lease payments rather than the full retail revenue and associated expense. The resulting decrease in retail revenue of approximately \$4.6 million and decreased collection of attrition and cancellation fees in 2013 are the primary factors in the decrease in other revenue during 2013, as compared to 2012. Other hotel expenses decreased in 2013, as compared to 2012, primarily due to decreased employment costs and decreased sales and marketing costs as a result of realizing synergies from the Marriott transition.

Depreciation and amortization decreased during 2013, as compared to 2012, primarily as a result of the 2012 period including expense related to the disposal of certain fixed assets associated with a corridor renovation.

*Gaylord Palms Results.* The results of Gaylord Palms for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands, except percentages and performance metrics):

	2014	% Change	2013	% Change	2012
<b>Revenues:</b>					
Rooms	\$ 65,835	3.7%	\$ 63,504	-2.5%	\$ 65,113
Food and beverage	82,517	4.9%	78,697	-7.4%	84,947
Other hotel revenue	28,466	15.8%	24,584	-0.1%	24,602
<b>Total revenue</b>	<b>176,818</b>	<b>6.0%</b>	<b>166,785</b>	<b>-4.5%</b>	<b>174,662</b>
<b>Operating expenses:</b>					
Rooms	17,346	-2.0%	17,703	2.9%	17,200
Food and beverage	47,696	4.9%	45,453	-5.3%	47,978
Other hotel expenses	65,337	5.7%	61,823	-2.7%	63,555
Management fees	3,021	6.8%	2,828	285.8%	733
Depreciation and amortization	18,156	1.2%	17,944	-0.2%	17,980
<b>Total operating expenses</b>	<b>151,556</b>	<b>4.0%</b>	<b>145,751</b>	<b>-1.1%</b>	<b>147,446</b>
<b>Hospitality performance metrics:</b>					
Occupancy	75.6%	0.4%	75.3%	0.5%	74.9%
ADR	\$ 169.80	3.3%	\$ 164.42	-2.7%	\$ 168.97
RevPAR	\$ 128.29	3.7%	\$ 123.74	-2.2%	\$ 126.53
<b>Total RevPAR</b>	<b>\$ 344.55</b>	<b>6.0%</b>	<b>\$ 325.00</b>	<b>-4.2%</b>	<b>\$ 339.42</b>

Rooms revenue and RevPAR increased at Gaylord Palms during 2014, as compared to 2013, as a result of an increase in occupancy and ADR that resulted from an increase in group rooms and an increase in rate for both group and transient business. Rooms expenses decreased slightly during 2014, as compared to 2013, as increased variable expenses associated with the increase in occupancy were offset by a decrease in supply expense.

The increase in food and beverage revenue at Gaylord Palms during 2014, as compared to 2013, was primarily due to the increase in group rooms discussed above and the resulting increase in banquet revenue. Food and beverage expenses increased in 2014, as compared to 2013, primarily as a result of the increase in variable expenses related to the increase in revenue, partially offset by decreases in food and employment costs due to more efficient inventory and labor management.

Other hotel revenue increased during 2014, as compared to 2013, primarily as a result of increased special events revenue in January 2014 as compared to the prior year period relating to the end of our annual Christmas program in January, as well as increased collection of attrition and cancellation fees. Other hotel expenses increased in 2014, as compared to 2013, primarily due to increased sales and marketing costs, as 2013 included a \$3.1 million sales and marketing expense reimbursement from Osceola County related to the termination of a tax incentive agreement for a previously planned expansion of the property.

Depreciation and amortization increased slightly during 2014, as compared to 2013.

Rooms revenue and RevPAR decreased at Gaylord Palms during 2013, as compared to 2012, primarily as a result of a decrease in ADR resulting from a decrease in group rooms, partially offset by an increase in both transient occupancy and transient rate. Rooms expenses increased during 2013, as compared to 2012, primarily as a result of increased variable expenses associated with the increase in occupancy, as well as two large group cancellations during 2013, which lowered revenue, but did not lower rooms expenses in a similar manner.

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The decrease in food and beverage revenue at Gaylord Palms during 2013, as compared to 2012, was primarily due to the decrease in group rooms discussed above and the resulting decrease in banquet revenue. This decrease was partially offset by revenue for the full 2013 year related to the addition of a sports bar and pool bar at the property. These additions were opened in the first quarter of 2012. Food and beverage expenses decreased in 2013, as compared to 2012, as the decrease in variable expenses related to the decrease in revenue was partially offset by increased employee benefit costs.

Other hotel revenue was stable during 2013, as compared to 2012. Other hotel expenses decreased in 2013, as compared to 2012, primarily due to decreased sales and marketing costs, partially offset by an increase in employment costs.

Depreciation and amortization was stable during 2013, as compared to 2012.

*Gaylord Texan Results.* The results of Gaylord Texan for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands, except percentages and performance metrics):

	<b>2014</b>	<b>% Change</b>	<b>2013</b>	<b>% Change</b>	<b>2012</b>
<b>Revenues:</b>					
Rooms	\$ 71,213	4.8%	\$ 67,937	-5.0%	\$ 71,549
Food and beverage	93,284	8.2%	86,220	-8.7%	94,385
Other hotel revenue	37,933	16.4%	32,590	-5.0%	34,301
<b>Total revenue</b>	<b>202,430</b>	<b>8.4%</b>	<b>186,747</b>	<b>-6.7%</b>	<b>200,235</b>
<b>Operating expenses:</b>					
Rooms	19,531	9.0%	17,924	6.6%	16,811
Food and beverage	53,123	4.1%	51,049	-8.7%	55,933
Other hotel expenses	62,672	-0.7%	63,107	-1.6%	64,127
Management fees	3,380	10.2%	3,068	192.2%	1,050
Depreciation and amortization	19,278	9.8%	17,561	-4.3%	18,348
<b>Total operating expenses</b>	<b>157,984</b>	<b>3.5%</b>	<b>152,709</b>	<b>-2.3%</b>	<b>156,269</b>
<b>Hospitality performance metrics:</b>					
Occupancy	70.9%	-0.6%	71.3%	-3.3%	73.7%
ADR	\$ 182.23	5.5%	\$ 172.74	-1.6%	\$ 175.53
RevPAR	\$ 129.12	4.8%	\$ 123.18	-4.8%	\$ 129.38
Total RevPAR	\$ 367.04	8.4%	\$ 338.61	-6.5%	\$ 362.07

Rooms revenue and RevPAR increased at Gaylord Texan during 2014, as compared to 2013, due primarily to increased ADR for both groups and transient business. These increases in rooms revenue and RevPAR were impacted by a rooms renovation project at Gaylord Texan, which resulted in approximately 36,000 room nights out of service in 2014, as compared to approximately 11,000 room nights out of service in 2013. The rooms renovation project was completed in August 2014. Rooms expenses increased during 2014, as compared to 2013, primarily due to an increase in non-capitalized costs associated with the rooms renovation project, partially offset by a decrease in employment costs due to more efficient labor management.

The increase in food and beverage revenue at Gaylord Texan during 2014, as compared to 2013, was primarily due to an increase in banquet revenue. Food and beverage expenses increased in 2014, as compared to 2013, as a result of the

increase in variable expenses related to the increase in revenue.

Other revenue at Gaylord Texan increased during 2014, as compared to 2013, primarily as a result of increased technology revenue associated with group business, an increase in revenues associated with our annual Christmas programs, and increased special events revenue in January 2014 as compared to the prior year period relating to the end of our annual Christmas programs in January, partially offset by a decrease in attrition and cancellation fee collections. Other hotel expenses decreased slightly in 2014, as compared to 2013, primarily as a result of decreased employment costs due to eliminated or open positions.

Depreciation and amortization increased during 2014, as compared to 2013, primarily as a result of capital expenditures associated with the rooms renovation.

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Rooms revenue and RevPAR decreased at Gaylord Texan during 2013, as compared to 2012, primarily as a result of a decrease in occupancy and ADR, which was due to a decrease in group rooms and several large group cancellations during the third quarter of 2013. Rooms expenses increased during 2013, as compared to 2012, as the large group cancellations did not result in a significant decrease in variable costs typically associated with a decrease in occupancy. Further, severe winter weather and a rooms renovation project commencing in December that took rooms out of service also negatively impacted 2013 performance.

The decrease in food and beverage revenue at Gaylord Texan during 2013, as compared to 2012, was primarily due to the decrease in group business and the resulting decrease in banquets revenue. Food and beverage expenses decreased in 2013, as compared to 2012, as a result of the decrease in variable expenses related to the decrease in revenue.

As discussed above, under Marriott's management of Gaylord Texan, the retail sales operations of the hotel were outsourced to a third-party retailer in the fourth quarter of 2012. The property now only receives rental lease payments rather than the full retail revenue and associated expense. The resulting decrease in retail revenue of approximately \$1.9 million, partially offset by increased collection of attrition and cancellation fees in 2013, is the primary factor in the decrease in other revenue during 2013, as compared to 2012. Other hotel expenses decreased in 2013, as compared to 2012, primarily due to decreased employment costs and decreased sales and marketing costs as a result of realizing synergies from the Marriott transition.

Depreciation and amortization decreased during 2013, as compared to 2012, primarily as a result of the initial furniture, fixtures and equipment placed in service at the property's opening in 2004 becoming fully depreciated during 2012.

*Gaylord National Results.* The results of Gaylord National for the years ended December 31, 2014, 2013 and 2012 are as follows (in thousands, except percentages and performance metrics):

	2014	% Change	2013	% Change	2012
<b>Revenues:</b>					
Rooms	\$ 103,979	7.7%	\$ 96,521	-5.2%	\$ 101,785
Food and beverage	114,304	8.3%	105,592	-3.0%	108,880
Other hotel revenue	32,665	7.5%	30,395	-4.2%	31,714
<b>Total revenue</b>	<b>250,948</b>	<b>7.9%</b>	<b>232,508</b>	<b>-4.1%</b>	<b>242,379</b>
<b>Operating expenses:</b>					
Rooms	39,736	13.4%	35,047	14.3%	30,649
Food and beverage	75,508	5.4%	71,621	5.4%	67,978
Other hotel expenses	77,195	5.0%	73,529	-7.1%	79,180
Management fees	4,212	9.6%	3,843	270.6%	1,037
Depreciation and amortization	33,298	-0.8%	33,565	-4.6%	35,167
<b>Total operating expenses</b>	<b>229,949</b>	<b>5.7%</b>	<b>217,605</b>	<b>1.7%</b>	<b>214,011</b>
<b>Hospitality performance metrics:</b>					
Occupancy	69.6%	7.9%	64.5%	-4.7%	67.7%
ADR	\$ 205.04	-0.3%	\$ 205.56	-0.1%	\$ 205.84
RevPAR	\$ 142.72	7.7%	\$ 132.49	-4.9%	\$ 139.33
<b>Total RevPAR</b>	<b>\$ 344.45</b>	<b>7.9%</b>	<b>\$ 319.14</b>	<b>-3.8%</b>	<b>\$ 331.78</b>



Rooms revenue and RevPAR increased at Gaylord National during 2014, as compared to 2013, primarily as a result of an increase in occupancy for premium corporate rooms. The decrease in ADR for 2014, as compared to 2013, is primarily the result of January 2013 including rooms related to the presidential inauguration. Rooms expenses increased during 2014, as compared to 2013, primarily due to increased variable costs associated with the increase in occupancy and increased employee benefit costs associated with a new union contract.

The increase in food and beverage revenue at Gaylord National during 2014, as compared to 2013, was primarily due to the increase in premium corporate rooms and the resulting increase in banquets. Food and beverage expenses increased in 2014, as compared to 2013, primarily due to increased variable costs associated with the increase in revenue, partially offset by improved food costs.

Other revenue at Gaylord National increased during 2014, as compared to 2013, primarily due to an increase in ancillary revenues, such as parking and resort fees related to the increase in occupancy. Other hotel expenses increased in 2014, as compared to 2013, primarily as a result of increased utility and employment costs.

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Depreciation and amortization decreased slightly during 2014, as compared to 2013, primarily as a result of a portion of the initial furniture, fixtures and equipment placed in service at the property's opening in 2008 becoming fully depreciated during 2013.

Rooms revenue and RevPAR decreased at Gaylord National during 2013, as compared to 2012, primarily as a result of a decrease in occupancy for group and governmental rooms, primarily as a result of the sequestration-related cancellations discussed above. Rooms expenses increased during 2013, as compared to 2012, as the property experienced higher employee benefit costs during 2013 as a result of increased union benefits that were negotiated at the property's opening in 2008 that were to begin in 2013. This increase was partially offset by lower variable costs associated with the decrease in occupancy. In addition, severe winter weather and a closure due to a water main emergency also negatively impacted 2013 results.

The decrease in food and beverage revenue at Gaylord National during 2013, as compared to 2012, was primarily due to the decrease in group and governmental rooms and the resulting decrease in banquets. Food and beverage expenses increased in 2013, as compared to 2012, as a result of the increased employee benefit costs during 2013 as a result of increased union benefits commencing in 2013 that were negotiated at the property's opening in 2008.

As discussed above, under Marriott's management of Gaylord National, the retail sales operations of the hotel were outsourced to a third-party retailer in the fourth quarter of 2012. The property now only receives rental lease payments rather than the full retail revenue and associated expense. The resulting decrease in retail revenue of approximately \$1.4 million, partially offset by increased collection of attrition and cancellation fees in 2013, is the primary factor in the decrease in other revenue during 2013, as compared to 2012. Other hotel expenses decreased in 2013, as compared to 2012, primarily due to decreased sales and marketing costs as a result of realizing synergies from the Marriott transition.

Depreciation and amortization decreased during 2013, as compared to 2012, primarily as a result of a portion of the initial furniture, fixtures and equipment placed in service at the property's opening in 2008 becoming fully depreciated during 2013.

**Opry and Attractions Segment**

The following presents the financial results of our Opry and Attractions segment for the years ended December 31, 2014, 2013 and 2012 (in thousands, except percentages):

	<b>2014</b>	<b>% Change</b>	<b>2013</b>	<b>% Change</b>	<b>2012</b>
Revenues	\$ 86,825	14.2%	\$ 76,053	7.8%	\$ 70,553
Operating expenses	59,815	5.8%	56,528	8.4%	52,130
Depreciation and amortization	5,258	-2.0%	5,368	4.9%	5,119
Operating income (1)	\$ 21,752	53.6%	\$ 14,157	6.4%	\$ 13,304

(1) Opry and Attractions segment operating income does not include \$0.2 million of REIT conversion costs during 2013 and 2012, impairment charges of \$0.2 million in 2013, or \$0.4 million of casualty loss during

2012. See the discussion of these items set forth below.

The increases in revenues in the Opry and Attractions segment during 2014, as compared to 2013, and in 2013, as compared to 2012, were primarily due to increases at the Grand Ole Opry and the Ryman Auditorium, driven by increased attendance.

Opry and Attractions operating expenses increased during 2014, as compared to 2013, and in 2013, as compared to 2012, primarily as a result of the increased variable costs associated with the increases in revenues.

Opry and Attractions depreciation and amortization expense remained stable during 2014, as compared to 2013, and in 2013, as compared to 2012.

**Table of Contents****Corporate and Other Segment**

The following presents the financial results of our Corporate and Other segment for the years ended December 31, 2014, 2013 and 2012 (in thousands, except percentages):

	<b>2014</b>	<b>% Change</b>	<b>2013</b>	<b>% Change</b>	<b>2012</b>
Operating expenses	\$ 27,573	4.9%	\$ 26,292	-43.9%	\$ 46,876
Depreciation and amortization	3,598	-55.1%	8,013	-56.0%	18,229
Operating loss (1)	\$ (31,171)	9.1%	\$ (34,305)	47.3%	\$ (65,105)

(1) Corporate and Other segment operating loss does not include \$14.4 million and \$80.5 million of REIT conversion costs during 2013 and 2012, respectively. Corporate and Other segment operating loss also does not include \$0.1 million and \$0.4 million of casualty loss during 2013 and 2012, respectively. See the discussion of these items set forth below.

Corporate and Other operating expenses, which consist primarily of costs associated with senior management salaries and benefits, legal, human resources, accounting, pension and other administrative costs, increased during 2014, as compared to 2013, primarily as a result of an increase in employee benefit and consulting costs. Corporate and Other operating expenses decreased during 2013, as compared to 2012, due primarily to lower employment costs that resulted from the reduction in the number of corporate employees due to the REIT conversion.

Corporate and Other depreciation and amortization expense decreased during 2014, as compared to 2013, and in 2013, as compared to 2012, primarily due to the disposal in 2013 and 2012 of certain assets that were no longer required as a result of our conversion to a REIT.

***Operating Results REIT Conversion Costs***

We have segregated all costs related to the REIT conversion from normal operations and reported these amounts as REIT conversion costs in the accompanying consolidated statements of operations. During 2013 and 2012, we incurred \$22.2 million and \$102.0 million, respectively, of various costs associated with these transactions. REIT conversion costs incurred during 2013 include employment and severance costs (\$14.4 million), professional fees (\$2.7 million), and various other transition costs (\$5.1 million). REIT conversion costs incurred during 2012 include noncash impairment charges (\$33.3 million), professional fees (\$23.1 million), employment, severance and retention costs (\$24.4 million), and various other transition costs (\$21.2 million). No REIT conversion costs were incurred during 2014.

***Operating Results Casualty Loss***

During the years ended December 31, 2013 and 2012, we recognized \$0.1 million and \$0.9 million, respectively, of casualty loss expense related to the May 2010 flooding in Nashville, which primarily represents non-capitalized repairs within our Opry and Attractions segment.

***Operating Results Preopening costs***

We expense the costs associated with start-up activities and organization costs as incurred. Our preopening costs for 2012 primarily relate to our new sports bar entertainment facility at Gaylord Palms that opened in the first quarter of 2012. In 2014, we began incurring preopening costs related to the AC Hotel.

***Operating Results    Impairment and Other Charges***

During 2013, we incurred \$3.0 million in impairment charges, primarily associated with disposed equipment at Gaylord National and the decision not to move forward with a proposed expansion at Gaylord Palms in the near-term.

**Table of Contents*****Non-Operating Results Affecting Net Income (Loss)******General***

The following table summarizes the other factors which affected our net income (loss) for the years ended December 31, 2014, 2013 and 2012 (in thousands, except percentages):

	<b>2014</b>	<b>% Change</b>	<b>2013</b>	<b>% Change</b>	<b>2012</b>
Interest expense, net of amounts capitalized	\$ (61,447)	0.9%	\$ (60,916)	4.0%	\$ (58,582)
Interest income	12,075	-1.6%	12,267	-0.3%	12,307
Income from unconsolidated companies		-100.0%	10	-90.8%	109
Net loss on extinguishment of debt	(2,148)	-48.6%	(4,181)	-100.0%	
Other gains and (losses)	23,415	856.9%	2,447	-89.0%	22,251
Benefit for income taxes	1,467	-98.4%	92,662	4455.7%	2,034
Loss from discontinued operations, net of taxes	(15)	88.0%	(125)	-1288.9%	(9)

***Interest Expense, Net of Amounts Capitalized***

Interest expense, net of amounts capitalized, increased \$0.5 million to \$61.4 million in 2014 as compared to 2013, due primarily to interest associated with our \$400 million term loan B facility, which we entered into in June 2014 and an increase in interest expense associated with our 5% senior notes that were issued in April 2013, partially offset by a decrease in interest expense associated with our 3.75% convertible notes, which were partially repurchased at various points in 2013 and 2014 with the balance paid at maturity in October 2014. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 4.9% in 2014 as compared to 5.0% in 2013. Cash interest expense increased \$7.1 million to \$46.8 million in 2014 as compared to 2013, and noncash interest expense, which includes amortization of deferred financing costs and debt discounts, the write-off of deferred financing costs, and capitalized interest, decreased \$6.6 million to \$14.6 million in 2014 as compared to 2013.

Interest expense, net of amounts capitalized, increased \$2.3 million to \$60.9 million in 2013 as compared to 2012, due primarily to an increase in interest expense associated with our 5% senior notes that were issued in April 2013, partially offset by a decrease in interest expenses associated with our redeemed 6.75% senior notes, which were redeemed in January 2013. Our weighted average interest rate on our borrowings, excluding the write-off of deferred financing costs during the period, was 5.0% in 2013 as compared to 5.4% in 2012. Cash interest expense decreased \$0.6 million to \$39.7 million in 2013 as compared to 2012, and noncash interest expense, which includes amortization of deferred financing costs and debt discounts, the write-off of deferred financing costs, and capitalized interest, increased \$2.9 million to \$21.2 million in 2013 as compared to 2012.

***Interest Income***

Interest income for 2014, 2013 and 2012 primarily includes amounts earned on the bonds that we received in April 2008 in connection with the development of Gaylord National, which we hold as notes receivable.

***Income from Unconsolidated Companies***

We account for our previous minority investments under the equity method of accounting. Income from unconsolidated companies for the years ended December 31, 2013 and 2012 consisted of income from these investments.

*Net Loss on Extinguishment of Debt*

During 2014, we settled the repurchase of and subsequently cancelled \$56.3 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$120.2 million. In addition, we settled the conversion of \$15.3 million of convertible notes that were converted by holders. We recorded a loss on extinguishment of debt of \$2.1 million in 2014 as a result of these transactions. In 2013, we settled the repurchase of and subsequently cancelled \$54.7 million of our 3.75% convertible notes in private transactions for aggregate consideration of \$98.6 million. In addition, we settled \$1.2 million of convertible notes that were converted by a holder. As a result of these transactions, we recorded a loss on extinguishment of debt of \$4.2 million in 2013.

**Table of Contents***Other Gains and (Losses)*

Other gains and (losses) for 2014 includes a \$26.1 million gain associated with the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland and \$2.4 million received from a fund associated with the Gaylord National bonds to reimburse us for certain marketing and maintenance expenses, partially offset by a \$4.2 million loss on the repurchase of a portion of the common stock warrants associated with our convertible notes. Other gains and (losses) for 2013 primarily consists of \$2.3 million received from the fund associated with the Gaylord National bonds. Other gains and (losses) for 2012 consisted of a \$20.0 million gain on the sale of intellectual property to Marriott in connection with the Marriott sale transaction and \$2.3 million received from the fund associated with the Gaylord National bonds.

*Benefit for Income Taxes*

During 2014 and 2013, we recorded an income tax benefit of \$1.5 million and \$92.7 million, respectively. As a result of our conversion to a REIT, certain net deferred tax liabilities related to our real estate were reversed, as the REIT will generally not pay federal corporate income tax related to those deferred tax liabilities. In addition, we assessed the need for a valuation allowance on the net deferred tax assets of the TRSs. As a result, we recorded a net benefit of \$64.8 million related to the conversion to a REIT during 2013. In addition, we recorded a benefit of \$7.5 million related to the reversal of liabilities associated with uncertain tax positions, a benefit of \$1.2 million related to the filing of our 2012 federal and state income tax returns and a benefit of \$19.2 million related to our current period operations. In 2012, which was prior to our REIT conversion, we recorded a benefit for income taxes of \$2.0 million.

The decrease in our benefit for income taxes for 2014, as compared to 2013, and the increase in our benefit for income taxes for 2013, as compared to 2012, resulted primarily from the benefit of our conversion to a REIT effective January 1, 2013.

*Liquidity and Capital Resources*

*Cash Flows from Operating Activities.* Cash flow from operating activities is the principal source of cash used to fund our operating expenses, interest payments on debt, maintenance capital expenditures, and dividends to stockholders. During 2014, our net cash flows provided by our operating activities – continuing operations were \$247.2 million, reflecting primarily our income from continuing operations before depreciation expense, amortization expense, income tax benefit, gain on sale of long-lived assets, stock-based compensation expense, loss on extinguishment of debt, and other non-cash charges of approximately \$230.2 million and favorable changes in working capital of approximately \$17.0 million. The favorable changes in working capital primarily resulted from a decrease in accounts receivable due to the timing of collections and an increase in accrued expenses as a result of the timing of payments.

During 2013, our net cash flows provided by our operating activities – continuing operations were \$137.6 million, reflecting primarily our income from continuing operations before depreciation expense, amortization expense, impairment and other charges, income tax benefit, stock-based compensation expense, loss on extinguishment of debt, and other non-cash charges of approximately \$185.7 million, partially offset by unfavorable changes in working capital of approximately \$48.1 million. The unfavorable changes in working capital primarily resulted from a decrease in accrued expenses primarily related to the payment of accrued REIT conversion costs and a decrease in accounts payable at our managed properties due to the timing of payments as new payment processes were developed, partially offset by an increase in accrued dividends. It should be noted that the reversal of deferred tax liabilities and the recognition of valuation allowances on the net deferred tax assets of our TRSs represent the majority of the reconciling item for provision (benefit) for deferred income taxes of \$89.5 million from net income to net cash flows



provided by operating activities. These tax items, and their related impact on our cash provided by operating activities, are the result of our REIT conversion, and we paid out no cash in connection with such reversal and recognition.

During 2012, our net cash flows provided by our operating activities – continuing operations were \$176.4 million, reflecting primarily our income from continuing operations before depreciation expense, amortization expense, income tax benefit, stock-based compensation expense, and other non-cash charges of approximately \$129.0 million and favorable changes in working capital of approximately \$47.4 million. The favorable changes in working capital primarily resulted from an increase in accounts payable and accrued expenses, primarily due to an increase at our managed properties due to timing of payments as new payment processes are developed and an increase in our Corporate and Other segment due to timing of payments, and an increase in accrued severance, partially offset by an increase in accounts receivable at Gaylord National and Gaylord Opryland due primarily to an increase in group business at the end of 2012, as compared to the end of 2011, which business typically has longer payment terms.

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*Cash Flows from Investing Activities.* During 2014 our primary uses of funds for investing activities were purchases of property and equipment, which totaled \$58.4 million, and payments made associated with the purchase of the AC Hotel of \$21.2 million, partially offset by the receipt of \$9.4 million in proceeds related to the sale of our rights in a letter of intent which entitled us to a portion of an economic interest in the income from the land underlying the new MGM casino project in National Harbor, Maryland. Purchases of property, plant and equipment consisted primarily of a rooms renovation project at Gaylord Texan, ongoing maintenance capital expenditures for our existing properties, and \$0.2 million of capitalized personnel costs.

During 2013, our primary uses of funds from investing activities were purchases of property and equipment of \$37.0 million, consisting primarily of ongoing maintenance capital expenditures for our existing properties, and included \$0.5 million of capitalized personnel costs, and an increase in restricted cash and cash equivalents associated with the FF&E reserve we are obligated to maintain for future planned and emergency-related capital expenditures at the properties that Marriott manages for us.

During 2012, our primary sources of funds from investing activities were the receipt of \$210.0 million from the Marriott sale transaction, partially offset by the purchase of property and equipment totaling \$95.2 million including \$1.9 million of capitalized personnel costs. Our capital expenditures during 2012 primarily included the completion of the renovation of the guestrooms, a new sports bar entertainment facility and new resort pools at Gaylord Palms, the completion of the enhancement to our flood protection system at Gaylord Opryland and the Grand Ole Opry, and ongoing maintenance capital expenditures for our existing properties.

*Cash Flows from Financing Activities.* Our cash flows from financing activities reflect primarily the incurrence of and the repayment of long-term debt, the repurchase of stock, and the payment of dividends. During 2014, our net cash flows used in financing activities were approximately \$172.7 million, primarily reflecting the payment of \$177.4 million to cash settle 7.3 million of the warrants associated with our 3.75% convertible notes, the payment of \$109.4 million in cash dividends, and the payment of \$8.4 million in deferred financing costs. In addition, we paid \$126.5 million in cash related to repurchases and the settlement of conversions of our 3.75% convertible notes prior to maturity and paid \$232.2 million to repay the remaining 3.75% convertible notes at maturity. These outflows were partially offset by \$398.0 million in net borrowings under our new term loan B and \$77.0 million in net borrowings under our \$1 billion credit facility.

During 2013, our net cash flows used in financing activities were approximately \$124.5 million, primarily reflecting the payment of \$152.2 million to redeem all of our outstanding 6.75% senior notes, \$100.0 million to repurchase 2.3 million shares of our common stock for retirement, \$98.6 million to repurchase and cancel \$54.7 million of our Convertible Notes in private transactions, the payment of \$76.4 million in cash dividends, net repayments of \$35.5 million under our \$1 billion credit facility, and the payment of \$15.7 million in deferred financing costs, partially offset by the issuance of \$350.0 million in 5% senior notes and \$5.2 million in proceeds from the exercise of stock options.

During 2012, our net cash flows used in financing activities – continuing operations were \$238.7 million, primarily reflecting the payment of \$185.4 million related to the repurchase and retirement of 5.0 million shares of our common stock from TRT Holdings, the payment of the cash portion of the special dividend paid to stockholders on December 21, 2012 of \$62.0 million, and \$55.0 million in net repayments under our \$925 million credit facility, partially offset by \$32.7 million in net proceeds from the issuance of approximately 0.9 million shares of our common stock in a public offering, and \$25.3 million in proceeds from the exercise of stock options and purchase plans.

## *Liquidity*

As of December 31, 2014, we had \$76.4 million in unrestricted cash and \$411.2 million available for borrowing under our \$1 billion credit facility, which we refinanced in April 2013 with an increased and extended facility that matures in April 2017. During 2014, we borrowed \$398.0 million under a new term loan B added to our credit agreement for our \$1 billion credit facility and borrowed \$77.0 million under our \$1 billion credit facility. We repurchased \$56.3 million and settled the conversion of \$15.3 million of our 3.75% convertible notes for aggregate net consideration of \$126.5 million, settled the conversion of the remaining \$232.2 million of 3.75% convertible notes in cash at maturity, cash settled 7.3 million of the warrants associated with our 3.75% convertible notes for \$177.4 million, paid cash dividends of \$109.4 million, incurred capital expenditures of \$58.4 million and made \$21.2 million in payments associated with the purchase of the AC Hotel. These net outflows, offset by our cash flow provided by operations discussed above, were the primary factors in the increase in our cash balance from 2013 to 2014.

We currently plan to declare dividends of \$2.60 per share in 2015, payable in equal quarterly amounts. Future dividends are subject to future determinations as to the timing and amount by our board of directors. However, pursuant to our current dividend policy, we plan to pay a quarterly cash dividend to stockholders in an amount equal to an annualized payment of at least 50% of adjusted funds from operations (as defined by us) less maintenance capital expenditures or 100% of REIT taxable income, whichever is greater.

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We anticipate investing in our operations during 2015 by spending between \$80 million and \$90 million in capital expenditures, which primarily includes ongoing maintenance capital of our current facilities, a room renovation at Gaylord Opryland and an expansion of the Ryman Auditorium.

Pursuant to December 2014 agreements with two of the note hedge counterparties to our 3.75% convertible notes, in the first quarter of 2015, the Company intends to cash settle the remaining 4.7 million warrants in the same manner as the 2014 purchases as described below using a combination of cash on hand and borrowings under our \$1 billion credit facility. The total consideration to be paid by the Company will be determined when the repurchase transaction settles in the first quarter of 2015.

We believe that our cash on hand and cash from operations will be adequate to fund our other short-term commitments, as well as: (i) normal operating expenses, (ii) interest expense on long-term debt obligations, (iii) capital lease and operating lease obligations, and (iv) declared dividends. If our existing cash and cash from operations were inadequate to fund such commitments, we could draw on our \$1 billion credit facility, subject to the satisfaction of covenants in the credit facility. We believe that drawing on this credit facility will not be necessary for general working capital purposes. We may, however, draw on our \$1 billion credit facility for operational and capital needs in the future.

Our outstanding principal debt agreements are described below. Based on current projections for compliance under our financial covenants contained in these agreements, we do not foresee a maturity issue prior to their scheduled maturity date.

### *Principal Debt Agreements*

As of December 31, 2014, we were in compliance with all covenants related to our outstanding debt.

*\$1 Billion Credit Facility.* On April 18, 2013, we refinanced our previous \$925 million credit facility by entering into a \$1 billion senior secured credit facility by and among the Operating Partnership, the Company and certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Wells Fargo Bank, N.A., as administrative agent (the \$1 billion credit facility). The \$1 billion credit facility consists of a \$700.0 million senior secured revolving credit facility, which includes a \$75.0 million letter of credit sublimit and a \$50.0 million sublimit for swingline loans, and a \$300.0 million senior secured term loan facility. At the closing, we drew down \$154.0 million of the revolving credit facility and the term loan facility was fully funded. The \$1 billion credit facility also includes an accordion feature that allows us to increase the \$1 billion credit facility by a total of up to \$500.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The \$1 billion credit facility matures on April 18, 2017, and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin (the Applicable Margin) based on our consolidated funded indebtedness to total asset value ratio (as defined in the \$1 billion credit facility), or the base rate (as defined in the \$1 billion credit facility) plus the Applicable Margin. The interest rate is currently LIBOR plus 2.0%. Interest on our borrowings is payable quarterly, in arrears, for base rate-based loans and at the end of each interest rate period for LIBOR-based loans. Principal is payable in full at maturity. We are required to pay a commitment fee of 0.3% to 0.4% per year of the average unused portion of the \$700.0 million revolving credit facility.

As a result of the refinancing of our previous \$925 million credit facility, we wrote off \$1.3 million of deferred financing costs during 2013, which are included in interest expense in the accompanying consolidated statements of operations for 2013.

The \$1 billion credit facility is guaranteed by us, each of our four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of our subsidiaries. The \$1 billion credit facility is secured by (i) a first mortgage lien on the real property of each of our Gaylord Hotels properties, (ii) pledges of equity interests in our subsidiaries that own the Gaylord Hotels properties, (iii) pledges of equity interests in the Operating Partnership, our subsidiaries that guarantee the \$1 billion credit facility, and certain other of our subsidiaries, and (iv) our personal property and the personal property of the Operating Partnership and our subsidiaries that guarantee the \$1 billion credit facility. Advances are subject to a 55% borrowing base, based on the appraisal value of the Gaylord Hotels properties (reduced to 50% in the event a hotel property is sold).

In addition, the \$1 billion credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements. The material financial covenants, ratios or tests contained in the \$1 billion credit facility are as follows:

We must maintain a consolidated funded indebtedness to total asset value ratio as of the end of each calendar quarter of not more than .65 to 1.0.

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We must maintain a consolidated tangible net worth (as defined in the agreement) of not less than \$660.0 million plus 75% of the proceeds received by us or any of our subsidiaries in connection with any equity issuance.

We must maintain a consolidated fixed charge coverage ratio, as defined in the agreement, of not less than 1.75 to 1.00.

We must maintain an implied debt service coverage ratio (the ratio of adjusted net operating income to monthly principal and interest that would be required if the outstanding balance were amortized over 25 years at an assumed fixed rate) of not less than 1.60 to 1.00.

If an event of default shall occur and be continuing under the \$1 billion credit facility, the commitments under the \$1 billion credit facility may be terminated and the principal amount outstanding under the \$1 billion credit facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

As of December 31, 2014, \$586.5 million of borrowings were outstanding under the \$1 billion credit facility, and the lending banks had issued \$2.3 million of letters of credit under the facility, which left \$411.2 million of availability under the credit facility (subject to the satisfaction of debt incurrence tests under the indentures governing our 5% senior notes due 2021).

*\$400 Million Term Loan Facility.* On June 18, 2014, we 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.

Pursuant to the Amendment, we 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 we may determine, to repay revolving loans under the Credit Agreement and to repay our 3.75% convertible notes or to settle, in whole or in part, the warrant transactions described below. The Term Loan B has a maturity date of January 15, 2021 and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin, subject to a LIBOR floor of 0.75%. At December 31, 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, we drew down on the Term Loan B in full.

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

The Term Loan B is subject to certain covenants contained in the Credit 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.

*3.75% Convertible Senior Notes.* In 2009, we issued \$360.0 million of 3.75% Convertible Senior Notes (the Convertible Notes ). Prior to their October 1, 2014 maturity, the Convertible Notes were convertible, at the holder's option, into shares of our 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.

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In July 2013, we settled the repurchase of and subsequently cancelled \$54.7 million of our Convertible Notes in private transactions for aggregate consideration of \$98.6 million, which was funded by borrowings under our revolving credit facility. In connection with the repurchase, we 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 agreements, the counterparties paid us approximately 0.2 million shares of our common stock, which we subsequently cancelled. In addition, in July 2013, we settled \$1.2 million of Convertible Notes that were converted by a holder. As a result of these transactions, we recorded a loss on extinguishment of debt of approximately \$4.2 million in 2013. In addition, as we account for the liability (debt) and the equity (conversion option) components of the Convertible Notes in a manner that reflects our nonconvertible debt borrowing rate (as more fully discussed in Note 5 to our consolidated financial statements included herein), we recorded a \$37.7 million reduction in stockholders' equity in 2013 as a result of these transactions.

In April 2014, we settled the repurchase of and subsequently cancelled \$56.3 million of our Convertible Notes in private transactions for aggregate consideration of \$120.2 million, which was funded by cash on hand and borrowings under our revolving credit facility. In connection with the repurchase, we 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 us approximately \$9.2 million. In addition, in June 2014, we settled the conversion of \$15.3 million of Convertible Notes that were converted by holders by paying cash for the underlying principal and shares of our common stock for the conversion spread. We received and cancelled an equal number of shares of our common stock upon exercise of the Purchased Options (as defined below). As a result of these transactions, we recorded a loss on extinguishment of debt of \$2.1 million during 2014. In addition, as we account for the liability (debt) and the equity (conversion option) components of the Convertible Notes as discussed above, we recorded a \$52.0 million reduction in stockholders' equity during 2014.

On October 1, 2014, we settled our 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 our common stock. We issued 6.3 million shares, which were offset by the exercise of the Purchased Options (as defined below) and our receipt and cancellation of the related shares.

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

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



Pursuant to December 2014 agreements with two of the note hedge counterparties, in the first quarter of 2015, we intend to cash settle the remaining 4.7 million warrants in the same manner as described above. Accordingly, the fair value of the warrants was reclassified from stockholders' equity to a derivative liability on the modification date, resulting in a \$145.4 million deduction to additional paid-in-capital during 2014. The change in the fair value of the derivative liability from the modification date through December 31, 2014 was a gain of \$7.1 million and is included in other gains and losses, net in the accompanying consolidated statement of operations. The total consideration we will pay will be determined when the repurchase transactions settle in the first quarter of 2015. Pursuant to these agreements, we settled 0.1 million warrants during December 2014 for total consideration of \$4.1 million.

*5% Senior Notes.* On April 3, 2013, the Operating Partnership and RHP Finance Corporation, a subsidiary of the Company, completed the private placement of \$350.0 million in aggregate principal amount of senior notes due 2021 (the *5% Senior Notes*), which are guaranteed by the Company and its subsidiaries that guarantee the \$1 billion credit facility. The *5% Senior Notes* and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association as trustee. The *5% Senior Notes* have a maturity date of April 15, 2021 and bear interest at 5% per annum, payable semi-annually in cash.

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in arrears on April 15 and October 15 of each year, beginning October 15, 2013. The 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries' existing and future senior unsecured indebtedness and senior in right of payment to future subordinated indebtedness, if any. The 5% Senior Notes are effectively subordinated to the issuing subsidiaries' secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantors' existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The 5% Senior Notes will be effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership's subsidiaries that do not guarantee the 5% Senior Notes. The issuing subsidiaries may redeem the 5% Senior Notes on or before April 15, 2016, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption date plus a make-whole redemption premium. The 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2016 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on April 15 of 2016, 2017, 2018, and 2019, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

In connection with the issuance of the 5% Senior Notes, we entered into a registration rights agreement under which we were required to use our commercially reasonable efforts to complete a registered offer to exchange the 5% Senior Notes for registered notes with substantially identical terms as the 5% Senior Notes. We completed the exchange offer in November 2013.

Our net proceeds from the issuance of the 5% Senior Notes totaled approximately \$342.0 million, after deducting the initial purchasers' discounts, commissions and offering expenses. We used substantially all of these proceeds to repay amounts outstanding under our revolving credit facility.

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

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

The aggregate principal balance of all mortgage and mezzanine debt encumbering the hotel shall be no greater than 75% of the fair market value of the hotel; and

The ratio of (a) aggregate Operating Profit (as defined in the management agreement) in the 12 months prior to the closing on the mortgage or mezzanine debt to (b) annual debt service for the hotel shall equal or exceed 1.2:1; but is subject to the pooling agreement described below.

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

The aggregate principal balance of all mortgage and mezzanine debt on Pooled Hotels (as defined in the pooling agreement), shall be no more than 75% of the fair market value of Pooled Hotels.

The ratio of (a) aggregate Operating Profit (as defined in the pooling agreement) of Pooled Hotels in the 12 months prior to closing on any mortgage or mezzanine debt, to (b) annual debt service for the Pooled Hotels, shall equal or exceed 1.2:1.

*Off-Balance Sheet Arrangements*

We enter into commitments under letters of credit, primarily for the purpose of securing our deductible obligations with our insurers, and lending banks under our credit facility had issued \$2.3 million of letters of credit as of December 31, 2014. Except as set forth in this paragraph, we do not have any off-balance sheet arrangements that have or are reasonable likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Table of Contents***Commitments and Contractual Obligations*

The following table summarizes our significant contractual obligations as of December 31, 2014, including long-term debt and operating and capital lease commitments (amounts in thousands):

	Total amounts committed	Less than 1 year	1-3 years	3-5 years	After 5 years
Contractual obligations					
Long-term debt (1)	\$ 1,340,500	\$	\$ 592,500	\$	\$ 748,000
Capital leases	1,055	377	38	42	598
Operating leases (2)	627,808	5,097	8,983	8,927	604,801
Construction commitments (3)	16,260	16,260			
Other	346	346			
 Total contractual obligations	 \$ 1,985,969	 \$ 22,080	 \$ 601,521	 \$ 8,969	 \$ 1,353,399

- (1) Long-term debt commitments do not include approximately \$235.1 million in interest payments projected to be due in future years (less than 1 year \$48.9 million; 1-3 years \$85.5 million; 3-5 years \$63.5 million; more than 5 years \$37.2 million) based on the stated interest rates on our fixed-rate debt and the rates in effect at December 31, 2014 for our variable-rate debt. Variable rates, as well as outstanding principal balances, could change in future periods. See *Principal Debt Agreements* above for a discussion of our outstanding long-term debt. See *Supplemental Cash Flow Information* in Note 1 to our consolidated financial statements included herewith for a discussion of the interest we paid during 2014, 2013 and 2012.
- (2) Total operating lease commitments of \$627.8 million includes the 75-year operating lease agreement we entered into during 1999 for 65.3 acres of land located in Osceola County, Florida where Gaylord Palms is located.
- (3) With respect to our properties that are operated under management agreements with Marriott, we are obligated to maintain an FF&E reserve account for future planned and emergency-related capital expenditures at these properties. The amount funded into each of these reserve accounts is determined pursuant to the management agreements. For fiscal year 2015, the amount funded into the reserve accounts will be 5.0% of the respective properties' total annual revenue. As of December 31, 2014, \$16.3 million was held in FF&E reserve accounts for future capital expenditures at our properties. According to the terms of each management agreement with Marriott, the reserve funds are to be held by Marriott in a restricted cash account. Although it is not required that such funds be expended in a given year, each management agreement provides any excess funds will carry over for use in future years.

Due to the uncertainty with respect to the timing of future cash payments associated with our defined benefit pension plan, our non-qualified retirement plan, our non-qualified contributory deferred compensation plan and our defined benefit postretirement health care and life insurance plan, we cannot make reasonably certain estimates of the period of cash settlement. Therefore, these obligations have been excluded from the contractual obligations table above. During 2015, we expect to contribute \$0 and \$0.6 million, respectively, to our defined benefit pension plan and our defined benefit postretirement health care and life insurance plan. See Note 7 and Note 8 to our consolidated financial statements included herein for further discussion related to these obligations.

**Critical Accounting Policies and Estimates**

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

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

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

**Impairment of long-lived and other assets.** In accounting for our long-lived and other assets (including our notes receivable associated with the development of Gaylord National), we assess our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets' carrying amount and their fair value, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available.

**Stock-based compensation.** For stock option awards, we record compensation expense equal to the fair value of each stock option award granted on a straight line basis over the option's vesting period. The fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing formula, which requires various judgmental assumptions including expected volatility, expected term, expected dividend yield, and expected risk-free rate of return. Expected volatilities are based on the historical volatility of our stock. We use historical data to estimate option exercise and employee termination within the valuation model. The expected term of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. If any of the assumptions used in the Black-Scholes-Merton option pricing formula change significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period. The assumptions for expected volatility, expected term, and expected dividend yield are the assumptions that significantly affect the grant date fair value. The expected risk-free rate of return is not significant to the calculation of fair value.

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

**Depreciation and amortization.** Depreciation expense is based on the estimated useful life of our fixed assets. Amortization expense for leasehold improvements is based on the shorter of the lease term or the estimated useful life of the related assets. The lives of the assets are based on a number of assumptions, including cost and timing of capital expenditures to maintain and refurbish the assets, as well as specific market and economic conditions. While

management believes its estimates are reasonable, a change in the estimated lives could affect our depreciation expense in future periods.

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

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

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

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

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

The discount rate utilized for determining future benefit obligations is based on the market rate of a broad-based index of high-quality bonds receiving an AA- or better rating from a recognized rating agency on our annual measurement date that is matched to the future expected cash flows of the benefit plans by annual periods. The resulting discount rate decreased from 4.5% for the retirement plan and 3.9% for the postretirement benefits other than pension plans at December 31, 2013 to 3.7% and 3.3%, respectively, at December 31, 2014.

We determine the overall expected long-term return on plan assets based on our estimate of the return that plan assets will provide over the period that benefits are expected to be paid out. In preparing this estimate, we assess the rates of return on each allocation of plan assets, return premiums generated by portfolio management, and advice by our third-party actuary and investment consultants. The expected return on plan assets is a long-term assumption that is determined at the beginning of each year and generally does not significantly change annually. While historical returns are considered, the rate of return assumption is primarily based on projections of expected returns, using economic data and financial models to estimate the probability of returns. The probability distribution of annualized returns for the portfolio using current asset allocations is used to determine the expected range of returns for a ten-to-twenty year horizon. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension expense. The expected return on plan assets assumption used for determining net periodic pension expense for 2014 and 2013 was 7.5%. Actual return on plan assets for 2014 and 2013 was 5.3% and 18.2%, respectively. Our historical actual return averaged 6.8% for the ten-year period ended December 31, 2014. For the 2015 plan year, we have changed the expected return on plan assets assumption used for determining net periodic pension expense to 6.5%. In the future, we may make additional discretionary contributions to the plan or we could be required to make mandatory cash funding payments.



The mortality rate assumption used for determining future benefit obligations as of December 31, 2014 and 2013 was based on the RP 2014 Mortality Tables and the RP 2000 Mortality Tables, respectively. In estimating the health care cost trend rate, we consider our actual health care cost experience, industry trends, and advice from our third-party actuary.

While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect our pension and postretirement benefit obligations and expense. For example, holding all other assumptions constant, a 1% increase or decrease in the assumed discount rate related to the retirement plan would increase or decrease 2014 net periodic pension expense by approximately zero and \$0.1 million, respectively. Likewise, a 1% increase or decrease in the assumed rate of return on plan assets would decrease or increase, respectively, 2014 net periodic pension expense by approximately \$0.7 million.

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

**Recently Issued Accounting Standards**

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

**Item 7A. *Quantitative and Qualitative Disclosures about Market Risk***

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposures to market risk are from changes in interest rates and equity prices and changes in asset values of investments that fund our pension plan.

**Risk Related to Changes in Interest Rates**

Borrowings outstanding under our \$1 billion credit facility currently bear interest at an annual rate of LIBOR plus 2.0%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$586.5 million in borrowings outstanding under our \$1 billion credit facility as of December 31, 2014 would increase by approximately \$5.9 million.

Borrowings outstanding under our \$400 million term loan B associated with our credit facility currently bear interest at an annual rate of LIBOR plus 3.0%, subject to adjustment as defined in the agreement. If LIBOR were to increase by 100 basis points, our annual interest cost on the \$398.0 million in borrowings outstanding under our \$400 million credit facility as of December 31, 2014 would increase by approximately \$4.0 million.

Certain of our outstanding cash balances are occasionally invested overnight with high credit quality financial institutions. We do not have significant exposure to changing interest rates on invested cash at December 31, 2014. As a result, the interest rate market risk implicit in these investments at December 31, 2014, if any, is low.

**Risk Related to Changes in Equity Prices**

Concurrently with the issuance of the Convertible Notes, we entered into convertible note hedge transactions intended to reduce the potential dilution upon conversion of the Convertible Notes in the event that the market value per share of our common stock, as measured under the Convertible Notes, at the time of exercise is greater than the conversion price of the Convertible Notes. In connection with the convertible note hedge transactions, we sold warrants to the counterparties to the call options whereby they may purchase, as adjusted and reduced as described in Item 7 above, approximately 4.7 million shares of our common stock. Also as noted in Item 7 above, we have entered into agreements with the remaining note hedge counterparties whereby we intend to cash settle the remaining 4.7 million warrants in the first quarter of 2015. For every \$1 increase in the share price of our common stock above the December 31, 2014 closing price of \$52.74, the cost to cash settle the warrants will increase by approximately \$4.7 million.

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

The expected rates of return on the assets that fund our defined benefit pension plan are based on the asset allocation of the plan and the long-term projected return on those assets, which represent a diversified mix of equity securities, fixed income securities and cash. As of December 31, 2014, the value of the investments in the pension fund was \$75.3 million, and an immediate ten percent decrease in the value of the investments in the fund would have reduced the value of the fund by approximately \$7.5 million.

### **Summary**

Based upon our overall market risk exposures at December 31, 2014, we believe that the effects of changes in interest rates, equity prices and asset values of investments that fund our pension plan could be material to our consolidated financial position, results of operations or cash flows.

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**Item 8. *Financial Statements and Supplementary Data***

Information with respect to this Item is contained in the Company's consolidated financial statements included in the Index beginning on page 65 of this Annual Report on Form 10-K and incorporated by reference herein.

**Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***  
None.

**Item 9A. *Controls and Procedures***

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), as of the end of the period covered by this Annual Report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Annual Report.

**Management's Report on Internal Control over Financial Reporting**

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

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) in Internal Control - Integrated Framework.

Based on management's assessment and those criteria, management believes that, as of December 31, 2014, the Company's internal control over financial reporting was effective.

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

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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**Item 9B. Other Information**

None.

**PART III**

**Item 10. *Directors, Executive Officers and Corporate Governance***

Information about our Board of Directors required by Item 401 of Regulation S-K is incorporated herein by reference to the discussion under the heading *Election of the Nine Nominees for Director Identified in this Proxy Statement* in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission. Information regarding procedures for stockholder nominations to our Board of Directors required by Item 407(c)(3) of Regulation S-K is incorporated by reference to the discussion under the heading *Submitting Stockholder Proposals and Nominations for 2016 Annual Meeting* in our Proxy Statement for the 2015 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission.

Information required by Item 405 of Regulation S-K is incorporated herein by reference to the discussion under the heading *Section 16(a) Beneficial Ownership Reporting Compliance* in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

Certain other information concerning executive officers and certain other officers of the Company is included in Item 1 of Part I of this Annual Report on Form 10-K under the caption *Executive Officers of the Registrant*.

The Company has a separately designated audit committee of the Board of Directors established in accordance with the Exchange Act. Michael J. Bender, E.K. Gaylord II, Robert S. Prather, Jr. and Michael D. Rose currently serve as members of the Audit Committee, and Mr. Bender serves as its chairman. Our Board of Directors has determined that Mr. Rose is an *audit committee financial expert* as defined by the SEC and is independent, as that term is defined in the Exchange Act and the listing standards of the New York Stock Exchange.

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to the members of our Board of Directors and our officers, including our Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer. In addition, the Board of Directors has adopted Corporate Governance Guidelines and restated charters for our Audit Committee, Human Resources Committee, and Nominating and Corporate Governance Committee. You can access our Code of Business Conduct and Ethics, Corporate Governance Guidelines and current committee charters on our website at [www.rymanhp.com](http://www.rymanhp.com) or request a copy of any of the foregoing by writing to the following address: Ryman Hospitality Properties, Inc., Attention: Secretary, One Gaylord Drive, Nashville, Tennessee 37214. The Company will make any legally required disclosures regarding amendments to, or waivers of, provisions of the Code of Business Conduct and Ethics, Corporate Governance Guidelines or current committee charters on its website. In accordance with the corporate governance listing standards of the New York Stock Exchange, the Company has designated Mr. D. Ralph Horn as the lead director at all meetings of non-management directors, which meetings will be held on a regular basis. Stockholders, employees and other interested parties may communicate with Mr. Horn, individual non-management directors, or the non-management directors as a group, by email at [boardofdirectors@rymanhp.com](mailto:boardofdirectors@rymanhp.com).

**Item 11. *Executive Compensation***

The information required by this Item is incorporated herein by reference to the discussions under the headings Director Compensation, Compensation Discussion and Analysis, Executive Compensation 2014 Summary Compensation Table, 2014 Grants of Plan-Based Awards, Outstanding Equity Awards at 2014 Fiscal Year End, Company Information 2014 Option Exercises and Stock Vested, Other Compensation Information Pension Benefits, Other Compensation Information Nonqualified Deferred Compensation, Potential Payments on Termination or Change of Control, Committees of the Board Compensation Committee Interlocks and Insider Participation , and Human Resources Committee Report in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

**Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item is incorporated herein by reference to the discussions under the headings Stock Ownership and Equity Compensation Plan Information in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

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**Item 13. *Certain Relationships and Related Transactions, and Director Independence***

The information required by this Item is incorporated herein by reference to the discussions under the headings

Company Information    Corporate Governance    Independence of Directors    in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

**Item 14. *Principal Accountant Fees and Services***

The information required by this Item is incorporated herein by reference to the discussion under the heading    Our Independent Registered Public Accounting Firm    in our Proxy Statement for the 2015 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission.

**PART IV**

**Item 15. *Exhibits and Financial Statement Schedules***

**(a)(1) *Financial Statements***

The accompanying index to financial statements on page 65 of this Annual Report on Form 10-K is provided in response to this Item.

**(a)(2) *Financial Statement Schedules***

The following financial statement schedule is filed as a part of this report and is included herein on page 112 of this Annual Report on Form 10-K:

Schedule III    Real Estate and Accumulated Depreciation

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

**(a)(3) *Exhibits***

See Index to Exhibits.



**Table of Contents****SIGNATURES**

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

**RYMAN HOSPITALITY PROPERTIES, INC.**

Date: February 26, 2015

By: /s/ Colin V. Reed

Colin V. Reed

*Chairman of the Board of Directors, Chief Executive Officer and President*

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

<b>Signature</b>	<b>Title</b>	<b>Date</b>
/s/ Colin V. Reed Colin V. Reed	Chairman of the Board of Directors, Chief Executive Officer and President	February 26, 2015
/s/ Michael J. Bender Michael J. Bender	Director	February 26, 2015
/s/ E.K. Gaylord, II E.K. Gaylord, II	Director	February 26, 2015
D. Ralph Horn	Director	
/s/ Ellen R. Levine Ellen R. Levine	Director	February 26, 2015
/s/ Robert S. Prather, Jr. Robert S. Prather, Jr.	Director	February 26, 2015
/s/ Michael D. Rose Michael D. Rose	Director	February 26, 2015
/s/ Michael I. Roth	Director	

			February 26, 2015
	Michael I. Roth		
/s/	Mark Fioravanti	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2015
	Mark Fioravanti		
/s/	Jennifer Hutcheson	Senior Vice President and Corporate Controller (Principal Accounting Officer)	February 26, 2015
	Jennifer Hutcheson		

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**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
<b>Ryman Hospitality Properties, Inc. and Subsidiaries Audited Consolidated Financial Statements as of December 31, 2014 and 2013 and for Each of the Three Years in the Period Ended December 31, 2014</b>	
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the accompanying consolidated balance sheets of Ryman Hospitality Properties, Inc. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and stockholders' equity for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ryman Hospitality Properties, Inc. and subsidiaries at December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ryman Hospitality Properties, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee

February 26, 2015

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited Ryman Hospitality Properties, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Ryman Hospitality Properties, Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Ryman Hospitality Properties, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2014 consolidated financial statements and schedule of Ryman Hospitality Properties, Inc. and subsidiaries and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Nashville, Tennessee

February 26, 2015



**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****December 31, 2014 and 2013****(Amounts in thousands, except per share data)**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>ASSETS:</b>		
Property and equipment, net of accumulated depreciation	\$ 2,036,261	\$ 2,067,997
Cash and cash equivalents - unrestricted	76,408	61,579
Cash and cash equivalents - restricted	17,410	20,169
Notes receivable	149,612	148,350
Trade receivables, less allowance of \$704 and \$717, respectively	45,188	51,782
Deferred financing costs	21,646	19,306
Prepaid expenses and other assets	66,621	55,446
<b>Total assets</b>	<b>\$ 2,413,146</b>	<b>\$ 2,424,629</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Debt and capital lease obligations	\$ 1,341,555	\$ 1,154,420
Accounts payable and accrued liabilities	166,848	157,339
Deferred income tax liabilities, net	14,284	23,117
Deferred management rights proceeds	183,423	186,346
Dividends payable	29,133	25,780
Derivative liabilities	134,477	
Other liabilities	142,019	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, 51,044 and 50,528 shares issued and outstanding, respectively	510	505
Additional paid-in capital	882,193	1,228,845
Treasury stock of 477 and 472 shares, respectively, at cost	(8,002)	(7,766)
Accumulated deficit	(446,963)	(454,770)
Accumulated other comprehensive loss	(26,331)	(9,119)
<b>Total stockholders' equity</b>	<b>401,407</b>	<b>757,695</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,413,146</b>	<b>\$ 2,424,629</b>

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





**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2014, 2013 and 2012****(Amounts in thousands, except per share data)**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>			
Rooms	\$ 384,185	\$ 357,313	\$ 365,611
Food and beverage	412,061	382,340	401,252
Other hotel revenue	157,920	138,856	149,178
Opry and Attractions	86,825	76,053	70,553
<b>Total revenues</b>	<b>1,040,991</b>	<b>954,562</b>	<b>986,594</b>
<b>Operating expenses:</b>			
Rooms	116,103	106,849	96,900
Food and beverage	248,358	237,153	242,739
Other hotel expenses	307,597	295,152	314,643
Management fees	16,151	14,652	4,207
<b>Total hotel operating expenses</b>	<b>688,209</b>	<b>653,806</b>	<b>658,489</b>
Opry and Attractions	59,815	56,528	52,130
Corporate	27,573	26,292	46,876
REIT conversion costs		22,190	101,964
Casualty loss		54	858
Preopening costs	11		340
Impairment and other charges		2,976	
Depreciation and amortization	112,278	116,528	130,691
<b>Total operating expenses</b>	<b>887,886</b>	<b>878,374</b>	<b>991,348</b>
<b>Operating income (loss)</b>	<b>153,105</b>	<b>76,188</b>	<b>(4,754)</b>
Interest expense, net of amounts capitalized	(61,447)	(60,916)	(58,582)
Interest income	12,075	12,267	12,307
Income from unconsolidated companies		10	109
Loss on extinguishment of debt	(2,148)	(4,181)	
Other gains and (losses), net	23,415	2,447	22,251
<b>Income (loss) before income taxes and discontinued operations</b>	<b>125,000</b>	<b>25,815</b>	<b>(28,669)</b>
Benefit for income taxes	1,467	92,662	2,034
<b>Income (loss) from continuing operations</b>	<b>126,467</b>	<b>118,477</b>	<b>(26,635)</b>

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Loss from discontinued operations, net of income taxes	(15)	(125)	(9)
Net income (loss)	126,452	118,352	(26,644)
Loss on call spread and warrant modifications related to convertible notes	(5,417)	(4,869)	
Net income (loss) available to common stockholders	\$ 121,035	\$ 113,483	\$ (26,644)
<u>Basic income (loss) per share available to common stockholders:</u>			
Income (loss) from continuing operations	\$ 2.38	\$ 2.22	\$ (0.56)
Loss from discontinued operations, net of income taxes			
Net income (loss)	\$ 2.38	\$ 2.22	\$ (0.56)
<u>Fully diluted income (loss) per share available to common stockholders:</u>			
Income (loss) from continuing operations	\$ 2.17	\$ 1.81	\$ (0.56)
Loss from discontinued operations, net of income taxes			
Net income (loss)	\$ 2.17	\$ 1.81	\$ (0.56)
Dividends declared per common share	\$ 2.20	\$ 2.00	\$ 6.84

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

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**RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

**For the Years Ended December 31, 2014, 2013 and 2012**

**(Amounts in thousands)**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Net income (loss)	\$ 126,452	\$ 118,352	\$ (26,644)
Other comprehensive income, before tax:			
Gain (loss) on minimum pension liability:			
Unrealized gains (losses) arising during the period	(20,231)	23,172	14,451
Amount reclassified from accumulated OCI into income (expense)	(235)	204	3,601
	(20,466)	23,376	18,052
Income tax (expense) benefit related to items of comprehensive income	3,254	(7,892)	(6,624)
Other comprehensive income (loss), net of tax	(17,212)	15,484	11,428
Comprehensive income (loss)	\$ 109,240	\$ 133,836	\$ (15,216)

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

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2014, 2013 and 2012****(Amounts in thousands)**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities:</b>			
Net income (loss)	\$ 126,452	\$ 118,352	\$ (26,644)
Amounts to reconcile net income (loss) to net cash flows provided by operating activities:			
Income from unconsolidated companies		(10)	(109)
Impairment and other charges		3,527	33,291
Gain on sales of long-lived assets	(25,274)	(82)	(20,009)
Benefit for deferred income taxes	(5,877)	(89,530)	(9,105)
Depreciation and amortization	112,278	116,528	130,691
Amortization of deferred financing costs	5,959	5,500	4,908
Amortization of discount on convertible notes	8,735	13,817	13,793
Write-off of deferred financing costs		1,845	
Loss on extinguishment of debt	2,148	4,181	
Stock-based compensation expense	5,773	11,560	8,964
Excess tax benefit from stock-based compensation		(7)	(6,736)
<b>Changes in:</b>			
Trade receivables	6,594	3,561	(13,404)
Interest receivable	(3,142)	(690)	(1,179)
Income tax receivable	1,755	(1,755)	
Accounts payable and accrued liabilities	6,038	(59,395)	55,190
Other assets and liabilities	5,712	10,203	6,743
<b>Net cash flows provided by operating activities - continuing operations</b>	<b>247,151</b>	<b>137,605</b>	<b>176,394</b>
Net cash flows provided by (used in) operating activities - discontinued operations	(147)	94	76
<b>Net cash flows provided by operating activities</b>	<b>247,004</b>	<b>137,699</b>	<b>176,470</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of property and equipment	(58,377)	(36,959)	(95,233)
Purchase of AC Hotel	(21,206)		
Proceeds from sale of Peterson LOI	9,350		
Sale of management rights and intellectual property			210,000
(Increase) decrease in restricted cash and cash equivalents	2,759	(13,959)	(5,060)
Other investing activities	8,012	2,177	5,349

Net cash flows provided by (used in) investing activities - continuing operations	(59,462)	(48,741)	115,056
Net cash flows used in investing activities - discontinued operations			
Net cash flows provided by (used in) investing activities	(59,462)	(48,741)	115,056
Cash Flows from Financing Activities:			
Net borrowings (repayments) under credit facility	77,000	(35,500)	(55,000)
Net borrowings under term loan B	398,000		
Issuance of senior notes		350,000	
Early redemption of senior notes		(152,180)	
Repurchase and conversion of convertible notes	(358,710)	(99,222)	
Repurchase of common stock warrants	(177,423)		
Deferred financing costs paid	(8,428)	(15,738)	(376)
Proceeds from the issuance of common stock, net of issuance costs of \$1,131			32,722
Repurchase of Company stock for retirement		(100,028)	(185,400)
Payment of dividend	(109,414)	(76,424)	(62,007)
Proceeds from exercise of stock option and purchase plans	6,862	5,223	25,336
Excess tax benefit from stock-based compensation		7	6,736
Other financing activities, net	(600)	(687)	(755)
Net cash flows used in financing activities - continuing operations	(172,713)	(124,549)	(238,744)
Net cash flows used in financing activities - discontinued operations			
Net cash flows used in financing activities	(172,713)	(124,549)	(238,744)
Net change in cash and cash equivalents	14,829	(35,591)	52,782
Cash and cash equivalents - unrestricted, beginning of period	61,579	97,170	44,388
Cash and cash equivalents - unrestricted, end of period	\$ 76,408	\$ 61,579	\$ 97,170

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

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****For the Years Ended December 31, 2014, 2013 and 2012****(Amounts in thousands)**

	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Treasury Stock</b>	<b>Retained Earnings</b>	<b>Other Comprehensive (Loss) Income</b>	<b>Total Stockholders' Equity</b>
BALANCE, December 31, 2011	\$ 484	\$ 929,904	\$ (4,599)	\$ 155,777	\$ (36,031)	1,045,535
Net loss				(26,644)		(26,644)
Other comprehensive income, net of deferred income taxes					11,428	11,428
Issuance of common stock	8	32,714				32,722
Repurchase of Company stock for retirement	(50)			(185,350)		(185,400)
Payment of dividend	67	250,410	(2,635)	(309,849)		(62,007)
Exercise of stock options	13	25,067				25,080
Net tax benefit related to stock based compensation		8,991				8,991
Employee stock plan purchases		252				252
Restricted stock units surrendered	4	(5,318)				(5,314)
Restricted stock shares surrendered		(9)				(9)
Stock-based compensation expense		8,964				8,964
BALANCE, December 31, 2012	\$ 526	\$ 1,250,975	\$ (7,234)	\$ (366,066)	\$ (24,603)	\$ 853,598
Net income				118,352		118,352
Other comprehensive income, net of deferred income taxes					15,484	15,484
Repurchase of Company stock for retirement	(23)	(30)		(99,975)		(100,028)
Repurchase and conversion of convertible notes	(2)	(37,710)		(4,869)		(42,581)
Payment of dividend		538	(532)	(102,212)		(102,206)
Exercise of stock options	3	5,220				5,223
Net tax benefit related to stock based compensation		(206)				(206)
Restricted stock units surrendered	1	(1,502)				(1,501)
Stock-based compensation expense		11,560				11,560
BALANCE, December 31, 2013	\$ 505	\$ 1,228,845	\$ (7,766)	\$ (454,770)	\$ (9,119)	\$ 757,695

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Net income				126,452		126,452
Other comprehensive loss, net of deferred income taxes					(17,212)	(17,212)
Repurchase and conversion of convertible notes		(51,996)		(2,326)		(54,322)
Repurchase of common stock warrants		(304,400)		(3,091)		(307,491)
Payment of dividend		692	(236)	(113,228)		(112,772)
Exercise of stock options	3	6,859				6,862
Net tax benefit related to stock based compensation		(302)				(302)
Restricted stock units and stock options surrendered	2	(3,278)				(3,276)
Stock-based compensation expense		5,773				5,773
BALANCE, December 31, 2014	\$ 510	\$ 882,193	\$ (8,002)	\$ (446,963)	\$ (26,331)	\$ 401,407

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

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Description of the Business and Summary of Significant Accounting Policies**

For financial statement presentation and reporting purposes, the Company is the successor to Gaylord Entertainment Company, formerly a Delaware corporation ( *Gaylord* ). As more fully described in Note 2, as part of the plan to restructure the business operations of Gaylord to facilitate its qualification as a real estate investment trust ( *REIT* ) for federal income tax purposes, Gaylord merged with and into its wholly-owned subsidiary, Ryman Hospitality Properties, Inc., a Delaware corporation ( *Ryman* ), on October 1, 2012, with Ryman as the surviving corporation (the *Merger* ). At 12:01 a.m. on October 1, 2012, the effective time of the Merger, Ryman succeeded to and began conducting, directly or indirectly, all of the business conducted by Gaylord immediately prior to the Merger. The Company refers to Ryman and to Gaylord.

The Company conducts its business through an umbrella partnership REIT, in which its assets are held by, and operations are conducted through, RHP Hotel Properties, LP, a subsidiary operating partnership (the *Operating Partnership* ) that the Company formed in connection with its REIT conversion. Ryman is the sole limited partner of the Operating Partnership and currently owns, either directly or indirectly, all of the partnership units of the Operating Partnership. RHP Finance Corporation, a Delaware corporation ( *Finco* ), was formed as a wholly-owned subsidiary of the Operating Partnership for the sole purpose of being an issuer of debt securities with the Operating Partnership. Neither Ryman nor Finco has any material assets, other than Ryman's investment in the Operating Partnership and its 100%-owned subsidiaries. As 100%-owned subsidiaries of Ryman, neither the Operating Partnership nor Finco has any business, operations, financial results or other material information, other than the business, operations, financial results and other material information described in this Annual Report on Form 10-K and Ryman's other reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

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

**Business Segments***Hospitality*

The Hospitality segment includes the Gaylord Hotels branded hotels, the Inn at Opryland and the AC Hotel at National Harbor, Washington D.C. ( *AC Hotel* ). At December 31, 2014, the Company owns 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* ), the Gaylord National Resort & Convention Center ( *Gaylord National* ), which the Company refers to collectively as the *Gaylord Hotels properties*, the Inn at Opryland, and the AC Hotel, which the Company completed the purchase of in December 2014 and is expected to open in March 2015. Gaylord Opryland and the Inn at Opryland are both located in Nashville, Tennessee. The Gaylord Palms is located in Kissimmee, Florida. The Gaylord Texan is located in Grapevine, Texas. The Gaylord National and the AC Hotel are both located in National Harbor, Maryland. On October 1, 2012, Marriott International, Inc. ( *Marriott* ) assumed the day-to-day management of the Gaylord Hotels pursuant to a management agreement for each Gaylord Hotel. On December 1, 2012, Marriott assumed the day-to-day management of the Inn at Opryland pursuant to an additional management agreement. Marriott will assume the day-to-day management of the AC Hotel upon its opening pursuant to a separate management agreement.



*Opry and Attractions*

The Opry and Attractions segment includes all of the Company's Nashville-based tourist attractions. At December 31, 2014, these include the Grand Ole Opry, the General Jackson Showboat, the Wildhorse Saloon, the Ryman Auditorium and the Gaylord Springs Golf Links ( Gaylord Springs ), among others. The Opry and Attractions segment also includes WSM-AM. Beginning October 1, 2012, Marriott assumed the management of the day-to-day operations of the General Jackson Showboat, Gaylord Springs and the Wildhorse Saloon pursuant to management agreements.

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### *Corporate and Other*

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

### **Principles of Consolidation**

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

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

The Company has determined that its hotel subsidiaries are VIEs because each of the hotel's incentive fees are significant relative to the total amount of each hotel's economic performance, these fees are expected to absorb a significant amount of the variability associated with each hotel's anticipated economic performance, and the Company shares with the manager the power to direct certain activities that significantly impact the hotel's operating performance, such as approving budgets. The Company has determined that it is the primary beneficiary of each of these VIEs because it has the unilateral authority to direct other activities that most significantly impact the hotels economic performance, such as obtaining short- and long-term financing for the hotels and making any decision in regards to selling the hotels subject to certain limitations within the management agreements. In addition, the Company is obligated to receive the residual benefits or to absorb the residual losses from each of the hotels, which could potentially be significant to the hotels. The Company has, therefore, consolidated each of these VIEs.

### **Acquisition**

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 is re-branding the hotel and Marriott will operate the property in conjunction with the Gaylord National pursuant to a separate management agreement. 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. The Company expects the hotel to open in March 2015. The Company paid \$21.2 million of the combined purchase price, including transaction costs, in December 2014, with the remainder being secured by a \$6.0 million note payable to an affiliate of The Peterson Companies, which is due in January 2016, bears interest at an Applicable Federal Rate as determined by the Internal Revenue Service ( IRS ) and is shown in Note 5.

### **Property and Equipment**

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Property and equipment are stated at cost. Improvements and significant renovations that extend the lives of existing assets are capitalized. Interest on funds borrowed to finance the construction of major capital additions is included in the cost of the applicable capital addition. Maintenance and repairs are charged to expense as incurred. Property and equipment are generally depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land improvements	20 years
Furniture, fixtures and equipment	3-8 years
Leasehold improvements	The shorter of the lease term or useful life

**Table of Contents****Cash and Cash Equivalents    Unrestricted**

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

**Cash and Cash Equivalents    Restricted**

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

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

**Supplemental Cash Flow Information**

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

	2014	2013	2012
Debt interest paid	\$ 49,208	\$ 36,651	\$ 40,935
Capitalized interest	(52)		(515)
Cash paid for interest, net of capitalized interest	\$ 49,156	\$ 36,651	\$ 40,420

Net cash payments (refunds) of income taxes in 2014, 2013 and 2012 were \$(0.1) million, \$4.8 million and \$1.4 million, respectively.

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

**Impairment of Long-Lived and Other Assets**

In accounting for the Company's long-lived and other assets (including its notes receivable associated with the development of Gaylord National), the Company assesses its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the assets or asset group may not be recoverable. Recoverability of long-lived assets that will continue to be used is measured by comparing the carrying amount of the asset or asset group to the related total future undiscounted net cash flows. If an asset or asset group's carrying value is not recoverable through those cash flows, the asset group is considered to be impaired. The impairment is measured by the difference between the assets' carrying amount and their fair value, which is estimated using discounted cash flow analyses that utilize comprehensive cash flow projections, as well as observable market data to the extent available.

### **Accounts Receivable**

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

### **Allowance for Doubtful Accounts**

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

### **Deferred Financing Costs**

Deferred financing costs consist of prepaid interest, loan fees and other costs of financing that are amortized over the term of the related financing agreements, using the effective interest method. During 2014, 2013 and 2012, deferred financing costs of \$6.0 million, \$5.5 million and \$4.9 million, respectively, were amortized and recorded as interest expense in the accompanying consolidated statements of operations.

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As a result of the refinancing of the Company's credit facility discussed in Note 5, the Company wrote off \$1.3 million of deferred financing costs during 2013. In addition, as a result of the Company's repurchase of the remainder of its 6.75% senior notes outstanding, the Company wrote off \$0.5 million of deferred financing costs during 2013. Each of these write-offs is included in interest expense in the accompanying consolidated statements of operations.

As a result of the Company's repurchases of a portion of its convertible senior notes outstanding discussed in Note 5, the Company wrote off \$0.3 million of deferred financing costs during each of 2014 and 2013, which is included as an increase in the net loss on extinguishment of debt in the accompanying consolidated statements of operations.

**Prepaid Expenses and Other Assets**

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

	<b>2014</b>	<b>2013</b>
Peterson note receivable	\$ 16,785	\$
Other receivables	904	3,615
Prepaid expenses	14,691	16,530
Inventories	7,446	6,653
Deferred software costs	4,890	6,110
Supplemental deferred compensation plan assets	19,712	18,883
Other	2,193	3,655
<b>Total prepaid expenses and other assets</b>	<b>\$ 66,621</b>	<b>\$ 55,446</b>

In December 2014, the Company sold to an affiliate of The Peterson Companies (the developer of the National Harbor, Maryland development in which the Gaylord National hotel is located) all of its rights in a letter of intent to which it is a party with The Peterson Companies, which entitled the Company to a portion of such party's economic interest in the income from the land underlying the new MGM casino project at National Harbor. The Company will receive \$26.1 million over three years in exchange for its contractual rights, which is included in other gains and losses, net in the accompanying consolidated statement of operations for 2014. The Company received the first payment in the amount of \$9.4 million at closing, and holds the remainder of \$16.8 million as a note receivable in the accompanying consolidated balance sheet at December 31, 2014. The note receivable is due in separate payments in January 2015 and January 2016, bearing interest at an Applicable Federal Rate as determined by the Internal Revenue Service ( IRS ).

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

The Company capitalizes the costs of computer software developed for internal use. Accordingly, the Company has capitalized the external costs and certain internal payroll costs to develop computer software. Deferred software costs are amortized on a straight-line basis over their estimated useful lives of 3 to 5 years. Amortization expense of deferred software costs during 2014, 2013 and 2012 was \$2.3 million, \$5.9 million, and \$10.0 million, respectively.

## **Investments**

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

**Table of Contents****Accounts Payable and Accrued Liabilities**

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

	2014	2013
Trade accounts payable	\$ 31,942	\$ 26,932
Property and other taxes payable	35,598	31,553
Deferred revenues	38,581	39,822
Accrued salaries and benefits	18,477	21,655
Accrued self-insurance reserves	2,176	4,134
Accrued interest payable	5,560	7,954
Other accrued liabilities	34,514	25,289
Total accounts payable and accrued liabilities	\$ 166,848	\$ 157,339

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

**Income Taxes**

The Company establishes deferred tax assets and liabilities based on the difference between the financial statement and income tax carrying amounts of assets and liabilities using existing tax laws and tax rates. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. See Note 10 for more detail on the Company's income taxes.

**Deferred Management Rights Proceeds**

The Company has deferred and amortizes the proceeds received from Marriott that were allocated to the sale of the management rights, as discussed further in Note 2, on a straight line basis over the 65-year term of the hotel management agreements, including extensions, as a reduction in management fee expense in the accompanying consolidated statements of operations.

**Other Liabilities**

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



	2014	2013
Pension and postretirement benefits liability	\$ 41,783	\$ 25,760
Straight-line lease liability	79,352	73,871
Deferred compensation liability	19,712	18,883
Other	1,172	1,418
Total other liabilities	\$ 142,019	\$ 119,932

## Leases

The Company is a lessee of a 65.3 acre site in Osceola County, Florida on which the Gaylord Palms is located, a 10.0 acre site in Grapevine, Texas on which a portion of the Gaylord Texan is located, and office space, office equipment, and other equipment. The Company's leases are discussed further in Note 11.

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**Table of Contents****Revenue Recognition**

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

**Management Fees**

The Company pays Marriott a base management fee of approximately 2% of revenues for the properties that Marriott manages, as well as an incentive fee that is based on profitability. The Company accrued \$19.6 million, \$18.1 million and \$5.1 million in base management fees to Marriott during 2014, 2013 and 2012, respectively. The Company accrued \$0.4 million, \$0.1 million and \$0 in incentive fees to Marriott during 2014, 2013 and 2012, respectively. Management fees are presented in the consolidated statements of operations net of the amortization of the deferred management rights proceeds discussed further in Note 2.

**Preopening Costs**

The Company expenses the costs associated with start-up activities and organization costs associated with its development or reopening of hotels and significant attractions as incurred. The Company's preopening costs during 2012 primarily relate to a new sports bar entertainment facility at Gaylord Palms that opened in February 2012.

**Advertising Costs**

Advertising costs are expensed as incurred and were \$33.3 million, \$28.8 million, and \$21.8 million for 2014, 2013 and 2012, respectively.

**Stock-Based Compensation**

The Company has stock-based employee compensation plans, which are described more fully in Note 6. The Company accounts for its stock-based compensation plan under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 718, *Compensation - Stock Compensation*.

**Table of Contents****Income (Loss) Per Share**

Earnings per share is measured as basic earnings per share and diluted earnings per share. Basic earnings per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding after considering the effect of conversion of dilutive instruments, calculated using the treasury stock method. Net income (loss) per share amounts are calculated as follows for the years ended December 31 (income and share amounts in thousands):

	<b>Income</b>	<b>2014 Shares</b>	<b>Per Share</b>
Net income available to common stockholders	\$ 121,035	50,861	\$ 2.38
Effect of dilutive stock-based compensation		487	
Effect of convertible notes		4,532	
Net income assuming dilution	\$ 121,035	55,880	\$ 2.17

	<b>Income</b>	<b>2013 Shares</b>	<b>Per Share</b>
Net income available to common stockholders	\$ 113,483	51,174	\$ 2.22
Effect of dilutive stock-based compensation		591	
Effect of convertible notes		6,304	
Effect of common stock warrants		4,741	
Net income assuming dilution	\$ 113,483	62,810	\$ 1.81

	<b>Loss</b>	<b>2012 Shares</b>	<b>Per Share</b>
Net loss available to common stockholders	\$ (26,644)	47,602	\$ (0.56)
Effect of dilutive stock-based compensation			
Net loss assuming dilution	\$ (26,644)	47,602	\$ (0.56)

For 2012, the effect of dilutive common stock equivalents was the equivalent of approximately 0.9 million shares of common stock outstanding. Because the Company had a loss from continuing operations during 2012, these incremental shares were excluded from the computation of dilutive earnings per share for 2012 as the effect of their inclusion would have been anti-dilutive.

Additionally, the Company had approximately zero, 0.1 million and 0.6 million stock-based compensation awards outstanding as of December 31, 2014, 2013, and 2012, respectively, that could potentially dilute earnings per share in

the future but were excluded from the computation of diluted earnings per share for 2014, 2013 and 2012, respectively, as the effect of their inclusion would have been anti-dilutive.

As discussed in Note 5, in 2009, the Company issued 3.75% Convertible Senior Notes due 2014 (the Convertible Notes). The Company settled the outstanding face value of the Convertible Notes in cash at maturity on October 1, 2014. The conversion spread associated with the conversion of the Convertible Notes was settled in shares of the Company's common stock. Pursuant to a note hedge, as discussed more fully in Note 5, the Company also received and cancelled an equal number of shares of its common stock at maturity. The effect of potentially issuable shares under the conversion spread for the year ended December 31, 2012 was the equivalent of approximately 3.8 million shares of common stock outstanding. Because the Company had a loss from continuing operations during 2012, these incremental shares were excluded from the computation of dilutive earnings per share for that period as the effect of their inclusion would have been anti-dilutive.

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 common stock. The effect of potentially issuable shares under these warrants for 2012 was the equivalent of approximately 1.3 million shares of common stock outstanding. Because the Company had a loss from continuing operations during 2012, these incremental shares were excluded from the computation of diluted earnings per share for that period as the effect of their inclusion would have been anti-dilutive.

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At separate times during 2014, the Company modified the agreements with each of the note hedge counterparties to cash settle a portion of the warrants as described in Note 5. In 2014 and 2013, in connection with the repurchase of portions of the Convertible Notes, the Company entered into agreements with the note hedge counterparties to proportionately reduce the number of Purchased Options (as defined below) and the warrants as described above and in Note 5. Each of these agreements were considered modifications to the Purchased Options and warrants (as applicable), and based on the terms of the agreements, the Company recognized a charge of \$5.4 million and \$4.9 million in 2014 and 2013, respectively. The charge for 2014 was recorded as an increase to accumulated deficit and derivative liabilities, as the liabilities were settled in cash, and the 2013 charge was recorded as an increase to accumulated deficit and additional paid-in-capital, as the obligation was settled in shares, in the accompanying consolidated balance sheets. These charges also represent a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders in the accompanying consolidated statements of operations. As a result of the warrant modifications, the Company believes it is probable that the warrants will be settled in cash, and as such, have been excluded from the calculation of diluted earnings per share for 2014.

**Derivatives and Hedging Activities**

The Company sometimes utilizes derivative financial instruments to reduce interest rate risks related to its variable rate debt and to manage risk exposure to changes in the value of portions of its fixed rate debt. The Company records derivatives in the statement of financial position and measures derivatives at fair value. Changes in the fair value of those instruments are reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting.

Financial exposures are managed as a part of the Company's risk management program, which seeks to reduce the potentially adverse effect that the volatility of the interest rate markets may have on operating results. The Company does not engage in speculative transactions, nor does it hold or issue financial instruments for trading purposes. The Company formally documents hedging instruments and hedging items, as well as its risk management objective and strategy for undertaking hedged items. This process includes linking all derivatives that are designated as fair value and cash flow hedges to specific assets, liabilities or firm commitments on the consolidated balance sheet or to forecasted transactions. The Company also formally assesses, both at inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items. When it is determined that a derivative is not highly effective, the derivative expires or is sold or terminated, or the derivative is discontinued because it is unlikely that a forecasted transaction will occur, the Company discontinues hedge accounting prospectively for that specific hedge instrument.

As discussed more fully in Note 5, the derivative liabilities in the Company's consolidated balance sheet at December 31, 2014 represent outstanding common stock warrants associated with the Convertible Notes.

**Accounting Estimates**

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

**Newly Issued Accounting Standards**

In May 2014, the FASB issued 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.

**Table of Contents****2. REIT Conversion**

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. In connection with the REIT conversion, at a special meeting of stockholders held on September 25, 2012, Gaylord's stockholders approved the Merger and the issuance of up to 34 million shares of the Company's common stock as part of a one-time earnings and profits distribution to distribute all of the Company's C corporation earnings and profits attributable to taxable periods ending prior to January 1, 2013 as a special dividend to stockholders. On November 2, 2012, the Company's board of directors declared the special dividend which was paid on December 21, 2012 to stockholders of record as of November 13, 2012.

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 (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 the Management Rights, a discounted cash flow model utilized estimates of the base and incentive fees that the Company would pay to Marriott over the term of the hotel management agreements, assuming a high likelihood that automatic renewals would be triggered. The after-tax management fee estimates were based on comprehensive projections of revenues and profits for the Gaylord Hotels properties for the near-term, with growth rates gradually scaling down to an inflation-level assumption for the years thereafter. In selecting the discount rate, the Company relied on market-based estimates of capital costs and discount rate premiums that reflect management's assessment of a market participant's view of risks associated with the projected cash flows.

For the IP Rights, the discounted cash flow model reflected the application of a common variation referred to as the relief from royalty approach. Under this approach, fair value is estimated as the present value of future savings that would likely result due to the ownership of an asset as opposed to paying rent or royalties for its use. Key input assumptions to this model included projecting revenues for a hypothetical portfolio of new Gaylord-branded hotels that might be developed in future years and deriving a market-based royalty rate to apply for the hypothetical future use of the brand on these new properties. For the revenue forecast, the Company relied upon its development plans prior to the REIT conversion and its historical track record of large resort development, as tempered by current market conditions in the hospitality sector. Regarding the selected royalty rate, the model relied upon the Company's review of typical arm's length franchise and brand licensing agreement structures, third party databases, published studies and other qualitative factors. The selected royalty rate was applied to the estimated revenues from future Gaylord-branded facilities to derive projected royalty expenses avoided. These annual cash flow savings amounts were tax-affected then discounted at a rate derived from market-based estimates of capital costs and discount rates adjusted for management's assessment of a market participant's view of risks associated with the projected cash flows.

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

In addition, pursuant to additional management agreements entered into on October 1, 2012, Marriott assumed the management of the day-to-day operations of the General Jackson Showboat, Gaylord Springs 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 consolidated statements of operations. During 2013 and 2012, the Company incurred \$22.2 million and \$102.0 million, respectively, of various costs associated with these transactions. REIT conversion costs incurred during 2013 include employment and severance costs (\$14.4 million), professional fees (\$2.7 million), and various other transition costs (\$5.1 million). REIT conversion costs incurred during 2012 include impairment charges (\$33.3 million), professional fees (\$23.1 million), employment, severance and retention costs (\$24.4 million), and various other transition costs (\$21.2 million). No REIT conversion costs were incurred during 2014.



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As a REIT, the Company no longer views independent, large-scale development of resort and convention hotels as a means of its growth. As a result of its decision to convert to a REIT, the Company evaluated its plans and previously capitalized costs associated with potential new developments and expansions of its existing properties. In connection with the preparation of the financial statements for the third quarter of 2012, the Company recorded an impairment charge of \$14.0 million to write off previously capitalized costs associated with a potential future expansion of Gaylord Opryland and the Company's previous development project in Mesa, Arizona as a result of the Company's decision to abandon these projects. The Company also abandoned certain other projects associated with its existing assets and recorded an additional impairment charge of \$7.3 million during the third quarter of 2012 to write off previously capitalized costs primarily associated with information technology projects.

In connection with the preparation of the financial statements for the fourth quarter of 2012, the Company recorded an impairment charge of \$6.9 million to write off capitalized costs associated with the previous development project in Aurora, Colorado. While the Company continues to view Aurora as a viable market, it has concluded that if and when its participation in the project moves forward, it should proceed under the direction and leadership of an unrelated third-party who will most likely use its own resources to complete the project. As such, the Company does not believe that it will be able to realize its previous investment in the project. The Company also abandoned certain other projects associated with its existing assets and recorded an additional impairment charge of \$5.1 million during the fourth quarter of 2012 to write off previously capitalized costs primarily associated with information technology projects.

The Merger, Marriott sale transaction, special dividend, 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. As further described above, to comply with certain REIT qualification requirements, the Company engaged Marriott to operate and manage its Gaylord Hotels properties, the Inn at Opryland, and the AC Hotel 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 ( TRSs ) 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.

**3. Property and Equipment**

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

	<b>2014</b>	<b>2013</b>
Land and land improvements	\$ 254,013	\$ 242,418
Buildings	2,340,555	2,300,499
Furniture, fixtures and equipment	576,453	576,209
Construction in progress	26,046	25,844
	<b>3,197,067</b>	<b>3,144,970</b>
Accumulated depreciation	(1,160,806)	(1,076,973)

Property and equipment, net	\$ 2,036,261	\$ 2,067,997
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Depreciation expense, including amortization of assets under capital lease obligations, during 2014, 2013 and 2012 was \$110.0 million, \$110.6 million, and \$120.7 million, respectively.

#### 4. Notes Receivable

In connection with the development of Gaylord National, Prince George's County, Maryland (the County) issued three series of bonds. The first bond issuance, with a face value of \$65 million, was issued by the County in April 2005 to support the cost of infrastructure being constructed by the project developer, such as roads, water and sewer lines. The second bond issuance, with a face value of \$95 million (Series A Bond), was issued by the County in April 2005 and placed into escrow until substantial completion

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of the convention center and 1,500 rooms within the hotel. The Series A Bond and the third bond issuance, with a face value of \$50 million ( Series B Bond ), were delivered to the Company upon substantial completion and opening of the Gaylord National on April 2, 2008. The interest rate on the Series A Bond and Series B Bond is 8.0% and 10.0%, respectively. The maturity date of the Series A Bond and the Series B Bond is July 1, 2034 and September 1, 2037, respectively.

The Company is currently holding the Series A Bond and Series B Bond, which have aggregate carrying values of \$87.0 million and \$62.6 million, respectively, as of December 31, 2014, and receiving the debt service and principal payments thereon, which is payable from tax increments, hotel taxes and special hotel rental taxes generated from the development through the maturity date. During the second quarter of 2008, the Company calculated the present value of the future debt service payments from the Series A Bond and Series B Bond based on their effective interest rates of 8.04% and 11.42%, respectively, at the time the bonds were delivered to the Company and recorded a note receivable and offset to property and equipment in the amounts of \$93.8 million and \$38.3 million, respectively, in the accompanying consolidated balance sheet. The Company also calculated the present value of the interest that had accrued on the Series A Bond between its date of issuance and delivery to the Company based on its effective interest rate of 8.04% at the time the bond was delivered to the Company and recorded a note receivable and offset to property and equipment in the amount of \$18.3 million in the accompanying consolidated balance sheet. The Company is recording the amortization of discount on these notes receivable as interest income over the life of the notes.

During 2014, 2013 and 2012, the Company recorded interest income of \$12.1 million, \$12.3 million and \$12.2 million, respectively, on these bonds. The Company received payments of \$10.8 million, \$13.3 million and \$15.5 million during 2014, 2013 and 2012, respectively, relating to these notes receivable, which includes principal and interest payments.

**5. Debt**

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

	2014	2013
\$1 Billion Credit Facility	\$ 586,500	\$ 509,500
\$400 Million Term Loan Facility	398,000	
3.75% Convertible Senior Notes, net of unamortized discount of \$0 and \$10,096		293,962
5% Senior Notes	350,000	350,000
AC Hotel note payable, terms as set forth in Note 1	6,000	
Capital lease obligations	1,055	958
<b>Total debt</b>	<b>1,341,555</b>	<b>1,154,420</b>
Less amounts due within one year	(377)	(599)
<b>Total long-term debt</b>	<b>\$ 1,341,178</b>	<b>\$ 1,153,821</b>

At December 31, 2014, the Company was in compliance with all covenants related to its outstanding debt.

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

	<b>\$1 Billion</b>	<b>\$400 Million</b>	<b>5%</b>	<b>AC Hotel</b>	
	<b>Credit Facility</b>	<b>Term Loan Facility</b>	<b>Senior Notes</b>	<b>Note Payable</b>	<b>Total</b>
2015	\$	\$	\$	\$	\$
2016				6,000	6,000
2017	586,500				586,500
2018					
2019					
Years thereafter		398,000	350,000		748,000
Total	\$ 586,500	\$ 398,000	\$ 350,000	\$ 6,000	\$ 1,340,500

**Table of Contents***\$1 Billion Credit Facility*

On April 18, 2013, the Company refinanced its previous \$925 million credit facility by entering into a \$1 billion senior secured credit facility by and among the Operating Partnership, the Company, and certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto, and Wells Fargo Bank, N.A., as administrative agent (the "\$1 billion credit facility"). The \$1 billion credit facility consists of a \$700.0 million senior secured revolving credit facility and a \$300.0 million senior secured term loan facility, which is fully funded. The \$1 billion credit facility also includes an accordion feature that will allow the Company to increase the facility by a total of up to \$500.0 million, subject to securing additional commitments from existing lenders or new lending institutions. The \$1 billion credit facility matures on April 18, 2017 and borrowings bear interest at an annual rate of LIBOR plus an adjustable margin (the "Applicable Margin") based on the Company's consolidated funded indebtedness to total asset value ratio (as defined in the \$1 billion credit facility) or the bank's base rate (as defined in the \$1 billion credit facility) plus the Applicable Margin. At December 31, 2014, the interest rate on the \$1 billion credit facility was LIBOR plus 2.0%. Interest is payable quarterly, in arrears, for base rate-based loans and at the end of each interest rate period for LIBOR-based loans. Principal is payable in full at maturity. The Company is required to pay a fee of 0.3% to 0.4% per year of the average unused portion of the \$700.0 million revolving credit facility. The purpose of the \$1 billion credit facility is for working capital, capital expenditures, and other corporate purposes.

The \$1 billion credit facility is guaranteed by the Company, each of the four wholly-owned subsidiaries that own the Gaylord Hotels properties, and certain other of the Company's subsidiaries. The \$1 billion credit facility is secured by (i) a first mortgage lien on the real property of each of the Gaylord Hotels properties, (ii) pledges of equity interests in the Company's subsidiaries that own the Gaylord Hotels properties, (iii) pledges of equity interests in the Operating Partnership, the subsidiaries that guarantee the \$1 billion credit facility, and certain other of the Company's subsidiaries, and (iv) the Company's personal property and the personal property of the Operating Partnership and the subsidiaries that guarantee the \$1 billion credit facility.

The \$1 billion credit facility contains certain covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, liens and encumbrances and other matters customarily restricted in such agreements.

If an event of default shall occur and be continuing under the \$1 billion credit facility, the commitments under the \$1 billion credit facility may be terminated and the principal amount outstanding under the \$1 billion credit facility, together with all accrued unpaid interest and other amounts owing in respect thereof, may be declared immediately due and payable.

As a result of the refinancing of the previous \$925 million credit facility, the Company wrote off \$1.3 million of deferred financing costs during 2013, which are included in interest expense in the accompanying consolidated statements of operations.

*\$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.

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 December 31, 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).

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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.

*3.75% Convertible Senior Notes*

In 2009, the Company issued \$360 million of the Convertible Notes. Prior to their October 1, 2014 maturity, the Convertible Notes were convertible, 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 Convertible Notes, which is equivalent to a conversion price of approximately \$20.84 per share.

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. Accordingly, the Company recorded a debt discount and corresponding increase to additional paid-in capital of \$68.0 million as of the date of issuance. The Company amortized the debt discount utilizing the effective interest method over the life of the Convertible Notes, which increased the effective interest rate of the Convertible Notes from its coupon rate of 3.75% to 8.43%. During 2014, 2013 and 2012, the Company incurred cash interest expense of \$7.3 million, \$12.4 million and \$13.5 million, respectively, relating to the interest coupon on the Convertible Notes and non-cash interest expense of \$8.7 million, \$13.8 million and \$13.8 million, respectively, related to the amortization of the debt discount on the Convertible Notes.

In July 2013, the Company settled the repurchase of and subsequently cancelled \$54.7 million of its Convertible Notes in private transactions for aggregate consideration of \$98.6 million, which was funded by 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 agreements, the counterparties paid the Company approximately 0.2 million shares of the Company's common stock, which were subsequently cancelled by the Company. In addition, in July 2013, the Company settled \$1.2 million of Convertible Notes that were converted by a holder. As a result of these transactions, the Company recorded a loss on extinguishment of debt of approximately \$4.2 million during 2013. In addition, as the Company accounts for the liability (debt) and the equity (conversion option) components of the Convertible Notes as discussed above, the Company recorded a \$37.7 million reduction in stockholders' equity during 2013.

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 by paying cash for the underlying principal and shares of the Company's common stock for the conversion spread. The Company received and cancelled an equal number of shares of its common stock upon exercise of the Purchased Options (as defined below). As a result of these transactions, the Company recorded a loss on extinguishment of debt of \$2.1 million during 2014. In addition, as the Company accounts for the liability (debt) and the equity (conversion option) components of the Convertible Notes as discussed

above, the Company recorded a \$52.0 million reduction in stockholders' equity during 2014.

On October 1, 2014, the Company settled 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 its common stock. The Company issued 6.3 million shares, which were offset by the exercise of the Purchased Options (as defined below) and the Company's receipt and cancellation of the related shares.

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



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purposes of reducing the potential dilutive effect upon conversion of the Convertible Notes. The Purchased Options entitled the Company to purchase shares of the Company's common stock. In connection with the conversion and maturity of the Convertible Notes on October 1, 2014, as discussed above, the Purchased Options were settled in shares delivered to the Company equal to the number of shares issued in the Convertible Note settlement. These shares received by the Company were subsequently cancelled.

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

Pursuant to December 2014 agreements with two of the note hedge counterparties, in the first quarter of 2015, the Company intends to cash settle the remaining 4.7 million warrants in the same manner as described above. Accordingly, the fair value of the warrants was reclassified from stockholders' equity to a derivative liability on the modification date, resulting in a \$145.4 million deduction to additional paid-in-capital during 2014. The change in the fair value of the derivative liability from the modification date through December 31, 2014 was a gain of \$7.1 million and is included in other gains and losses, net in the accompanying consolidated statement of operations. The total consideration to be paid by the Company will be determined when the repurchase transaction settles in the first quarter of 2015. Pursuant to these agreements, the Company settled 0.1 million warrants during December 2014 for total consideration of \$4.1 million.

*5% Senior Notes*

On April 3, 2013, the Operating Partnership and Finco completed the private placement of \$350.0 million in aggregate principal amount of senior notes due 2021 (the "5% Senior Notes"), which are guaranteed by the Company and its subsidiaries that guarantee the \$1 billion credit facility. The 5% Senior Notes and guarantees were issued pursuant to an indenture by and among the issuing subsidiaries and the guarantors and U.S. Bank National Association, as trustee. The 5% Senior Notes have a maturity date of April 15, 2021 and bear interest at 5% per annum, payable semi-annually in cash in arrears on April 15 and October 15 of each year. The 5% Senior Notes are general unsecured and unsubordinated obligations of the issuing subsidiaries and rank equal in right of payment with such subsidiaries existing and future senior unsecured indebtedness and senior in right of payment to future subordinated indebtedness, if any. The 5% Senior Notes are effectively subordinated to the issuing subsidiaries' secured indebtedness to the extent of the value of the assets securing such indebtedness. The guarantees rank equally in right of payment with the applicable guarantor's existing and future senior unsecured indebtedness and senior in right of payment to any future subordinated indebtedness of such guarantor. The 5% Senior Notes are effectively subordinated to any secured indebtedness of any guarantor to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other obligations of the Operating Partnership's subsidiaries that do not guarantee the 5% Senior Notes. The issuing subsidiaries may redeem the 5% Senior Notes on or before April 16, 2016, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, up to, but excluding, the applicable redemption date plus a make-whole redemption premium. The 5% Senior Notes will be redeemable, in whole or in part, at any time on or after April 15, 2016 at a redemption price expressed as a percentage of the principal amount thereof, which percentage is 103.75%, 102.50%, 101.25%, and 100.00% beginning on

April 15, 2016, 2017, 2018 and 2019, respectively, plus accrued and unpaid interest thereon to, but not including, the redemption date.

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

## **6. Stock Plans**

The Company's Amended and Restated 2006 Omnibus Incentive Plan (the "Plan") permits the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards and other share-based awards to its directors, employees and consultants. At December 31, 2014, approximately 4.4 million shares of common stock remained available for issuance pursuant to future grants of awards under the 2006 Plan (with a limit of approximately 0.9 million shares available for awards other than stock options or stock appreciation rights).

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

The Company granted no options during 2014 or 2013. The weighted average for key assumptions used in determining the fair value of options granted in 2012 are as follows:

Expected volatility	70.6%
Weighted-average expected volatility	70.6%
Expected dividends	
Expected term (in years)	5.2
Risk-free rate	0.9%

A summary of stock option activity under the Company's equity incentive plans as of December 31, 2014 and changes during the year ended December 31, 2014 is presented below:

<b>Stock Options</b>	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Outstanding at January 1, 2014	872,049	\$ 25.99
Granted		
Exercised	(572,337)	23.56
Canceled	(17,410)	45.25
Outstanding at December 31, 2014	282,302	30.88
Exercisable at December 31, 2014	153,289	35.58

The weighted average remaining contractual term of options outstanding and exercisable as of December 31, 2014 was 3.9 and 1.5 years, respectively. The aggregate intrinsic value of options outstanding and exercisable as of December 31, 2014 was \$6.4 million and \$2.8 million, respectively. The weighted-average grant-date fair value of options granted during 2012 was \$14.34. The total intrinsic value of options exercised during 2014, 2013, and 2012 was \$13.0 million, \$4.3 million, and \$21.5 million, respectively.

The Plan also provides for the award of restricted stock and restricted stock units ( Restricted Stock Awards ). Restricted Stock Awards granted to employees vest one to four years from the date of grant, and Restricted Stock Awards granted to non-employee directors vest after one year from the date of grant, unless the recipient chooses to defer the vesting for a period of time. The fair value of Restricted Stock Awards 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. The weighted-average grant-date fair value of Restricted Stock Awards granted during 2014, 2013, and 2012 was \$41.61, \$43.56, and \$33.57, respectively.

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A summary of the status of the Company's Restricted Stock Awards as of December 31, 2014 and changes during the year ended December 31, 2014, is presented below:

<b>Restricted Stock Awards</b>	<b>Shares</b>	<b>Weighted Average Grant-Date Fair Value</b>
Nonvested shares at January 1, 2014	610,227	\$ 34.20
Granted	155,478	41.61
Vested	(166,435)	31.54
Canceled	(9,407)	41.47
Nonvested shares at December 31, 2014	589,863	36.61

The fair value of all Restricted Stock Awards that vested during 2014, 2013 and 2012 was \$7.0 million, \$3.2 million and \$15.6 million, respectively.

As of December 31, 2014, there was \$7.9 million of total unrecognized compensation cost related to stock options and restricted stock units granted under the Company's equity incentive plans. That cost is expected to be recognized over a weighted-average period of 2.2 years.

In 2012, in connection with the termination of certain employee positions as a result of the REIT conversion discussed in Note 2, the Company cancelled approximately 167,500 stock options with a weighted average exercise price of \$22.02 and approximately 401,000 restricted stock units with a weighted average grant date fair value of \$29.76 per award. As a result of these cancellations, the Company reversed approximately \$2.1 million in compensation costs during 2012, which are included in REIT conversion costs in the accompanying consolidated statements of operations.

The compensation cost that has been charged against pre-tax income for all of the Company's stock-based compensation plans, including the reversal of compensation costs discussed above, was \$5.8 million, \$11.6 million, and \$9.0 million for 2014, 2013, and 2012, respectively. The total income tax benefit recognized in the accompanying consolidated statements of operations for all of the Company's stock-based employee compensation plans was \$1.9 million, \$3.0 million, and \$3.2 million for 2014, 2013, and 2012, respectively.

Cash received from option exercises under all stock-based employee compensation arrangements for 2014, 2013, and 2012 was \$6.9 million, \$5.2 million, and \$25.1 million, respectively. The actual tax benefit realized from exercise, vesting or cancellation of the stock-based employee compensation arrangements during 2014, 2013, and 2012 totaled \$3.2 million, \$1.0 million, and \$5.2 million, respectively, and is reflected as an adjustment to either additional paid-in capital in the accompanying consolidated statements of stockholders' equity or as a reduction to deferred tax liabilities in the accompanying consolidated balance sheets.

## 7. Retirement Plans

Prior to January 1, 2001, the Company maintained a noncontributory defined benefit pension plan in which substantially all of its employees were eligible to participate upon meeting the pension plan's participation requirements. The benefits were based on years of service and compensation levels. On January 1, 2001 the Company

amended its defined benefit pension plan to determine future benefits using a cash balance formula. On December 31, 2000, benefits credited under the plan's previous formula were frozen. Under the cash formula, each participant had an account which was credited monthly with 3% of qualified earnings and the interest earned on their previous month-end cash balance. In addition, the Company included a grandfather clause which assures that those participating at January 1, 2001 will receive the greater of the benefit calculated under the cash balance plan and the benefit that would have been payable if the defined benefit plan had remained in existence. The benefit payable to a terminated vested participant upon retirement at age 65, or as early as age 55 if the participant had 15 years of service at the time the plan was frozen, is equal to the participant's account balance, which increases with interest credits over time. At retirement, the employee generally receives the balance in the account as a lump sum. The funding policy of the Company is to contribute annually an amount which equals or exceeds the minimum required by applicable law. On December 31, 2001, the plan was frozen such that no new participants were allowed to enter the plan and existing participants were no longer eligible to earn service credits.

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As a result of increased lump-sum distributions during 2013 and 2012, 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 \$1.9 million and \$2.0 million was recognized in 2013 and 2012, respectively. Approximately \$0.7 million of the net settlement loss during 2013 related to lump-sum distributions to former employees affected by the REIT conversion and has been classified as REIT conversion costs. Approximately \$1.2 million of the net settlement loss during 2013 related to lump-sum distributions to former employees not affected by the REIT conversion and has been classified as corporate operating expenses. All of the net settlement loss during 2012 related to lump-sum distributions to former employees affected by the REIT conversion and has been classified as REIT conversion costs.

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

	2014	2013
<b>CHANGE IN BENEFIT OBLIGATION:</b>		
Benefit obligation at beginning of year	\$ 80,901	\$ 96,384
Interest cost	3,577	3,376
Actuarial (gain) loss	14,458	(11,560)
Benefits paid	(4,823)	(7,299)
Benefit obligation at end of year	94,113	80,901
<b>CHANGE IN PLAN ASSETS:</b>		
Fair value of plan assets at beginning of year	74,976	69,611
Actual return on plan assets	3,238	11,044
Employer contributions	1,869	1,620
Benefits paid	(4,823)	(7,299)
Fair value of plan assets at end of year	75,260	74,976
Funded status and accrued pension cost	\$ (18,853)	\$ (5,925)

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

	2014	2013	2012
Interest cost	\$ 3,577	\$ 3,376	\$ 3,655
Expected return on plan assets	(5,597)	(5,197)	(4,808)
Recognized net actuarial loss	470	839	3,611
Net settlement loss		1,878	1,960
Total net periodic pension (income) expense	\$ (1,550)	\$ 896	\$ 4,418

*Assumptions*

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Discount rate	3.66%	4.49%	3.60%
Rate of compensation increase	N/A	N/A	N/A
Measurement date	12/31/2014	12/31/2013	12/31/2012



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

	2014	2013	2012
Discount rate	4.49%	3.85%	3.98%
Rate of compensation increase	N/A	N/A	N/A
Expected long-term rate of return on plan assets	7.50%	7.50%	7.50%
Measurement date	12/31/2014	12/31/2013	12/31/2012

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

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

*Plan Assets*

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

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

The allocation of the defined benefit pension plan's assets as of the respective measurement date for each year, by asset class, are as follows (amounts in thousands):

Asset Class	2014	2013
Cash	\$ 19,009	\$ 698
Equity securities		
U.S. Large Cap (a)	15,328	26,815
U.S. Mid Cap (a)	5,495	10,144

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International (b)	4,929	8,545
Core fixed income (c)	22,834	21,317
High-yield fixed income (d)	7,665	7,457
Total	\$ 75,260	\$ 74,976

- (a) Consists of actively-managed domestic equity mutual funds. Underlying holdings are diversified by sector and industry.
- (b) Consists of an actively-managed international equity mutual fund. Underlying holdings are diversified by country, sector and industry. The fund may invest a portion of its assets in emerging markets, which entails additional risk.

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- (c) Consists of an actively-managed fixed income mutual fund. The fund predominantly invests in investment-grade bonds of U.S. issuers from diverse sectors and industries. The fund also invests in government-backed debt. The fund can invest a portion of its assets in below-investment grade debt and non-U.S. debt, which entails additional risk.
- (d) Consists of actively-managed high-yield fixed income mutual funds. The funds invest in investment grade and below-investment grade bonds, with a focus on below-investment grade bonds of U.S. issuers. Underlying holdings are diversified by sector and industry. The funds can invest a portion of its assets in the debt of non-U.S. issuers, which entails additional risk.

All of the assets held by the 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.

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

*Expected Contributions and Benefit Payments*

The Company does not expect to be required to contribute to its defined benefit pension plan in 2015. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

2015	\$ 4,291
2016	3,967
2017	4,239
2018	4,948
2019	5,634
2020 - 2024	27,831

*Other Information*

The Company also maintains non-qualified retirement plans (the Non-Qualified Plans) to provide benefits to certain key employees. The Non-Qualified Plans are not funded and the beneficiaries' rights to receive distributions under these plans constitute unsecured claims to be paid from the Company's general assets. At December 31, 2014, the Non-Qualified Plans' projected benefit obligations and accumulated benefit obligations were \$16.2 million.

The Company's accrued cost related to its qualified and non-qualified retirement plans of \$35.1 million and \$19.9 million at December 31, 2014 and 2013, respectively, is included in other liabilities in the accompanying consolidated balance sheets. The (increase) decrease in the deferred net loss related to the Company's retirement plans during 2014, 2013 and 2012 resulted in a (decrease) increase in equity of \$(16.1) million, \$14.7 million and \$1.9 million, respectively, net of taxes of \$2.6 million, \$7.1 million and \$1.1 million, respectively. Each of these adjustments to equity due to the change in the minimum liability are included in other comprehensive loss in the accompanying consolidated statements of stockholders' equity.

The net gain (loss) recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was \$(18.7) million and \$21.8 million, respectively. Included in accumulated other comprehensive loss at December 31,

2014 and 2013 are unrecognized actuarial losses of \$44.4 million and \$25.8 million (\$31.8 million and \$15.8 million net of tax), respectively, that have not yet been recognized in net periodic pension expense. Net losses are amortized into net periodic pension expense based on a corridor approach based on the life expectancy of plan participants expected to receive benefits. The estimated actuarial loss for the retirement plans included in accumulated other comprehensive loss that will be amortized from accumulated other comprehensive loss into net periodic pension expense over the next fiscal year is \$1.2 million.

The Company also has contributory retirement savings plans in which substantially all employees are eligible to participate. The Company contribution is 100% of the amount of the employee's contribution, up to 4% of the employee's salary. In addition, the Company may contribute up to 2% of the employee's salary, based upon the Company's financial performance. Company contributions under the retirement savings plans were \$0.3 million, \$0.5 million, and \$4.7 million for 2014, 2013 and 2012, respectively.

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In addition, the Company maintains a non-qualified contributory deferred compensation plan that allows for certain highly compensated employees to defer a portion of their eligible compensation until a later date. The plan is considered an unfunded and unsecured plan for IRS and Employee Retirement Income Security Act ( ERISA ) purposes, but the Company has set up a separate trust in which the plan's assets are held. The trust maintains individual accounts for each participant, but the plan's assets held in the trust are considered general assets of the Company and are available to satisfy the claims of general creditors in the event of a bankruptcy. The plan allows for the Company to make matching contributions up to 4% of the employee's salary, reduced by the amount of matching contributions made to the retirement savings plan described above. Company contributions under the deferred compensation plan were \$0.1 million, \$0.2 million, and \$0.7 million for 2014, 2013 and 2012, respectively.

**8. Postretirement Benefits Other than Pensions**

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

In connection with the Company's transition to a REIT, the Company changed the benefits that will be available to retirees as of January 1, 2013. As a result of this amendment, the Company's benefit obligation decreased \$2.8 million during 2013.

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

	<b>2014</b>	<b>2013</b>
Benefit obligation at beginning of year	\$ 5,848	\$ 8,747
Interest cost	221	194
Actuarial loss	939	319
Amendments		(2,828)
Benefits paid	(316)	(584)
Benefit obligation at end of year	\$ 6,692	\$ 5,848

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

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Service cost	\$	\$	\$ 42
Interest cost	221	194	790
Amortization of net actuarial loss	445	477	491
Amortization of prior service credit	(1,314)	(1,331)	(682)
Curtailment gain			(310)

Net postretirement benefit (income) expense	\$ (648)	\$ (660)	\$ 331
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The weighted-average assumptions used to determine the benefit obligation at December 31 are as follows:

	2014	2013	2012
Discount rate	3.32%	3.94%	3.08%
Measurement date	12/31/2014	12/31/2013	12/31/2012

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

	2014	2013	2012
Discount rate	3.94%	3.08%	3.92%
Measurement date	12/31/2014	12/31/2013	12/31/2012

The Company expects to contribute \$0.6 million to the plan in 2015. Based on the Company's assumptions discussed above, the Company expects to make the following estimated future benefit payments under the plan during the years ending December 31 (amounts in thousands):

2015	\$ 620
2016	594
2017	569
2018	531
2019	507
2020-2024	2,098

The net loss, amortization of net loss, and amortization of prior service credit recognized in other comprehensive income for 2014 was \$0.9 million, \$0.4 million, and \$1.3 million, respectively. Included in accumulated other comprehensive loss at December 31, 2014 are the following amounts that have not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of \$6.8 million (\$4.1 million net of tax) and unrecognized prior service credits of \$16.4 million (\$9.9 million net of tax). The net loss, amortization of net loss, and amortization of prior service credit recognized in other comprehensive income for 2013 was \$0.3 million, \$0.5 million, and \$1.3 million, respectively. Included in accumulated other comprehensive loss at December 31, 2013 are the following amounts that have not yet been recognized in net postretirement benefit expense: unrecognized actuarial losses of \$6.3 million (\$3.9 million net of tax) and unrecognized prior service credits of \$17.7 million (\$10.8 million net of tax). The net loss and prior service credit for the postretirement plans included in accumulated other comprehensive loss that will be amortized from accumulated other comprehensive loss into net postretirement benefit expense over the next fiscal year is \$0.5 million and \$1.3 million, respectively.

The Company amended the plans effective December 31, 2001 such that only retirees currently receiving benefits under the plans and active employees whose age plus years of service total at least 60 and who have at least 10 years of service as of December 31, 2001 remain eligible.

**9. Stockholders' Equity***Dividends*

During 2014, the Company's board of directors declared quarterly dividends of \$0.55 per share of common stock (\$2.20 per share of common stock for the full year), or an aggregate of \$112.0 million in cash.

During 2013, the Company's board of directors declared quarterly dividends of \$0.50 per share of common stock (\$2.00 per share of common stock for the full year), or an aggregate of \$101.7 million in cash.

In connection with the special dividend described in Note 2, on December 21, 2012 the Company paid stockholders an aggregate of \$62.0 million in cash and issued 6.7 million shares of the Company's common stock.

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



**Table of Contents***Treasury Stock*

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

*Stock Repurchases*

On August 6, 2012, the Company entered into a repurchase agreement with its largest stockholder, TRT Holdings, pursuant to which the Company repurchased 5.0 million shares of the Company's common stock from TRT Holdings in a privately negotiated transaction for an aggregate purchase price of \$185.4 million, which the Company funded with borrowings under the revolving credit line of its credit facility. The repurchased stock was cancelled by the Company and has been reflected as a reduction of retained earnings in the accompanying consolidated financial statements.

In 2012, the Company's 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, implemented through open market transactions on U.S. exchanges or in privately negotiated transactions, in accordance with applicable securities laws, with any market purchases to be made during open trading window periods or pursuant to any applicable Rule 10b5-1 trading plans.

In May 2013, the Company completed its repurchases under the repurchase program by repurchasing approximately 2.3 million shares of its common stock for an aggregate purchase price of approximately \$100.0 million, which the Company funded using cash on hand and borrowings under the revolving credit line of the Company's credit facility. The repurchased stock was cancelled by the Company and has been reflected as a reduction of retained earnings in the accompanying consolidated financial statements.

*Common Stock Issuance*

On August 23, 2012, the Company sold 0.8 million shares (the Option Shares ) of the Company's common stock upon the exercise of the underwriter's option granted pursuant to an underwriting agreement among the Company, TRT Holdings, and Deutsche Bank Securities, Inc. (the Underwriter ) in connection with the secondary public offering of the remaining shares of the Company's common stock held by TRT Holdings. The Option Shares were sold at a price to the public of \$40.00 per share. The Company's total net proceeds from the sale of the Option Shares, after offering expenses, were approximately \$32.7 million.

*Shareholder Rights Plan*

The Company's previous shareholder rights plan expired on August 12, 2012. The Company has amended its Corporate Governance Guidelines to include a policy with respect to shareholder rights plans that provides that the Board may not adopt a rights plan unless either (i) stockholder approval has been obtained, or (ii) specified circumstances exist and stockholder approval is obtained within specified periods after adoption.

**Table of Contents***Accumulated Other Comprehensive Loss*

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

Balance, December 31, 2011	\$ (36,031)
Unrealized gains arising during period	14,451
Amounts reclassified from accumulated other comprehensive loss	3,601
Income tax expense	(6,624)
Net other comprehensive income	11,428
Balance, December 31, 2012	\$ (24,603)
Unrealized gains arising during period	23,172
Amounts reclassified from accumulated other comprehensive loss	204
Income tax expense	(7,892)
Net other comprehensive income	15,484
Balance, December 31, 2013	\$ (9,119)
Unrealized losses arising during period	(20,231)
Amounts reclassified from accumulated other comprehensive income	(235)
Income tax expense	3,254
Net other comprehensive loss	(17,212)
Balance, December 31, 2014	\$ (26,331)

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

	2014	2013	2012
Other hotel expenses	\$ (309)	\$ (119)	\$ 1,642
Opry and Attractions operating expenses	(24)	21	413
Corporate operating expenses	98	302	1,546
	\$ (235)	\$ 204	\$ 3,601

## **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 certain assets. 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 benefit for income taxes for continuing operations consists of the following (amounts in thousands):

	2014	2013	2012
<b>CURRENT:</b>			
Federal	\$ (2,071)	\$ 4,528	\$ (5,622)
State	(2,339)	(1,396)	(1,449)
Total current (provision) benefit	(4,410)	3,132	(7,071)
<b>DEFERRED:</b>			
Federal	2,588	84,918	7,415
State	3,289	4,612	1,690
Total deferred benefit	5,877	89,530	9,105
Total benefit for income taxes	\$ 1,467	\$ 92,662	\$ 2,034

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

	2014	2013
Ordinary income	\$ 2.30	\$ 1.39
Capital gains	0.17	0.02
Return of capital		0.09
	\$ 2.47	\$ 1.50

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

	2014	2013	2012
Statutory federal income tax (provision) benefit	\$ (43,750)	\$ (9,035)	\$ 10,034
Adjustment for nontaxable income of the REIT	44,701	32,642	
State taxes (net of federal tax benefit and change in valuation allowance)	950	3,216	(523)
Permanent items	(160)	1,092	(384)
Nondeductible compensation			(2,319)
Nondeductible transaction costs			(6,632)
Federal tax credits	112		542
Federal valuation allowance	(853)	(3,509)	884

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Unrecognized tax benefits	6,261	432
REIT conversion	62,063	
Other	467	(68)
	\$ 1,467	\$ 92,662 \$ 2,034

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 \$64.8 million related to the conversion to a REIT during 2013.

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

	2014	2013
<b>DEFERRED TAX ASSETS:</b>		
Accounting reserves and accruals	\$ 22,023	\$ 20,371
Defined benefit plan	7,285	2,305
Deferred management rights proceeds	70,887	72,125
Rent escalation	147	137
Federal and State net operating loss carryforwards	47,156	43,069
Tax credits and other carryforwards	1,016	2,073
Other assets	7,806	10,290
<b>Total deferred tax assets</b>	<b>156,320</b>	<b>150,370</b>
Valuation allowance	(98,445)	(97,641)
<b>Total deferred tax assets, net of valuation allowance</b>	<b>57,875</b>	<b>52,729</b>
<b>DEFERRED TAX LIABILITIES:</b>		
Property and equipment, net	68,047	71,700
Goodwill and other intangibles	1,727	2,650
Other liabilities	2,385	1,496
<b>Total deferred tax liabilities</b>	<b>72,159</b>	<b>75,846</b>
<b>Net deferred tax liabilities</b>	<b>\$ 14,284</b>	<b>\$ 23,117</b>

Federal net operating loss carryforwards at December 31, 2014 totaled \$64.3 million, resulting in a deferred tax benefit of \$22.5 million, which will begin to expire in 2032. Federal credit carryforwards at December 31, 2014 totaled \$0.3 million, and will not expire. Charitable contribution carryforwards at December 31, 2014 totaled \$2.5 million, resulting in a deferred tax benefit of \$0.4 million, which will begin to expire in 2015. The use of certain federal net operating losses, credits and other deferred tax assets are limited to the Company's future taxable earnings. As a result, a valuation allowance has been provided for certain federal deferred tax assets. The valuation allowance related to federal deferred tax assets increased (decreased) \$4.3 million, \$60.3 million and \$(0.5) million in 2014, 2013 and 2012, respectively. The 2013 increase in the valuation allowance includes the revaluation of the deferred tax assets of the TRSs due to the REIT conversion. State net operating loss carryforwards at December 31, 2014 totaled \$479.3 million, resulting in a deferred tax benefit of \$24.6 million, which will expire between 2015 and 2034. The use of certain state net operating losses, credits and other state deferred tax assets are limited to the future taxable earnings of separate legal entities. As a result, a valuation allowance has been provided for certain state deferred tax assets, including loss carryforwards. The valuation allowance related to state deferred tax assets increased (decreased) \$(3.5) million, \$19.0 million and \$(0.3) million in 2014, 2013 and 2012, respectively. Management believes that it is more likely than not that the results of operations will generate sufficient taxable income to realize the deferred tax assets after giving consideration to the valuation allowance.

The Company has concluded IRS examinations through the 2010 tax year. For federal income tax purposes and substantially all the states with which the Company has nexus, the statute of limitations has expired through 2010. However, the Company has net operating loss carryforwards from closed years, which could be adjusted upon audit. The Company has not been notified of any federal or state income tax examinations.

As a result of the completion of the IRS federal income tax audits through 2010, issues related to 2010 and earlier years have been effectively settled. Due to the favorable resolution of the federal examination, the Company's reserve for unrecognized tax benefits decreased by \$12.3 million during 2013, of which \$5.5 million was recorded as an income tax benefit. Due to the expiration of statutes of limitations, the reserve for unrecognized tax benefits decreased an additional \$0.8 million during 2013, of which \$0.5 million was recorded as an income tax benefit. In addition, the Company recorded a reduction to the related accrued interest of \$1.5 million as an income tax benefit in 2013.



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As of December 31, 2014, the Company had no unrecognized tax benefits. A reconciliation of the beginning and ending gross amount of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Unrecognized tax benefits at beginning of year	\$	\$ 13,162	\$ 14,141
Additions based on tax positions related to the current year			7
Reductions for tax positions of prior years			(222)
Reductions due to settlements with taxing authorities		(12,327)	
Reductions due to expiration of certain statute of limitations		(835)	(764)
Unrecognized tax benefits at end of year	\$	\$	\$ 13,162

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The Company recognized \$(2.2) million and \$0.2 million of interest and no penalties related to uncertain tax positions in the accompanying consolidated statements of operations for 2013 and 2012, respectively. As of December 31, 2014 and 2013, the Company has accrued no interest or penalties related to uncertain tax positions.

**11. Commitments and Contingencies***Capital Leases*

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

	<b>2014</b>	<b>2013</b>
Property and equipment	\$ 4,367	\$ 3,736
Prepaid expenses and other assets	130	130
Accumulated depreciation	(2,584)	(2,377)
Net assets under capital leases	\$ 1,913	\$ 1,489

*Operating Leases*

Rental expense for operating leases was \$14.7 million, \$14.1 million, and \$16.2 million for 2014, 2013 and 2012, respectively. Non-cash lease expense for 2014, 2013, and 2012 was \$5.5 million, \$5.6 million and \$5.7 million, respectively, as discussed below.

Future minimum cash lease commitments under all non-cancelable leases in effect at December 31, 2014 are as follows (amounts in thousands):

<b>Capital Leases</b>	<b>Operating Leases</b>
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2015	\$ 409	\$ 5,097
2016	46	4,704
2017	46	4,279
2018	46	4,348
2019	46	4,579
Years thereafter	842	604,801
Total minimum lease payments	1,435	\$ 627,808
Less amount representing interest	(380)	
Total present value of minimum payments	1,055	
Less current portion of obligations	(377)	
Long-term obligations	\$ 678	

The Company entered into a 75-year operating lease agreement during 1999 for 65.3 acres of land located in Osceola County, Florida for the development of Gaylord Palms. The lease requires the Company to make annual base lease payments, which were

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approximately \$3.8 million in 2014. The lease agreement provides for an annual 3% escalation of base rent. The terms of this lease require that the Company recognize lease expense on a straight-line basis, which resulted in an annual base lease expense of approximately \$9.4 million for 2014, 2013, and 2012. This rent included approximately \$5.5 million, \$5.6 million, and \$5.7 million of non-cash expenses during 2014, 2013, and 2012, respectively. At the end of the 75-year lease term, the Company may extend the operating lease to January 31, 2101, at which point the buildings and fixtures will be transferred to the lessor. The Company also records contingent rental expense based upon net revenues associated with the Gaylord Palms operations. The Company recorded \$2.0 million, \$1.9 million, and \$2.0 million of contingent rental expense related to the Gaylord Palms in 2014, 2013, and 2012, respectively.

*Other Commitments and Contingencies*

As discussed in Note 7, 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 at Gaylord Opryland 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, pursuant to §4062(e) of ERISA, 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 PBGC, which had indicated that it did not agree with the Company's position, had previously announced a moratorium on this type of enforcement action through December 31, 2014.

On December 16, 2014, the 2015 Federal Consolidated and Further Continuing Omnibus Appropriations Act (the Appropriations Act) became law. The Appropriations Act included provisions amending the applicability of ERISA §4062(e) to certain business transactions and modifying the enforcement mechanisms available to the PBGC in the event that ERISA §4062(e) did apply. Based on the advice of its professional advisors, the Company believes that the provisions of the Appropriations Act eliminates any basis for any PBGC enforcement action under ERISA §4062(e) as a result of the purported cessation of management operations at Gaylord Opryland in connection with the REIT conversion.

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

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

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

**12. Fair Value Measurements**

The Company uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs

other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

At December 31, 2014 and 2013, the Company held certain assets, and at December 31, 2014, the Company held certain liabilities, that are required to be measured at fair value on a recurring basis. These included investments held in connection with the Company's non-qualified contributory deferred compensation plan and liabilities associated with the outstanding common stock warrants associated with the Convertible Notes discussed in Note 5.

The investments held by the Company in connection with its deferred compensation plan consist of mutual funds traded in an active market. See Note 7 for further information on the Company's deferred compensation plan. 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.

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As discussed in Note 5, in the first quarter of 2015, the Company intends to cash settle 4.7 million common stock warrants associated with its Convertible Notes, which have been classified as a derivative liability in the accompanying consolidated balance sheet as of December 31, 2014. The Company determined the fair value of these warrants based on the Company's closing stock price at December 31, 2014 and a pricing grid provided by the counterparties to the warrants that was based on observable inputs. Therefore, the Company has categorized this liability as Level 2.

The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of 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 December 31, were as follows (in thousands):

	<b>December 31, 2014</b>	<b>Markets for Identical Assets (Level 1)</b>	<b>Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>
Deferred compensation plan investments	\$ 19,712	\$ 19,712	\$	\$
Total assets measured at fair value	\$ 19,712	\$ 19,712	\$	\$
Warrant liability	\$ 134,477	\$	\$ 134,477	\$
Total liabilities measured at fair value	\$ 134,477	\$	\$ 134,477	\$

	<b>December 31, 2013</b>	<b>Markets for Identical Assets (Level 1)</b>	<b>Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>
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 December 31, 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 4, in connection with the development of Gaylord National, the Company received a series A Bond and a Series B Bond from Prince George's County, Maryland which had aggregate carrying values of \$87.0 million and \$62.6 million, respectively, as of December 31, 2014. The fair value of the Series A Bond, which has the senior claim to the cash flows supporting these bonds, approximates carrying value as of December 31, 2014. The fair value of the Series B Bond, based upon current market interest rates of notes receivable with comparable market ratings and current expectations about the timing of debt service payments under the note, which the Company

considers as Level 3, was approximately \$44 million as of December 31, 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 as of December 31, 2014.

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

**Table of Contents****13. Financial Reporting By Business Segments**

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

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

*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.

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

	2014	2013	2012
<b>REVENUES:</b>			
Hospitality	\$ 954,166	\$ 878,509	\$ 916,041
Opry and Attractions	86,825	76,053	70,553
Corporate and Other			
Total revenues	\$ 1,040,991	\$ 954,562	\$ 986,594
<b>DEPRECIATION AND AMORTIZATION:</b>			
Hospitality	\$ 103,422	\$ 103,147	\$ 107,343
Opry and Attractions	5,258	5,368	5,119
Corporate and Other	3,598	8,013	18,229
Total depreciation and amortization	\$ 112,278	\$ 116,528	\$ 130,691
<b>OPERATING INCOME (LOSS):</b>			
Hospitality	\$ 162,535	\$ 121,556	\$ 150,210
Opry and Attractions	21,752	14,157	13,305
Corporate and Other	(31,171)	(34,305)	(65,107)
REIT conversion costs		(22,190)	(101,964)
Casualty loss		(54)	(858)
Preopening costs	(11)		(340)
Impairment and other charges		(2,976)	
Total operating income (loss)	153,105	76,188	(4,754)
Interest expense, net of amounts capitalized	(61,447)	(60,916)	(58,582)

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Interest income	12,075	12,267	12,307
Income from unconsolidated companies		10	109
Loss on extinguishment of debt	(2,148)	(4,181)	
Other gains and (losses)	23,415	2,447	22,251
Income (loss) before income taxes and discontinued operations	\$ 125,000	\$ 25,815	\$ (28,669)

	December 31, 2014	December 31, 2013
<b>IDENTIFIABLE ASSETS:</b>		
Hospitality	\$ 2,207,043	\$ 2,237,888
Opry and Attractions	80,127	79,770
Corporate and Other	125,827	106,689
Discontinued operations	149	282
Total identifiable assets	\$ 2,413,146	\$ 2,424,629



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

	2014	2013	2012
<b>CAPITAL EXPENDITURES:</b>			
Hospitality	\$ 46,440	\$ 32,266	\$ 73,170
Opry and Attractions	4,760	2,688	7,347
Corporate and other	7,177	2,005	14,716
<b>Total capital expenditures</b>	<b>\$ 58,377</b>	<b>\$ 36,959</b>	<b>\$ 95,233</b>

**14. Quarterly Financial Information (Unaudited)**

The following is selected unaudited quarterly financial data for the fiscal years ended December 31, 2014 and 2013 (amounts in thousands, except per share data).

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

	2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 246,451	\$ 257,913	\$ 245,015	\$ 291,612
Depreciation and amortization	28,003	28,232	28,033	28,010
Operating income	32,797	47,486	29,083	43,739
Income before income taxes and discontinued operations	20,158	28,555	14,654	61,633
(Provision) benefit for income taxes	484	(576)	463	1,096
Income from continuing operations	20,642	27,979	15,117	62,729
Income (loss) from discontinued operations, net of taxes	11	12	13	(51)
Net income	20,653	27,991	15,130	62,678
Net income available to common stockholders	20,653	23,039	15,130	62,213
Net income per share	0.41	0.45	0.30	1.22
Net income per share - assuming dilution	0.32	0.38	0.25	1.21

	2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	\$ 222,113	\$ 245,183	\$ 221,196	\$ 266,070
Depreciation and amortization	32,009	29,054	27,916	27,549
Operating income (loss)	(2,244)	28,903	19,803	29,726
	(12,522)	14,584	5,783	17,970

Income (loss) before income taxes and discontinued operations

Benefit for income taxes	66,292	1,784	12,450	12,136
Income from continuing operations	53,770	16,368	18,233	30,106
Income (loss) from discontinued operations, net of taxes	10	11	(202)	56
Net income	53,780	16,379	18,031	30,162
Net income available to common stockholders	53,780	11,510	18,031	30,162
Net income per share	1.03	0.22	0.36	0.60
Net income per share assuming dilution	0.81	0.18	0.30	0.48

During the second quarter of 2014, the Company recorded a loss on extinguishment of debt of approximately \$2.1 million related to the repurchase and conversion of a portion of its outstanding Convertible Notes.

During the second quarter of 2014, the Company entered into agreements with its note hedge counterparties to proportionately reduce the number of Purchased Options and the warrants as described in Note 5. In addition, the Company modified the agreements with

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two of the note hedge counterparties to cash settle a portion of the warrants as described in Note 5. Each of these agreements were considered modifications to Purchased Options and warrants (as applicable), and based on the agreements, the Company recognized a charge of \$5.0 million, which is recorded as an increase to accumulated deficit and derivative liabilities, net in the accompanying consolidated financial statements. This charge also represents a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders.

During the fourth quarter of 2014, the Company sold to an affiliate of the Peterson Companies all of its rights in a letter of intent to which it is a party with the Peterson Companies, which entitled the Company to a portion of such party's economic interest in the income from the land underlying the new MGM casino project at National Harbor. The Company will receive \$26.1 million over three years in exchange for its contractual rights, which is included in other gains and losses, net in the accompanying consolidated statement of operations.

During the first quarter of 2013, the Company recorded a net income tax benefit of \$61.3 million related to the reversal of certain net deferred tax liabilities that are no longer applicable as a result of the Company's REIT conversion, partially offset by a valuation allowance on the net deferred tax assets of the Company's TRSs.

During the first quarter of 2013, in conjunction with its reorganization as a REIT, the Company recognized \$15.0 million in REIT conversion costs.

During the second quarter of 2013, in conjunction with its reorganization as a REIT, the Company recognized \$5.4 million in REIT conversion costs.

During the second quarter of 2013, the Company entered into agreements with its note hedge counterparties to proportionately reduce the number of Purchased Options and the warrants as described in Note 5. These agreements were considered modifications to the Purchased Options and the warrants, and based on the terms of the agreements, the Company recognized a charge of \$4.9 million, which is recorded as an increase to accumulated deficit and additional paid-in-capital in the accompanying consolidated balance sheets. This charge also represents a deduction from net income in calculating net income available to common stockholders and earnings per share available to common stockholders.

During the third quarter of 2013, the Company recorded a loss on extinguishment of debt of approximately \$4.2 million related to the repurchase and conversion of a portion of its outstanding Convertible Notes.

## **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 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. As further described in Note 2, on October 1, 2012, the Company and its subsidiaries completed a restructuring of assets and operations in connection with the Company's transition to a REIT. For purposes of presenting the condensed consolidating financial

information, the results of the subsidiaries that own the hotel properties are reflected in the guarantor results for periods commencing October 1, 2012. The Operating Partnership was formed in 2012 and had no results prior to October 1, 2012. Certain prior year amounts have been reclassified to conform to the current year presentation.

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****As of December 31, 2014**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>ASSETS:</b>						
Property and equipment, net of accumulated depreciation	\$ 6,574	\$	\$ 1,691,996	\$ 337,691	\$	\$ 2,036,261
Cash and cash equivalents - unrestricted	392	1,001	36	74,979		76,408
Cash and cash equivalents - restricted				17,410		17,410
Notes receivable				149,612		149,612
Trade receivables, less allowance				45,188		45,188
Deferred financing costs		21,646				21,646
Prepaid expenses and other assets	16,908	33	75,335	50,713	(76,368)	66,621
Intercompany receivables, net		219,772	1,073,805		(1,293,577)	
Investments	1,587,425	2,767,163	526,645	695,896	(5,577,129)	
<b>Total assets</b>	<b>\$ 1,611,299</b>	<b>\$ 3,009,615</b>	<b>\$ 3,367,817</b>	<b>\$ 1,371,489</b>	<b>\$ (6,947,074)</b>	<b>\$ 2,413,146</b>

**LIABILITIES AND STOCKHOLDERS EQUITY:**

Debt and capital lease obligations	\$	\$ 1,340,500	\$	\$ 1,055	\$	\$ 1,341,555
Accounts payable and accrued liabilities	36	7,248	216	235,999	(76,651)	166,848
Deferred income tax liabilities, net	7,258		616	6,410		14,284
Deferred management rights proceeds				183,423		183,423
Dividends payable	29,133					29,133
Derivative liabilities	134,477					134,477
Other liabilities			79,382	62,354	283	142,019
Intercompany payables, net	1,038,988			254,589	(1,293,577)	
Commitments and contingencies						
Stockholders' equity:						
Preferred stock						

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Common stock	510	1	1	2,387	(2,389)	510
Additional paid-in-capital	882,193	1,741,705	2,803,719	1,183,941	(5,729,365)	882,193
Treasury stock	(8,002)					(8,002)
Accumulated deficit	(446,963)	(79,839)	483,883	(532,338)	128,294	(446,963)
Accumulated other comprehensive loss	(26,331)			(26,331)	26,331	(26,331)
Total stockholders equity	401,407	1,661,867	3,287,603	627,659	(5,577,129)	401,407
Total liabilities and stockholders equity	\$ 1,611,299	\$ 3,009,615	\$ 3,367,817	\$ 1,371,489	\$ (6,947,074)	\$ 2,413,146

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING BALANCE SHEET****As of December 31, 2013**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>ASSETS:</b>						
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	1,727,143	2,767,163	526,644	436,828	(5,457,778)	
<b>Total assets</b>	<b>\$ 1,817,327</b>	<b>\$ 2,787,186</b>	<b>\$ 3,203,639</b>	<b>\$ 1,264,857</b>	<b>\$ (6,648,380)</b>	<b>\$ 2,424,629</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY:</b>						
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

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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	(454,770)	(34,093)	309,363	(540,127)	264,857	(454,770)
Accumulated other comprehensive loss	(9,119)			(9,119)	9,119	(9,119)
Total stockholders equity	757,695	1,707,612	3,112,987	637,179	(5,457,778)	757,695
Total liabilities and stockholders equity	\$ 1,817,327	\$ 2,787,186	\$ 3,203,639	\$ 1,264,857	\$ (6,648,380)	\$ 2,424,629



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

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>Revenues:</b>						
Rooms	\$	\$	\$	\$ 384,185	\$	\$ 384,185
Food and beverage				412,061		412,061
Other hotel revenue			286,816	176,617	(305,513)	157,920
Opry and Attractions	331			87,433	(939)	86,825
Total revenues	331		286,816	1,060,296	(306,452)	1,040,991
<b>Operating expenses:</b>						
Rooms				116,103		116,103
Food and beverage				248,358		248,358
Other hotel expenses			44,160	550,892	(287,455)	307,597
Management fees				16,151		16,151
Total hotel operating expenses			44,160	931,504	(287,455)	688,209
Opry and Attractions				59,747	68	59,815
Corporate	97	1,189	2	26,285		27,573
Corporate overhead allocation	10,561		8,504		(19,065)	
Preopening costs				11		11
Depreciation and amortization	84		59,420	52,774		112,278
Total operating expenses	10,742	1,189	112,086	1,070,321	(306,452)	887,886
Operating income (loss)	(10,411)	(1,189)	174,730	(10,025)		153,105
<b>Interest expense, net of amounts capitalized</b>						
	(16,918)	(44,555)		26		(61,447)
Interest income				12,075		12,075
Loss on extinguishment of debt	(2,148)					(2,148)
Other gains and (losses), net	21,892			1,523		23,415
Income (loss) before income taxes and discontinued operations	(7,585)	(45,744)	174,730	3,599		125,000
(Provision) benefit for income taxes	(2,526)	(2)	(210)	4,205		1,467
Equity in subsidiaries earnings, net	136,563				(136,563)	

Income (loss) from continuing operations	126,452	(45,746)	174,520	7,804	(136,563)	126,467
Loss from discontinued operations, net of taxes				(15)		(15)
Net income (loss)	\$ 126,452	\$ (45,746)	\$ 174,520	\$ 7,789	\$ (136,563)	\$ 126,452
Comprehensive income (loss)	\$ 109,240	\$ (45,746)	\$ 174,520	\$ (9,423)	\$ (119,351)	\$ 109,240

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS****AND COMPREHENSIVE INCOME****For the Year Ended December 31, 2013**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>Revenues:</b>						
Rooms	\$	\$	\$	\$ 357,313	\$	\$ 357,313
Food and beverage				382,340		382,340
Other hotel revenue			266,971	152,802	(280,917)	138,856
Opry and Attractions				76,805	(752)	76,053
Total revenues			266,971	969,260	(281,669)	954,562
<b>Operating expenses:</b>						
Rooms				106,849		106,849
Food and beverage				237,153		237,153
Other hotel expenses			44,589	517,933	(267,370)	295,152
Management fees				14,652		14,652
Total hotel operating expenses			44,589	876,587	(267,370)	653,806
Opry and Attractions				56,662	(134)	56,528
Corporate	12	1,751		24,529		26,292
Corporate overhead allocation	8,766		5,399		(14,165)	
REIT conversion costs				22,190		22,190
Casualty loss				54		54
Impairment and other charges (non-REIT conversion costs)			2,537	439		2,976
Depreciation and amortization			59,539	56,989		116,528
Total operating expenses	8,778	1,751	112,064	1,037,450	(281,669)	878,374
Operating income (loss)	(8,778)	(1,751)	154,907	(68,190)		76,188
Interest expense, net of amounts capitalized	(28,775)	(32,092)		(49)		(60,916)
Interest income				12,267		12,267
Income from unconsolidated companies				10		10
Loss on extinguishment of debt	(4,181)					(4,181)
Other gains and (losses), net				2,447		2,447

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Income (loss) before income taxes and discontinued operations	(41,734)	(33,843)	154,907	(53,515)		25,815
(Provision) benefit for income taxes	1,902	2,695	132,521	(44,456)		92,662
Equity in subsidiaries earnings, net	158,184				(158,184)	
Income (loss) from continuing operations	118,352	(31,148)	287,428	(97,971)	(158,184)	118,477
Loss from discontinued operations, net of taxes				(125)		(125)
Net income (loss)	\$ 118,352	\$ (31,148)	\$ 287,428	\$ (98,096)	\$ (158,184)	\$ 118,352
Comprehensive income (loss)	\$ 133,836	\$ (31,148)	\$ 287,428	\$ (82,612)	\$ (173,668)	\$ 133,836

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS****AND COMPREHENSIVE INCOME****For the Year Ended December 31, 2012**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Eliminations	Consolidated
<b>Revenues:</b>						
Rooms	\$	\$	\$	\$ 365,611	\$	\$ 365,611
Food and beverage				401,252		401,252
Other hotel revenue	6,281		66,211	149,393	(72,707)	149,178
Opry and Attractions				71,279	(726)	70,553
Total revenues	6,281		66,211	987,535	(73,433)	986,594
<b>Operating expenses:</b>						
Rooms				96,900		96,900
Food and beverage				242,739		242,739
Other hotel expenses			11,504	370,241	(67,102)	314,643
Management fees				4,207		4,207
Total hotel operating expenses			11,504	714,087	(67,102)	658,489
Opry and Attractions				52,208	(78)	52,130
Corporate	19,790			27,086		46,876
Corporate overhead allocation				6,253	(6,253)	
REIT conversion costs	42,303			59,661		101,964
Casualty loss	429			429		858
Preopening costs	22			318		340
Depreciation and amortization	2,377		9,960	118,354		130,691
Total operating expenses	64,921		21,464	978,396	(73,433)	991,348
Operating income (loss)	(58,640)		44,747	9,139		(4,754)
<b>Interest expense, net of amounts capitalized</b>						
	(54,896)	(4,584)	(10,841)	(110,821)	122,560	(58,582)
Interest income	100,455		2,609	31,803	(122,560)	12,307
Income from unconsolidated companies				109		109
Other gains and (losses), net	20,000			2,251		22,251
Income (loss) before income taxes and discontinued operations	6,919	(4,584)	36,515	(67,519)		(28,669)

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(Provision) benefit for income taxes	(12,311)	1,638	(14,580)	27,287		2,034
Equity in subsidiaries losses, net	(21,252)				21,252	
Income (loss) from continuing operations	(26,644)	(2,946)	21,935	(40,232)	21,252	(26,635)
Loss from discontinued operations, net of taxes				(9)		(9)
Net income (loss)	\$ (26,644)	\$ (2,946)	\$ 21,935	\$ (40,241)	\$ 21,252	\$ (26,644)
Comprehensive income (loss)	\$ (15,216)	\$ (2,946)	\$ 21,935	\$ (40,241)	\$ 21,252	\$ (15,216)

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

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantors	Elimination	Consolidated
Net cash provided by (used in) continuing operating activities	\$ 636,386	\$ (466,285)	\$ (24)	\$ 77,074	\$	\$ 247,151
Net cash used in discontinued operating activities				(147)		(147)
Net cash provided by (used in) operating activities	636,386	(466,285)	(24)	76,927		247,004
Purchases of property and equipment	(6,659)		60	(51,778)		(58,377)
Purchase of AC Hotel				(21,206)		(21,206)
Proceeds from sale of Peterson LOI	9,350					9,350
Decrease in restricted cash and cash equivalents				2,759		2,759
Other investing activities				8,012		8,012
Net cash provided by (used in) investing activities continuing operations	2,691		60	(62,213)		(59,462)
Net cash used in investing activities discontinued operations						
Net cash provided by (used in) investing activities	2,691		60	(62,213)		(59,462)
Net borrowings under credit facility		77,000				77,000
Net borrowing under term loan B		398,000				398,000
Repurchase and conversion of convertible notes	(358,710)					(358,710)
Repurchase of common stock warrants	(177,423)					(177,423)
Deferred financing costs paid		(8,428)				(8,428)
Payment of dividend	(109,414)					(109,414)
Proceeds from exercise of stock option and purchase plans	6,862					6,862
Other financing activities, net				(600)		(600)
	(638,685)	466,572		(600)		(172,713)

Net cash provided by (used in)  
financing activities continuing  
operations

Net cash used in financing activities  
discontinued operations

Net cash provided by (used in) financing activities	(638,685)	466,572		(600)	(172,713)
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Net change in cash and cash equivalents	392	287	36	14,114	14,829
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Cash and cash equivalents at beginning of period		714		60,865	61,579
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Cash and cash equivalents at end of period	\$ 392	\$ 1,001	\$ 36	\$ 74,979	\$ 76,408
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**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2013**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantor	Elimination	Consolidated
Net cash provided by (used in) continuing operating activities	\$ 422,624	\$ (298,048)	\$ (2,164)	\$ 15,193	\$	\$ 137,605
Net cash provided by discontinued operating activities				94		94
Net cash provided by (used in) operating activities	422,624	(298,048)	(2,164)	15,287		137,699
Purchases of property and equipment			2,759	(39,718)		(36,959)
Collection of notes receivable				1,740		1,740
Increase in restricted cash and cash equivalents				(13,959)		(13,959)
Other investing activities				437		437
Net cash provided by (used in) investing activities continuing operations			2,759	(51,500)		(48,741)
Net cash used in investing activities discontinued operations						
Net cash provided by (used in) investing activities			2,759	(51,500)		(48,741)
Net repayments under credit facility		(35,500)				(35,500)
Issuance of senior notes		350,000				350,000
Early redemption of senior notes	(152,180)					(152,180)
Repurchase and conversion of convertible notes	(99,222)					(99,222)
Deferred financing costs paid		(15,738)				(15,738)
Repurchase of Company stock for retirement	(100,028)					(100,028)
Payment of dividend	(76,424)					(76,424)
Proceeds from exercise of stock option and purchase plans	5,223					5,223
Excess tax benefit from stock-based compensation	7					7
Other financing activities, net				(687)		(687)

Net cash provided by (used in) financing activities	continuing operations	(422,624)	298,762	(687)	(124,549)
Net cash used in financing activities	discontinued operations				
Net cash provided by (used in) financing activities		(422,624)	298,762	(687)	(124,549)
Net change in cash and cash equivalents			714	595	(36,900)
Cash and cash equivalents at beginning of period				(595)	97,765
Cash and cash equivalents at end of period		\$	\$ 714	\$ 60,865	\$ 61,579

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS****For the Year Ended December 31, 2012**

(in thousands)	Parent Guarantor	Issuer	Guarantors	Non- Guarantor	Elimination	Consolidated
Net cash provided by (used in) continuing operating activities	\$ 67,789	\$ 120,000	\$ (490)	\$ (10,905)	\$	\$ 176,394
Net cash provided by discontinued operating activities				76		76
Net cash provided by (used in) operating activities	67,789	120,000	(490)	(10,829)		176,470
Purchases of property and equipment	(7,362)		(105)	(87,766)		(95,233)
Sale of management rights and intellectual property	20,000			190,000		210,000
Collection of notes receivable				4,480		4,480
Increase in restricted cash and cash equivalents				(5,060)		(5,060)
Other investing activities				869		869
Net cash provided by (used in) investing activities continuing operations	12,638		(105)	102,523		115,056
Net cash used in investing activities discontinued operations						
Net cash provided by (used in) investing activities	12,638		(105)	102,523		115,056
Net borrowings (repayments) under credit facility	65,000	(120,000)				(55,000)
Deferred financing costs paid	(376)					(376)
Proceeds from the issuance of common stock	32,722					32,722
Repurchase of Company stock for retirement	(185,400)					(185,400)
Payment of dividend	(62,007)					(62,007)
Proceeds from exercise of stock option and purchase plans	25,336					25,336
Excess tax benefit from stock-based compensation	6,736					6,736

Other financing activities, net			(755)	(755)
Net cash used in financing activities continuing operations	(117,989)	(120,000)	(755)	(238,744)
Net cash used in financing activities discontinued operations				
Net cash used in financing activities	(117,989)	(120,000)	(755)	(238,744)
Net change in cash and cash equivalents	(37,562)		(595)	90,939
Cash and cash equivalents at beginning of period	37,562			6,826
Cash and cash equivalents at end of period	\$	\$	\$ (595)	\$ 97,765
				\$ 97,170

**Table of Contents****RYMAN HOSPITALITY PROPERTIES, INC. AND SUBSIDIARIES****SCHEDULE III REAL ESTATE AND ACCUMULATED DEPRECIATION****December 31, 2014****(Amounts in thousands)**

	Enclmbr	Initial Cost to Company			Gross Amount at End of Year			Acc Depr	Date Acq Constr	Depr Life (yrs)
		Land	Bldgs & Impr	Costs Capitalized Subs to Acq	Land	Bldgs & Impr	Total (2)			
Gaylord Opryland	(1)	\$ 9,818	\$ 77,125	\$ 533,223	\$ 47,488	\$ 572,678	\$ 620,166	\$ 285,549	1983	20-40
Gaylord Palms	(1)	21,564	314,661	39,569	29,900	345,894	375,794	121,856	2002	20-40
Gaylord Texan	(1)	21,234	388,030	75,091	44,065	440,290	484,355	119,861	2004	20-40
Gaylord National Inn at Opryland	(1)	43,211	840,261	12,798	46,176	850,094	896,270	143,268	2008	20-40
AC Hotel		2,676	7,248	12,513	2,875	19,562	22,437	6,674	1998	20-40
Miscellaneous		9,079	17,340		9,079	17,340	26,419	36	2014	20-40
		21,290	16,250	25,380	40,059	22,861	62,920	14,447	N/A	20-40
		\$ 128,872	\$ 1,660,915	\$ 698,574	\$ 219,642	\$ 2,268,719	\$ 2,488,361	\$ 691,691		

	2014	2013	2012
Investment in real estate:			
Balance at beginning of year	\$ 2,436,266	\$ 2,429,282	\$ 2,388,860
Acquisitions	33,077		
Improvements	19,150	11,806	45,920
Disposals	(132)	(3,406)	(5,498)
Impairments		(1,416)	
Balance at end of year	\$ 2,488,361	\$ 2,436,266	\$ 2,429,282
Accumulated depreciation:			
Balance at beginning of year	\$ 629,292	\$ 568,681	\$ 507,516
Depreciation	62,492	64,095	64,605
Disposals	(93)	(3,484)	(3,440)
Balance at end of year	\$ 691,691	\$ 629,292	\$ 568,681

- (1) Pledged as collateral under the Company's credit facility. At December 31, 2014, \$588.8 million in borrowings and letters of credit were outstanding under such facility.
- (2) The aggregate cost of properties for federal income tax purposes is approximately \$2.4 billion at December 31, 2014.

**Table of Contents****INDEX TO EXHIBITS**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
2.1	Purchase Agreement, dated May 30, 2012, by and among the Company, Gaylord Hotels, Inc., Marriott Hotel Services, Inc., and Marriott International, Inc. (including the forms of Management Agreement and Pooling Agreement) (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed May 31, 2012 (File No. 1-13079)).
2.2	Agreement and Plan of Merger by and between Gaylord Entertainment Company and the Company dated as of July 27, 2012 (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A filed August 22, 2012 relating to the Company's special meeting of stockholders held on September 25, 2012 (File No. 1-13079)).
3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed October 1, 2012 (File No. 1-13079)).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed October 1, 2012 (File No. 1-13079)).
4.1	Specimen of Common Stock certificate of the Company (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed September 24, 2012 (File No. 1-13079)).
4.2	Reference is made to Exhibits 3.1 and 3.2 hereof for instruments defining the rights of common stockholders of the Company.
4.3	Indenture, dated as of April 3, 2013, among RHP Hotel Properties, LP, RHP Finance Corporation, Ryman Hospitality Properties, Inc., each of the guarantors named therein and U.S. Bank National Association, as trustee, relating to the 5.00% Senior Notes due 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed April 5, 2013 (File No. 1-13079)).
4.4	Form of 5.00% Senior Note due 2021 (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed April 5, 2013 (File No. 1-13079)).
4.5	Registration Rights Agreement, dated as of April 3, 2013, among RHP Properties, LP, RHP Finance Corporation, Ryman Hospitality Properties, Inc., the Guarantors (as defined therein) and Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities, LLC, Wells Fargo Securities, LLC, U.S. Bancorp Investments, Inc. and Credit Agricole Securities (USA) Inc., as representatives of the initial purchasers (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed April 5, 2013 (File No. 1-13079)).
10.1	Fourth Amended and Restated Credit Agreement dated as of April 18, 2013, by and among the Company, as a guarantor, RHP Hotel Properties, LP, as the borrower, certain subsidiaries of the Company party thereto, as guarantors, the lenders party thereto and Wells Fargo Bank National Association, as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed April 23, 2013 (File No. 1-13079)).
10.2	Amendment No. 1 and Joinder Agreement dated as of June 18, 2014, among Ryman Hospitality Properties, Inc., as a guarantor, RHP Hotel Properties, LP, as borrower, certain other subsidiaries of Ryman Hospitality Properties, Inc. party thereto, as guarantors, certain subsidiaries of Ryman Hospitality Properties, Inc. party thereto, as pledgors, the lenders party thereto and Wells Fargo Bank

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National Association, as administrative agent with respect to \$400 million term loan B (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 19, 2014).

- 10.3 Opryland Hotel-Florida Ground Lease, dated as of March 3, 1999, by and between Xentury City Development Company, L.L.C., and Opryland Hotel-Florida Limited Partnership (incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-13079)).
- 10.4 Hotel/ Convention Center Sublease Agreement, dated as of May 16, 2000, by and between the City of Grapevine, Texas and Opryland Hotel-Texas Limited Partnership (incorporated by reference to Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
- 10.5 Sublease Addendum Number 1, dated July 28, 2000, by and between the City of Grapevine, Texas and Opryland Hotel-Texas Limited Partnership (incorporated by reference to Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
- 10.6 Equity Derivatives Confirmation (warrant transaction), dated September 24, 2009, between the Company and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K dated September 29, 2009 (File No. 1-13079)).
- 10.7 Amendment Agreement to Warrant Confirmation, dated as of September 25, 2009, between the Company and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.14 to the Company's Current Report on Form 8-K dated September 29, 2009 (File No. 1-13079)).
- 10.8 Equity Derivatives Confirmation (warrant transaction), dated September 24, 2009, between the Company and Wachovia Bank, National Association (incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K dated September 29, 2009 (File No. 1-13079)).



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- 10.9      Amendment Agreement to Warrant Confirmation, dated as of September 25, 2009, between the Company and Wachovia Bank, National Association (incorporated by reference to Exhibit 10.16 to the Company's Current Report on Form 8-K dated September 29, 2009 (File No. 1-13079)).
- 10.10     Repurchase Agreement, dated as of August 6, 2012, by and between TRT Holdings, Inc. and the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 7, 2012 (File No. (1-13079))).
- 10.11#    The Opryland USA Inc. Supplemental Deferred Compensation Plan (incorporated by reference to Exhibit 10.11 to the former Gaylord Entertainment Company's Registration Statement on Form S-1 (File No. 33-42329)).
- 10.12#    Gaylord Entertainment Company Retirement Benefit Restoration Plan (incorporated by reference to Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-13079)).
- 10.13#    Executive Employment Agreement of Colin V. Reed, dated February 25, 2008, with the Company (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 27, 2008 (File No. 1-13079)).
- 10.14#    First Amendment to Executive Employment Agreement of Colin V. Reed, dated December 18, 2008, with Company (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K filed with the SEC on December 23, 2008 (File No. 1-13079)).
- 10.15#    Second Amendment to Executive Employment Agreement, dated September 3, 2010, by and between the Company and Colin V. Reed (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 1-13079)).
- 10.16#    Third Amendment to Executive Employment Agreement, dated as of November 5, 2012, by and between the Company and Colin V. Reed (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-13079)).
- 10.17#    Indemnification Agreement, dated as of April 23, 2001, by and between the Company and Colin V. Reed (incorporated by reference to Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-13079)).
- 10.18#    Indemnification Agreement, dated as of April 23, 2001, by and between the Company and Michael D. Rose (incorporated by reference to Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-13079)).
- 10.19#    Form of Employment Agreement of Mark Fioravanti, dated February 25, 2008, with the Company (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 27, 2008 (File No. 1-13079)).
- 10.20#    Form of Amendment No. 1 to Employment Agreement of Mark Fioravanti (incorporated by reference to Exhibit 10.38 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 1-13079)).
- 10.21#    Amendment No. 2 to Employment Agreement, dated September 3, 2010, by and between the Company and Mark Fioravanti (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 (File No. 1-13079)).
- 10.22#    Third Amendment to Executive Employment Agreement dated as of November 5, 2012, by and between the Company and Mark Fioravanti (incorporated by reference to Exhibit 10.6 to the Company's

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Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (File No. 1-13079)).

- 10.23\*# Employment Agreement dated as of February 25, 2008 by and between the Company and Bennett Westbrook.
- 10.24# Amendment No. 1 to Employment Agreement dated as of September 3, 2010 by and between Bennett Westbrook (incorporated by reference to Exhibit 10.46 to the Company's Annual Report on Form 10-K for the year ended December 31, 2012 (File No. 1-13079)).
- 10.25# Second Amendment to Employment Agreement dated as of November 5, 2012 by and between the Company and Bennett Westbrook (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).
- 10.26# Severance Agreement dated as of October 21, 2010 between the Company and Patrick Chaffin (incorporated by reference to Exhibit 10.49 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).
- 10.27# Severance Agreement dated as of February 25, 2013 between the Company and Scott Lynn (incorporated by reference to Exhibit 10.50 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).
- 10.28# Severance Agreement dated as of February 25, 2013 between the Company and Jennifer Hutcheson (incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).

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10.29#	Form of Indemnification Agreement between the Company and each of its non-employee directors (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-13079)).
10.30*#	Summary of Director and Executive Officer Compensation.
10.31#	Gaylord Entertainment Company Amended and Restated 2006 Omnibus Incentive Plan (incorporated by reference to Annex A to the Company's Definitive Proxy Statement for the 2011 Annual Meeting of Stockholders filed with the SEC on April 1, 2011 (File No. 1-13079)).
10.32#	Form of Restricted Share Award Agreement with respect to restricted stock granted pursuant to the Company's 2006 Omnibus Incentive Plan, as amended (incorporated by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-13079)).
10.33#	Form of Non-Qualified Stock Option Agreement with respect to stock options granted pursuant to the Company's 2006 Omnibus Incentive Plan, as amended (incorporated by reference to Exhibit 10.41 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-13079)).
10.34#	Form of Director Non-Qualified Stock Option Agreement with respect to stock options granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-13079)).
10.35#	Form of Director Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.43 to the Company's Annual Report on Form 10-K for the year ended December 31, 2006 (File No. 1-13079)).
10.36#	Form of Restricted Stock Unit Award Agreement with respect to performance-vesting restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive plan (incorporated by reference to Exhibit 10.35 to the Company's Annual Report on Form 10-K filed with the SEC on February 28, 2008 (File No. 1-13079)).
10.37#	Form of Restricted Stock Unit Award Agreement with respect to time-vesting restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 1-13079)).
10.38#	Form of Restricted Stock Unit Award Agreement with respect to performance-based restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (File No. 1-13079)).
10.39#	Form of 2013 Time-Based Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.67 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).
10.40#	Form of 2013 Performance-Based Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.68 to the Company's Annual Report on Form 10-K for the year December 31, 2012 (File No. 1-13079)).
10.41#	Form of Director Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan in lieu of cash retainer fees (incorporated by reference to Exhibit 10.68 to the Company's Annual Report on Form 10-K for the year ended

December 31, 2013 (File No. 1-13079)).

- 10.42# Form of Director Restricted Stock Unit Award Agreement with respect to restricted stock units granted pursuant to the Company's 2006 Omnibus Incentive Plan to replace previously deferred cash retainer fees (incorporated by reference to Exhibit 10.69 to the Company's Annual Report on Form 10-K for the year ended December 31, 2013 (File No. 1-13079)).
- 21\* Subsidiaries of the Company.
- 23.1\* Consent of Independent Registered Public Accounting Firm.
- 31.1\* Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- 31.2\* Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) and Rule 15d-14(a).
- 32.1\* Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
- 32.2\* Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
- 101\* The following materials from Ryman Hospitality Property, Inc.'s Annual Form on Form 10-K for the year ended December 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at December 31, 2014 and 2013, (ii) Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2014, 2013 and 2012, (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012, (v) Consolidated Statement of Changes in Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012, and (vi) Notes to Consolidated Financial Statements.

\* Filed herewith.

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

# Management contract or compensatory plan or arrangement.