

Reconciliation of Non-GAAP Financial Measures

Resort, Mountain, Lodging and Real Estate Reported EBITDA have been presented herein as measures of the Company's financial operating performance. Reported EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States ("GAAP"), and it might not be comparable to similarly titled measures. Reported EBITDA does not purport to represent cash provided by operating activities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company believes that Reported EBITDA is an indicative measure of the Company's operating performance, and it is generally used by investors to evaluate companies in the resort and lodging industries. In addition, because of the significance of long-lived assets to the operations of the Company and the level of the Company's indebtedness, the Company also believes that Reported EBITDA is useful in measuring the Company's ability to fund capital expenditures and service debt. The Company uses Reported EBITDA targets in determining management bonuses.

Presented below is a reconciliation of Reported EBITDA to net income (loss) for the Company calculated in accordance with GAAP for the three and twelve months ended July 31, for the fiscal years 2005 and 2004.

(\$ in thousands)	Three Months Ended July 31,		Twelve Months Ended July 31,	
	2005	2004	2005	2004
Mountain Reported EBITDA	\$(27,008)	\$ (22,011)	\$ 151,269	\$ 133,496
Lodging Reported EBITDA	<u>1,015</u>	<u>129</u>	<u>16,203</u>	<u>11,110</u>
Resort Reported EBITDA	(25,993)	(21,882)	167,472	144,606
Real Estate Reported EBITDA	<u>8,142</u>	<u>(842)</u>	<u>14,425</u>	<u>30,939</u>
Total Reported EBITDA	(17,851)	(22,724)	181,897	175,545
Depreciation and amortization expense	(20,580)	(21,039)	(89,968)	(86,377)
Asset impairment charges	(977)	(175)	(2,550)	(1,108)
Mold remediation charge	--	--	--	(5,500)
Loss on disposal of fixed assets, net	(9)	(778)	(1,528)	(2,345)
Investment income, net	623	548	2,066	1,886
Interest expense	(9,565)	(10,553)	(40,298)	(47,479)
Loss on extinguishment of debt	--	(886)	(612)	(37,084)
Loss from sale of businesses, net	(13,043)	--	(7,353)	--
Gain (loss) on put options, net	417	(137)	1,158	(1,875)
Other income (expense), net	--	(169)	50	(179)
Minority interest in income of consolidated subsidiaries, net	<u>1,742</u>	<u>2,181</u>	<u>(5,239)</u>	<u>(4,000)</u>
Income (loss) before (provision) benefit for income taxes	(59,243)	(53,732)	37,623	(8,516)
(Provision) benefit for income taxes	<u>22,808</u>	<u>17,428</u>	<u>(14,485)</u>	<u>2,557</u>
Net income (loss)	<u><u>\$(36,435)</u></u>	<u><u>\$ (36,304)</u></u>	<u><u>\$ 23,138</u></u>	<u><u>\$ (5,959)</u></u>

* Resort represents the sum of Mountain and Lodging.

Presented below is a reconciliation of Reported EBITDA for the Company's three hotel dispositions up to the date of sale to the net income for the Company for the twelve months ended July 31, 2005.

(\$ in thousands)	Fiscal Year Ended <u>July 31, 2005</u>
Reported EBITDA of the Vail Marriott and The Lodge at Rancho Mirage	\$ 5,276
Equity investment loss from the BG Resort	<u>(2,679)</u>
Reported EBITDA of disposed hotel operations	2,597
Remaining Lodging Reported EBITDA	<u>13,606</u>
Total Lodging Reported EBITDA	16,203
Mountain Reported EBITDA	151,269
Real Estate Reported EBITDA	<u>14,425</u>
Total Reported EBITDA	181,897
Depreciation and amortization expense	(89,968)
Asset impairment charges	(2,550)
Loss on disposal of fixed assets	(1,528)
Investment income, net	2,066
Interest expense	(40,298)
Loss on extinguishment of debt	(612)
Loss from sale of businesses, net	(7,353)
Gain on put options, net	1,158
Other income, net	50
Minority interest in income of consolidated subsidiaries, net	<u>(5,239)</u>
Income before provision for income taxes	37,623
Provision for income taxes	<u>(14,485)</u>
Net income	<u>\$ 23,138</u>

Presented below is a reconciliation of net income (loss) excluding the loss on extinguishment of debt, loss from sale of businesses, net, mold remediation charge, and including a modification to adjust the effective tax rate to a normalized rate of 40% to net income (loss) of the Company calculated in accordance with GAAP for the three and twelve months ended July 31, 2005 and 2004. Also presented is a reconciliation of net income (loss) per diluted share excluding the loss on extinguishment of debt, loss from sale of businesses, net, and the mold remediation charge and including a modification to adjust the effective tax rate to a normalized rate of 40% to net income (loss) per diluted share of the Company calculated in accordance with GAAP for the three and twelve months ended July 31, 2005 and 2004. The Company has presented these non-GAAP measures as it believes that this presentation is more indicative of the Company's results from ongoing operations.

(\$ in thousands)	Three Months Ended July 31,		Twelve Months Ended July 31,	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net income (loss) excluding loss on extinguishment of debt, loss from sale of businesses, net, and mold remediation charge	\$(27,720)	\$(31,707)	\$ 27,353	\$ 20,440
Loss on extinguishment of debt, before benefit from income tax	--	(886)	(612)	(37,084)
Loss from sale of businesses, net, before benefit from income tax	(13,043)	--	(7,353)	--
Mold remediation charge, before benefit from income tax	--	--	--	(5,500)
Adjustment to provision for income taxes to achieve 40% normalized effective tax rate	<u>4,328</u>	<u>(3,711)</u>	<u>3,750</u>	<u>16,185</u>
Net income (loss)	<u>\$(36,435)</u>	<u>\$(36,304)</u>	<u>\$ 23,138</u>	<u>\$ (5,959)</u>
Diluted net income (loss) per common share excluding loss on extinguishment of debt, loss from sale of businesses, net, and mold remediation charge	\$ (0.76)	\$ (0.90)	\$ 0.75	\$ 0.58
Loss on extinguishment of debt per diluted common share, before benefit from income tax	--	(0.03)	(0.02)	(1.05)
Loss from sale of businesses, net, per diluted common share, before benefit from income tax	(0.36)	--	(0.20)	--
Mold remediation charge per diluted common share, before benefit from income tax	--	--	--	(0.16)
Adjustment to provision for income taxes to achieve 40% normalized effective tax rate, per diluted share	<u>0.12</u>	<u>(0.10)</u>	<u>0.11</u>	<u>0.46</u>
Diluted net income (loss) per common share	<u>\$ (1.00)</u>	<u>\$ (1.03)</u>	<u>\$ 0.64</u>	<u>\$ (0.17)</u>

A reconciliation of the low and high ends of the forecasted guidance range given for Reported EBITDA for the Company's fiscal year ending July 31, 2006 (excluding the impact of adopting FAS 123R) is presented below.

(\$ in thousands)	For the Year Ending July 31, 2006	
	<u>Low End Range</u>	<u>High End Range</u>
Reconciliation to forecasted net income:		
*Resort Reported EBITDA	\$ 175,000	\$ 185,000
Real Estate Reported EBITDA	<u>5,000</u>	<u>10,000</u>
Total Reported EBITDA	180,000	195,000
Depreciation and amortization	(80,200)	(80,200)
Loss on disposal of fixed assets	(1,200)	(1,200)
Other income (expense):		
Investment income	1,700	1,700
Interest expense	(39,000)	(39,000)
Mold remediation cost recovery	800	800
Minority interest in income of consolidated subsidiaries, net	<u>(5,250)</u>	<u>(5,750)</u>
Income before provision for income taxes	56,850	71,350
Provision for income taxes	<u>(22,740)</u>	<u>(28,540)</u>
Net income	<u>\$ 34,110</u>	<u>\$ 42,810</u>

* Resort represents the sum of Mountain and Lodging. The Company provides Reported EBITDA ranges for the Mountain and Lodging segments, as well as for the two combined. Readers are cautioned to recognize that the low end of the expected ranges provided for the Lodging and Mountain segments, while possible, do not sum to the low end of the Resort Reported EBITDA range provided because we do not necessarily expect or assume that we will actually hit the low end of both ranges, as the actual Resort Reported EBITDA will depend on the actual mix of the Lodging and Mountain components. Similarly, the high end of the ranges for the Lodging and Mountain segments do not sum to the high end of the Resort range.