

Reconciliation of Non-GAAP Financial Measures

Resort, Mountain, Lodging and Real Estate Reported EBITDA and Resort, Mountain, Lodging and Real Estate Reported EBITDA excluding stock-based compensation have been presented herein as measures of the Company's financial operating performance. Reported EBITDA, Reported EBITDA excluding stock-based compensation and Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) are not measures of financial performance or liquidity under accounting principles generally accepted in the United States of America ("GAAP"), and they might not be comparable to similarly titled measures of other companies. Reported EBITDA, Reported EBITDA excluding stock-based compensation and Net Debt do not purport to represent cash flows generated by operating, investing or financing activities or other financial statement data and should not be considered in isolation or as a substitute for measures of financial performance or liquidity prepared in accordance with GAAP. The Company believes that Reported EBITDA and Reported EBITDA excluding stock-based compensation are indicative measures of the Company's operating performance, and each similar to performance metrics generally used by investors to evaluate companies in the resort and lodging industries. The Company primarily uses Reported EBITDA excluding stock-based compensation targets in determining management bonuses.

Presented below is a reconciliation of Reported EBITDA and Reported EBITDA excluding stock-based compensation to net income (loss) for the Company calculated in accordance with GAAP for the three and twelve months ended July 31, 2007 and 2006.

	(In thousands)	
	Three Months Ended	
	July 31,	
	(Unaudited)	
	2007	2006
Mountain revenue, net	\$ 38,475	\$ 39,163
Mountain operating expense excluding stock-based compensation	(69,594)	(69,697)
Mountain equity investment income, net	1,068	792
Mountain Reported EBITDA excluding stock-based compensation	(30,051)	(29,742)
Mountain stock-based compensation	(759)	(1,032)
Mountain Reported EBITDA	(30,810)	(30,774)
Lodging revenue, net	45,604	42,486
Lodging operating expense excluding stock-based compensation	(45,787)	(41,293)
Lodging Reported EBITDA excluding stock-based compensation	(183)	1,193
Lodging stock-based compensation	(232)	(351)
Lodging Reported EBITDA	(415)	842
Resort Reported EBITDA excluding stock-based compensation*	(30,234)	(28,549)
Resort Reported EBITDA*	(31,225)	(29,932)
Real Estate revenue, net	12,436	42,378
Real Estate operating expense excluding stock-based compensation	(12,887)	(32,412)
Real Estate equity investment loss	--	711
Real Estate Reported EBITDA excluding stock-based compensation	(451)	10,677
Real Estate stock-based compensation	(533)	(441)
Real Estate Reported EBITDA	(984)	10,236
Total Reported EBITDA	(32,209)	(19,696)
Depreciation and amortization	(20,807)	(22,802)
Relocation and separation charges	(32)	(1,317)
Asset impairment charge	--	(75)
Mold remediation credit	--	559
Loss on disposal of fixed assets, net	(751)	(200)
Investment income	3,588	2,605
Interest expense, net	(7,739)	(8,690)
Loss on sale of business	(38)	--
Contract dispute charges	(181)	(2,466)
Loss on put option, net	--	(1,133)
Minority interest in loss of consolidated subsidiaries, net	1,903	1,965
Loss before benefit for income taxes	(56,266)	(51,250)
Benefit for income taxes	21,944	19,987
Net loss	\$ (34,322)	\$ (31,263)

* Resort represents the sum of Mountain and Lodging

	(In thousands)	
	Twelve Months Ended	
	July 31,	
	(Unaudited)	
	2007	2006
Mountain revenue, net	\$ 665,377	\$ 620,441
Mountain operating expense excluding stock-based compensation	(458,884)	(439,431)
Mountain equity investment income, net	5,059	3,876
Mountain Reported EBITDA excluding stock-based compensation	211,552	184,886
Mountain stock-based compensation	(3,824)	(3,685)
Mountain Reported EBITDA	207,728	181,201
Lodging revenue, net	162,451	155,807
Lodging operating expense excluding stock-based compensation	(143,161)	(141,359)
Lodging Reported EBITDA excluding stock-based compensation	19,290	14,448
Lodging stock-based compensation	(1,091)	(1,334)
Lodging Reported EBITDA	18,199	13,114
Resort Reported EBITDA excluding stock-based compensation*	230,842	199,334
Resort Reported EBITDA*	225,927	194,315
Real Estate revenue, net	112,708	62,604
Real Estate operating expense excluding stock-based compensation	(113,107)	(55,172)
Real Estate equity investment income	--	791
Real Estate Reported EBITDA excluding stock-based compensation	(399)	8,223
Real Estate stock-based compensation	(2,083)	(1,504)
Real Estate Reported EBITDA	(2,482)	6,719
Total Reported EBITDA	223,445	201,034
Depreciation and amortization	(87,664)	(86,098)
Relocation and separation charges	(1,433)	(5,096)
Asset impairment charges	--	(210)
Mold remediation credit	--	1,411
Loss on disposal of fixed assets, net	(1,083)	(1,035)
Investment income	12,403	7,995
Interest expense, net	(32,625)	(36,478)
(Loss) gain on sale of businesses, net	(639)	4,625
Contract dispute charges	(4,642)	(3,282)
Gain (loss) on put options, net	690	(1,212)
Other income, net	--	50
Minority interest in income of consolidated subsidiaries, net	(7,801)	(6,694)
Income before provision for income taxes	100,651	75,010
Provision for income taxes	(39,254)	(29,254)
Net income	\$ 61,397	\$ 45,756

* Resort represents the sum of Mountain and Lodging

Presented below is a reconciliation of Reported EBITDA and Reported EBITDA excluding stock-based compensation to net income for the Company calculated in accordance with GAAP for the twelve months ended July 31, 2007 and 2006. Also presented is a reconciliation of Net Debt to Long-term Debt and the calculation of Net Debt to Total Reported EBITDA.

	(In thousands)	
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	July 31,	
	(Unaudited)	
	2007	2006
Mountain revenue, net	\$ 665,377	\$ 620,441
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Loss on disposal of fixed assets, net	(1,083)	(1,035)
Investment income	12,403	7,995
Interest expense, net	(32,625)	(36,478)
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Contract dispute charges	(4,642)	(3,282)
Gain (loss) on put options, net	690	(1,212)
Other income, net	--	50
Minority interest in income of consolidated subsidiaries, net	(7,801)	(6,694)
Income before provision for income taxes	100,651	75,010
Provision for income taxes	(39,254)	(29,254)
Net income	\$ 61,397	\$ 45,756

*Resort represents the sum of Mountain and Lodging

	As of July 31,	
	2007	2006
Long-term debt	\$ 593,733	\$ 525,313
Long-term debt due within one year	377	5,915
Total debt	594,110	531,228
Less: cash and cash equivalents	230,819	191,794
Net debt	\$ 363,291	\$ 339,434
Net Debt to Total Reported EBITDA	1.63	1.69

Presented below is a reconciliation of net income (loss) excluding stock-based compensation, tax effected, to net income (loss) of the Company calculated in accordance with GAAP for the three and twelve months ended July 31, 2007 and 2006. Also presented is a reconciliation of net income (loss) per diluted share excluding stock-based compensation, tax effected, to net income (loss) per diluted share of the Company calculated in accordance with GAAP for the three and twelve months ended July 31, 2007 and 2006. The Company has presented these non-GAAP measures as it believes that this presentation provides a more comparable measure of the Company's historical results from ongoing operations for the three and twelve months ended July 31, 2007 and July 31, 2006 to prior periods.

(In thousands, except per share amounts)	Three Months Ended July 31, (Unaudited)	
	2007	2006
Net loss excluding stock-based compensation	\$ (33,370)	\$ (30,124)
Stock-based compensation expense, before benefit from income taxes	(1,524)	(1,824)
Adjustment for benefit from income taxes	572	685
Net loss	\$ (34,322)	\$ (31,263)
Diluted net loss per share excluding stock-based compensation	\$ (0.85)	\$ (0.78)
Stock-based compensation expense per diluted common share, before benefit from income taxes	(0.04)	(0.04)
Adjustment for benefit from income taxes, per diluted common share	0.01	0.02
Diluted net loss per share	\$ (0.88)	\$ (0.80)
	Twelve Months Ended July 31, (Unaudited)	
	2007	2006
(In thousands, except per share amounts)		
Net income excluding stock-based compensation	\$ 65,767	\$ 49,829
Stock-based compensation expense, before benefit from income taxes	(6,998)	(6,523)
Adjustment for benefit from income taxes	2,628	2,450
Net income	\$ 61,397	\$ 45,756
Diluted net income per share excluding stock-based compensation	\$ 1.67	\$ 1.29
Stock-based compensation expense per diluted common share, before benefit from income taxes	(0.18)	(0.17)
Adjustment for benefit from income taxes, per diluted common share	0.07	0.07
Diluted net income per share	\$ 1.56	\$ 1.19

A reconciliation of the low and high ends of the forecasted guidance range given for Reported EBITDA and Reported EBITDA excluding stock-based compensation for the Company's fiscal year ending July 31, 2008 is presented below.

	(In thousands)	
	For the Year Ending	
	July 31, 2008	
	Low End	High End
	Range	Range
Resort Reported EBITDA excluding stock-based compensation ⁽¹⁾	\$ 245,000	\$ 255,000
Resort segment stock-based compensation	(6,000)	(6,000)
Resort Reported EBITDA ⁽¹⁾	239,000	249,000
Real Estate Reported EBITDA excluding stock-based compensation	57,000	63,000
Real Estate segment stock-based compensation	(3,000)	(3,000)
Real Estate Reported EBITDA	54,000	60,000
Total Reported EBITDA	293,000	309,000
Depreciation and amortization	(89,000)	(88,000)
Loss on disposal of fixed assets, net	(1,000)	(1,000)
Investment income	13,200	13,200
Interest expense, net	(34,200)	(33,800)
Contract dispute credit, net ⁽²⁾	8,500	8,500
Minority interest in income of consolidated subsidiaries, net	(6,300)	(7,100)
Income before provision for income taxes	184,200	200,800
Provision for income taxes	(72,200)	(78,800)
Net income	\$ 112,000	\$ 122,000

- (1) 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.
- (2) Assumes that the Company will receive payment of the arbitration award relating to the termination of RockResorts' Cheeca Lodge & Spa management agreement in fiscal 2008.

A reconciliation of the low and high ends of the forecasted guidance range given for net income excluding stock-based compensation for the Company's fiscal year ending July 31, 2008 is presented below.

	(In thousands)	
	For the Year Ending	
	July 31, 2008	
	Low End	High End
	Range	Range
Net income excluding stock-based compensation	\$ 117,470	\$ 127,450
Stock-based compensation expense, before benefit from income taxes	(9,000)	(9,000)
Adjustment for benefit from income taxes	3,530	3,550
Net income	\$ 112,000	\$ 122,000