VAIL RESORTS INC
Form 10-Q/A
August 24, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
AMENDMENT No. 1

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended April 30, 2007

or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 1-9614

Vail Resorts, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**51-0291762** (I.R.S. Employer Identification No.)
390 Interlocken Crescent, Suite 1000, Broomfield, Colorado (Address of Principal Executive Offices)	**80021** (Zip Code)
(303) 404-1800 (Registrant's Telephone Number, Including Area Code)	

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

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

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

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

As of June 4, 2007, 39,008,077 shares of the registrant’s common stock were outstanding.

Explanatory Note

The Company is filing this amendment to its Quarterly Report on Form 10-Q ("Form 10-Q/A") to restate its Consolidated Condensed Statements of Cash Flows for the nine months ended April 30, 2007 and 2006 as described in Note 14, Restatement, of the Notes to Consolidated Condensed Financial Statements. As previously disclosed in the Company's Quarterly Report on Form 10-Q for the period ended April 30, 2007 filed with the United States Securities and Exchange Commission (the "SEC") on June 8, 2007, the Company was in discussion with the staff of the SEC regarding the Company's classification of its Real Estate segment cash inflows and outflows within the operating and investing sections of its Consolidated Condensed Statements of Cash Flows. Following these discussions, the Company concluded to restate its Consolidated Condensed Statements of Cash Flows by reclassifying its cash outflows in investments in real estate, disclosed as a separate line item, from investing activities to operating activities. Consequently, this restatement resulted in a reduction of cash flows provided by operating activities with an equal and off-setting impact to cash flows used in investing activities. This restatement does not impact the Company's previously reported overall net change in cash and cash equivalents in its Consolidated Condensed Statements of Cash Flows for any period presented. Additionally, this restatement does not impact the Company's Consolidated Condensed Balance Sheets or Consolidated Condensed Statements of Operations for any period presented. The Company is also filing amendments to its Annual Report on Form 10-K for the year ended July 31, 2006 and Quarterly Reports on Form 10-Q for the quarters ended October 31, 2006 and January 31, 2007 to reflect this restatement.

For the convenience of the reader, this Form 10-Q/A sets forth the Company's original Form 10-Q as filed with the SEC on June 8, 2007 (the "Original 10-Q") in its entirety, as amended by, and to reflect, the restatement. No attempt has been made in this Form 10-Q/A to update other disclosures presented in the Original 10-Q, except as required to reflect the effects of the restatement. This Form 10-Q/A does not reflect events occurring after the filing of the Original 10-Q or modify or update those disclosures, including the exhibits to the Original 10-Q affected by subsequent events. The following sections of this Form 10-Q/A have been amended to reflect the restatement:

- Part I – Item 1 – Financial Statements (Consolidated Condensed Statements of Cash Flows, Note 13 Guarantor Subsidiaries and Non-Guarantor Subsidiaries – Restated, Note 14 Restatement) and
- Part I – Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations (Liquidity and Capital Resources).

This Form 10-Q/A has been signed as of a current date and all certifications of the Company's Chief Executive Officer and Chief Financial Officer are given as of a current date. Accordingly, this Form 10-Q/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the Original 10-Q for the nine months ended April 30, 2007, including any amendments to those filings.

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PART I **FINANCIAL INFORMATION**

Item 1. **Financial Statements -- Unaudited**

Vail Resorts, Inc.
Consolidated Condensed Balance Sheets
(In thousands, except share and per share amounts)

	April 30, 2007 (Unaudited)	July 31, 2006	April 30, 2006 (Unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 316,439	$ 191,794	$ 240,116
Restricted cash	40,408	20,322	32,307
Trade receivables, net	35,258	35,949	35,618
Inventories, net	42,627	42,278	36,830
Other current assets	32,833	35,631	34,744
Total current assets	467,565	325,974	379,615
Property, plant and equipment, net (Note 5)	868,723	851,112	848,984
Real estate held for sale and investment	305,085	259,384	240,615
Goodwill, net	135,939	135,811	135,811
Intangible assets, net	73,199	75,109	76,587
Other assets	44,607	40,253	31,123
Total assets	$ 1,895,118	$ 1,687,643	$ 1,712,735
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses (Note 5)	$ 237,981	$ 230,762	$ 206,471
Income taxes payable	11,739	17,517	1,324
Long-term debt due within one year (Note 4)	401	5,915	4,420
Total current liabilities	250,121	254,194	212,215
Long-term debt (Note 4)	575,162	525,313	516,871
Other long-term liabilities (Note 5)	166,382	158,490	149,881
Deferred income taxes	130,212	73,064	118,846
Commitments and contingencies (Note 11)			
Put option liabilities (Note 9)	--	1,245	113
Minority interest in net assets of consolidated subsidiaries	30,052	32,560	35,224
Stockholders' equity:			
Preferred stock, $0.01 par value, 25,000,000 shares authorized, zero shares issued and outstanding	--	--	--
Common stock, $0.01, 100,000,000 shares authorized, 39,630,543 (unaudited), 39,036,282 and 38,876,070 (unaudited) shares issued as of April 30, 2007, July 31, 2006 and April 30, 2006, respectively	396	390	389
Additional paid-in capital	529,199	509,505	504,212
Retained earnings	239,440	143,721	174,984
Treasury stock (Note 12)	(25,846)	(10,839)	--
Total stockholders' equity	743,189	642,777	679,585
Total liabilities and stockholders' equity	$ 1,895,118	$ 1,687,643	$ 1,712,735

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Condensed Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended April 30,	
	2007	**2006**
Net revenue:		
Mountain	$ 308,712	$ 294,773
Lodging	43,643	39,492
Real estate	17,134	7,124
Total net revenue	369,489	341,389
Segment operating expense:		
Mountain	152,997	149,431
Lodging	31,126	30,515
Real estate	25,261	11,370
Total segment operating expense	209,384	191,316
Other operating expense:		
Depreciation and amortization	(23,513)	(22,942)
Relocation and separation charges (Note 7)	(166)	(3,778)
Loss on disposal of fixed assets, net	(242)	(108)
Income from operations	136,184	123,245
Mountain equity investment income, net	1,660	780
Real estate equity investment loss	--	(20)
Investment income	4,334	3,156
Interest expense, net	(8,039)	(8,849)
Loss on sale of business (Note 8)	(601)	--
Contract dispute charges (Note 11)	(184)	(816)
Gain (loss) on put options, net (Note 9)	690	(113)
Minority interest in income of consolidated subsidiaries, net	(5,343)	(5,355)
Income before provision for income taxes	128,701	112,028
Provision for income taxes	(50,193)	(43,691)
Net income	$ 78,508	$ 68,337
Per share amounts (Note 3):		
Basic net income per share	$ 2.02	$ 1.78
Diluted net income per share	$ 1.99	$ 1.75

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Condensed Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Nine Months Ended April 30, 2007	Nine Months Ended April 30, 2006
Net revenue:		
Mountain	$ 626,902	$ 581,279
Lodging	116,848	113,321
Real estate	100,272	20,226
Total net revenue	844,022	714,826
Segment operating expense:		
Mountain	392,355	372,387
Lodging	98,233	101,050
Real estate	101,770	23,823
Total segment operating expense	592,358	497,260
Other operating (expense) income:		
Depreciation and amortization	(66,857)	(63,296)
Relocation and separation charges (Note 7)	(1,401)	(3,778)
Asset impairment charge	--	(136)
Mold remediation credit (Note 11)	--	852
Loss on disposal of fixed assets, net	(332)	(835)
Income from operations	183,074	150,373
Mountain equity investment income, net	3,990	3,085
Real estate equity investment income	--	79
Investment income	8,815	5,390
Interest expense, net	(24,885)	(27,788)
(Loss) gain on sale of businesses, net (Note 8)	(601)	4,625
Contract dispute charges (Note 11)	(4,460)	(816)
Gain (loss) on put options, net (Note 9)	690	(79)
Other income, net	--	50
Minority interest in income of consolidated subsidiaries, net	(9,707)	(8,660)
Income before provision for income taxes	156,916	126,259
Provision for income taxes	(61,197)	(49,240)
Net income	$ 95,719	$ 77,019
Per share amounts (Note 3):		
Basic net income per share	$ 2.47	$ 2.05
Diluted net income per share	$ 2.44	$ 2.01

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Condensed Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended April 30, 2007 (as restated, see Note 14)	Nine Months Ended April 30, 2006 (as restated, see Note 14)
Net cash provided by operating activities	$ 164,311	$ 89,352
Cash flows from investing activities:		
Capital expenditures	(82,012)	(63,683)
Proceeds from sale of businesses	3,544	30,712
Purchase of minority interest	(8,387)	--
Other investing activities, net	453	(4,419)
Net cash used in investing activities	(86,402)	(37,390)
Cash flows from financing activities:		
Repurchases of common stock	(15,007)	--
Proceeds from borrowings under Non-Recourse Real Estate Financings	56,413	9,596
Payments of Non-Recourse Real Estate Financings	(1,493)	--
Proceeds from borrowings under other long-term debt	56,587	26,470
Payments of other long-term debt	(67,171)	(36,781)
Proceeds from exercise of stock options	9,594	44,036
Other financing activities, net	7,813	8,253
Net cash provided by financing activities	46,736	51,574
Net increase in cash and cash equivalents	124,645	103,536
Cash and cash equivalents:		
Beginning of period	191,794	136,580
End of period	$ 316,439	$ 240,116

The accompanying Notes to Consolidated Condensed Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Notes to Consolidated Condensed Financial Statements
(Unaudited)

1. Organization and Business

Vail Resorts, Inc. ("Vail Resorts" or the “Parent Company”) is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in three business segments: Mountain, Lodging and Real Estate. In the Mountain segment, the Company owns and operates five world-class ski resorts and related ancillary businesses at Vail, Breckenridge, Keystone and Beaver Creek mountains in Colorado and the Heavenly Ski Resort ("Heavenly") in the Lake Tahoe area of California and Nevada. These resorts use federal land under the terms of Special Use Permits granted by the USDA Forest Service (the “Forest Service”). The Company also holds a 69.3% interest in SSI Venture, LLC ("SSV"), a retail/rental company. In the Lodging segment, the Company owns and operates various hotels, as well as RockResorts International, LLC ("RockResorts"), a luxury hotel management company, and Grand Teton Lodge Company ("GTLC"), which operates three resorts within Grand Teton National Park (under a National Park Service concessionaire contract), and the Jackson Hole Golf & Tennis Club (“JHG&TC”) in Wyoming. Vail Resorts Development Company ("VRDC"), a wholly-owned subsidiary, conducts the operations of the Company's Real Estate segment. The Company's Mountain business and its Lodging properties at or around the Company’s ski resorts are seasonal in nature with peak operating seasons from mid-November through mid-April. The Company's operations at GTLC generally run from mid-May through mid-October. The Company also has non-majority owned investments in various other entities, some of which are consolidated (see Note 6, Variable Interest Entities).

In the opinion of the Company, the accompanying Consolidated Condensed Financial Statements reflect all adjustments necessary to state fairly the Company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature, except for the restatement discussed in Note 14. Results for interim periods are not indicative of the results for the entire year. The accompanying Consolidated Condensed Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K/A for the year ended July 31, 2006. Certain information and footnote disclosures, including significant accounting policies, normally included in fiscal year financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. The July 31, 2006 Consolidated Condensed Balance Sheet was derived from audited financial statements.

2. Summary of Significant Accounting Policies

Use of Estimates--The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Net Income Per Common Share

Statement of Financial Accounting Standards (“SFAS”) No. 128, “Earnings Per Share” (“EPS”), establishes standards for computing and presenting EPS. SFAS No. 128 requires the dual presentation of basic and diluted EPS on the face of the Consolidated Condensed Statements of Operations and requires a reconciliation of numerators (net income/loss) and denominators (weighted-average shares outstanding) for both basic and diluted EPS in the footnotes. Basic EPS excludes dilution and is computed by dividing net income/loss available to common stockholders by the weighted-average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, resulting in the issuance of shares of common stock that would then share in the earnings of the Company. Presented below is basic and diluted EPS for the three months ended April 30, 2007 and 2006 (in thousands, except per share amounts):

	Three Months Ended April 30,			
	2007		2006	
	Basic	Diluted	Basic	Diluted
Net income per share:				
Net income	$ 78,508	$ 78,508	$ 68,337	$ 68,337
Weighted-average shares outstanding	38,897	38,897	38,365	38,365
Effect of dilutive securities	--	532	--	659
Total shares	38,897	39,429	38,365	39,024
Net income per share	$ 2.02	$ 1.99	$ 1.78	$ 1.75

The number of shares issuable on the exercise of stock based awards that were excluded from the calculation of diluted net income per share because the effect of their inclusion would have been anti-dilutive totaled zero and 268,000 for the three months ended April 30, 2007 and 2006, respectively.

Presented below is basic and diluted EPS for the nine months ended April 30, 2007 and 2006 (in thousands, except per share amount):

	Nine Months Ended April 30,			
	2007		2006	
	Basic	Diluted	Basic	Diluted
Net income per share:				
Net income	$ 95,719	$ 95,719	$ 77,019	$ 77,019
Weighted-average shares outstanding	38,787	38,787	37,535	37,535
Effect of dilutive securities	--	502	--	822
Total shares	38,787	39,289	37,535	38,357
Net income per share	$ 2.47	$ 2.44	$ 2.05	$ 2.01

The number of shares issuable on the exercise of stock based awards that were excluded from the calculation of diluted net income per share because the effect of their inclusion would have been anti-dilutive totaled 33,000 and 248,000 for the nine months ended April 30, 2007 and 2006, respectively.

4. Long-Term Debt

Long-term debt as of April 30, 2007, July 31, 2006 and April 30, 2006 is summarized as follows (in thousands):

	Maturity (a)	April 30, 2007	July 31, 2006	April 30, 2006
Credit Facility Revolver (b)	2012	$ --	$ --	$ --
SSV Facility	2011	--	6,261	--
Industrial Development Bonds	2009-2020	57,700	61,700	61,700
Employee Housing Bonds	2027-2039	52,575	52,575	52,575

Non-Recourse Real Estate Financings (c)	2009-2010	68,276	13,357	9,596
6.75% Senior Subordinated Notes ("6.75% Notes")	2014	390,000	390,000	390,000
Other	2007-2029	7,012	7,335	7,420
Total debt		575,563	531,228	521,291
Less: Current maturities (d)		401	5,915	4,420
Long-term debt		$575,162	$525,313	$516,871

(a) Maturities are based on the Company's July 31 fiscal year end.

(b) On March 13, 2007, The Vail Corporation ("Vail Corp."), a wholly-owned subsidiary of the Company, entered into an amendment (the "Third Amendment") of its existing Fourth Amended and Restated Credit Agreement (the "Credit Agreement") among Vail Corp., Bank of America, N.A. as administrative agent, U.S. Bank National Association and Wells Fargo Bank, National Association as co-syndication agents, Deutsche Bank Trust Company Americas and LaSalle Bank National Association as co-documentation agents, and the lenders party thereto. The Third Amendment amends the Credit Agreement to, among other things, (i) decrease the total loan commitment from $400 million to $300 million, (ii) improve pricing, including unused commitment fees and letter of credit fees and improve flexibility in the Company's ability to make investments, (iii) extend the maturity date from January 28, 2010 to February 1, 2012 and (iv) eliminate certain covenant ratios and change, for pricing and covenant purposes, the gross debt leverage ratio to a net debt ratio.

(c) On March 19, 2007, The Chalets at The Lodge at Vail, LLC (the "Chalets"), a wholly-owned subsidiary of the Company, entered into a construction loan agreement (the "Construction Loan Agreement") in the amount of up to $123 million with Wells Fargo Bank, National Association as administrative agent, book manager, and joint lead arranger, U.S. Bank National Association as joint lead arranger and syndication agent, and the lenders party thereto. Borrowings under the Construction Loan Agreement are non-revolving and must be used for the payment of certain costs associated with the construction and development of The Lodge at Vail Chalets, a residential development consisting of 13 luxury condominium units, as well as the associated private membership club, skier services building and parking structure. The Construction Loan Agreement matures on September 1, 2009, and principal payments are due at maturity, with certain pre-payment requirements, including upon the closing of the condominium units. The Chalets has the option to extend the term of the Construction Loan Agreement for six months, subject to certain requirements. Borrowings under the Construction Loan Agreement bear interest annually at the rate, at the Chalets' option, of (i) LIBOR plus a margin of 1.35% or (ii) the greater of the (x) administrative agent's prime commercial lending rate or (y) the Federal Funds Rate in effect on that day as announced by the Federal Reserve Bank of New York, plus 0.5%. Interest is payable monthly in arrears. The Construction Loan Agreement provides for affirmative and negative covenants that restrict, among other things, the Chalets' ability to dispose of assets, transfer or pledge its equity interest, incur indebtedness and make investments or distributions. The Construction Loan Agreement contains non-recourse provisions to the Company with respect to repayment, whereby under event of default, the lenders have recourse only against the Chalets' assets and as provided for below the lenders do not have recourse against assets held by the Company or Vail Corp. All assets of the Chalets are provided as collateral under the Construction Loan Agreement. In connection with the Construction Loan Agreement, the Company and Vail Corp. each entered into completion guarantees, pursuant to which each of the Company and Vail Corp. guarantees the completion of the construction of the project (but not the repayment of any amounts drawn under the Construction Loan Agreement). However, Vail Corp. could be responsible to pay damages to the lenders under very limited circumstances. If either the Company or Vail Corp. is required to perform the Chalets' obligation to complete the project, the lenders will make available to the Company or Vail Corp. any undisbursed commitments under the Construction Loan Agreement for the completion of construction and development of The Lodge at Vail Chalets.

At April 30, 2007, Non-Recourse Real Estate Financings consist of borrowings of $59.5 million under the $175 million construction agreement for Arrabelle at Vail Square, LLC ("Arrabelle") and borrowings of $8.8 million under the $123 million construction agreement for the Chalets. At July 31, 2006, Non-Recourse Real Estate Financings also included borrowings under the $30 million construction agreement for Gore Creek Place, LLC ("Gore Creek") which were paid in full during the nine months ended April 30, 2007.

(d) Current maturities represent principal payments due in the next 12 months.

Aggregate maturities for debt outstanding as of April 30, 2007 are as follows (in thousands):

Fiscal 2007	$ 88
Fiscal 2008	363
Fiscal 2009	74,760
Fiscal 2010	9,043
Fiscal 2011	1,738
Thereafter	489,571
Total debt	$575,563

The Company incurred gross interest expense of $10.6 million and $9.8 million for the three months ended April 30, 2007 and 2006, respectively, of which $603,000 and $599,000 was amortization of deferred financing costs. The Company incurred gross interest expense of $31.1 million and $29.1 million for the nine months ended April 30, 2007 and 2006, respectively, of which $1.5 million and $1.6 million was amortization of deferred financing costs. The Company capitalized $2.6 million and $938,000 of interest during the three months ended April 30, 2007 and 2006, respectively. The Company capitalized $6.2 million and $1.3 million of interest during the nine months ended April 30, 2007 and 2006, respectively.

5. Supplementary Financial Statement Information

The composition of property, plant and equipment follows (in thousands):

	April 30, 2007	July 31, 2006	April 30, 2006

Land and land improvements	$ 248,275	$ 248,941	$ 244,204
Buildings and building improvements	538,530	529,316	527,297
Machinery and equipment	455,200	426,457	427,550
Vehicles	27,051	25,671	25,217
Furniture and fixtures	125,781	113,696	112,296
Construction in progress	59,220	39,149	30,664
Gross property, plant and equipment	1,454,057	1,383,230	1,367,228
Accumulated depreciation	(585,334)	(532,118)	(518,244)
Property, plant and equipment, net	$ 868,723	$ 851,112	$ 848,984

The composition of accounts payable and accrued expenses follows (in thousands):

	April 30, 2007	July 31, 2006	April 30, 2006
Trade payables	$ 88,938	$ 82,599	$ 71,516
Deferred revenue	21,984	30,785	23,041
Deferred credits and deposits	46,348	24,026	32,881
Accrued salaries, wages and deferred compensation	25,987	31,954	26,008
Accrued benefits	29,239	24,538	23,501
Accrued interest	6,965	14,969	7,214
Liabilities to complete real estate projects	5,436	5,951	8,396
Other accruals	13,084	15,940	13,914
Total accounts payable and accrued expenses	$237,981	$ 230,762	$ 206,471

The composition of other long-term liabilities follows (in thousands):

	April 30, 2007	July 31, 2006	April 30, 2006
Private club deferred initiation fee revenue	$ 94,262	$ 91,438	$ 89,840
Deferred real estate credits	37,120	54,578	50,838
Private club initiation deposits	16,302	1,308	1,280
Liabilities to complete real estate projects	6,301	550	550
Other long-term liabilities	12,397	10,616	7,373
Total other long-term liabilities	$166,382	$ 158,490	$149,881

6. Variable Interest Entities

The Company has determined that it is the primary beneficiary of four employee housing entities (collectively, the "Employee Housing Entities"), Breckenridge Terrace, LLC (“Breckenridge Terrace”), The Tarnes at BC, LLC ("Tarnes"), BC Housing LLC and Tenderfoot Seasonal Housing, LLC, which are Variable Interest Entities ("VIEs"), and has consolidated them in its Consolidated Condensed Financial Statements. As a group, as of April 30, 2007, the Employee Housing Entities had total assets of $40.9 million (primarily recorded in property, plant and equipment, net) and total liabilities of $65.7 million (primarily recorded in long-term debt as “Employee Housing Bonds”). All of the assets ($7.0 million as of April 30, 2007) of Tarnes serve as collateral for Tarnes' Tranche B Employee Housing Bonds. The Company has issued under its senior credit facility (the “Credit Facility”) $38.3 million letters of credit related to the Tranche A Employee Housing Bonds and $12.6 million letters of credit related to the Tranche B Employee Housing Bonds. The letters of credit would be triggered in the event that one of the entities defaults on required payments. The letters of credit have no default provisions.

The Company has determined that it is the primary beneficiary of Avon Partners II ("APII"), which is a VIE. APII owns commercial space and the Company currently leases substantially all of that space. APII had total assets of $4.7 million (primarily recorded in property, plant and equipment, net) and no debt as of April 30, 2007.

The Company had determined that it was the primary beneficiary of FFT Investment Partners ("FFT"), which was a VIE. FFT's sole asset was a private residence in Eagle County, Colorado. In March 2007, the private residence owned by FFT was sold for $6.7 million, and thereafter FFT was dissolved.

The Company, through various lodging subsidiaries, manages the operations of several entities that own hotels in which the Company has no ownership interest. The Company also has extended a $1.5 million note receivable to one of these entities. These entities were formed to acquire, own, operate and realize the value in resort hotel properties. The Company managed the day-to-day operations of five hotel properties as of April 30, 2007. The Company has determined that the entities that own the hotel properties are VIEs, and the management contracts are significant variable interests in these VIEs. The Company has also determined that it is not the primary beneficiary of these entities and, accordingly, is not required to consolidate any of these entities. Based on information provided to the Company by owners of the entities, these VIEs had total assets of approximately $143.0 million and total liabilities of approximately $53.1 million as of April 30, 2007. The Company's maximum exposure to loss as a result of its involvement with these VIEs is limited to the note receivable and accrued interest of approximately $1.8 million and the net book value of the intangible asset associated with the management agreements in the amount of $973,000 as of April 30, 2007.

7. Relocation and Separation Charges

In February 2006, the Company announced a plan to relocate its corporate headquarters; the plan was formally approved by the Company's Board of Directors in April 2006. The relocation process (which also includes the consolidation of certain other operations of the Company) was substantially completed by January 31, 2007. The Company currently expects that the total charges associated with the relocation that will result in cash expenditures will be approximately $3.8 million (which includes charges for severance and retention of approximately $1.7 million, charges for contract termination costs of approximately $400,000 and facility, employee and other relocation costs of approximately $1.7 million), of which all has been substantially incurred or recorded through April 30, 2007. The above amounts do not reflect any of the anticipated benefits expected to be realized from the relocation and consolidation of offices.

The following table summarizes the activity and balances of the liability related to future payments of relocation charges, which has been recorded in "accounts payable and accrued expenses" in the accompanying Consolidated Condensed Balance Sheets (in thousands):

	Severance and Retention Benefits	Contract Termination Costs	Facility, Employee and Other Relocation Costs	Total
Balance at July 31, 2006	$ 873	$ --	$ 283	$ 1,156
Relocation charges	67	348	986	1,401
Payments	(940)	(157)	(1,259)	(2,235)
Balance at April 30, 2007	$ --	$ 191	$ 10	$ 201

In addition, in February 2006, Adam Aron, the former Chairman and Chief Executive Officer of the Company, resigned. In connection with Mr. Aron's resignation, the Company entered into a separation agreement with Mr. Aron, whereby the Company recorded $2.7 million of separation related expenses, which is included in “relocation and separation charges” in the accompanying Consolidated Condensed Statements of Operations for the three and nine months ended April 30, 2006. Payments of Mr. Aron’s separation benefits were made during the nine months ended April 30, 2007.

8. Sale of Businesses

On April 30, 2007, the Company sold its 54.5% interest in RTP, LLC (“RTP”) to RTP’s minority shareholder for approximately $3.5 million. As part of this transaction the Company retained source code rights to its internal use software and internet solutions. The Company recorded a net loss of $601,000 on the sale of its investment in RTP, which was included in “(loss) gain on sale of businesses, net” in the accompanying Consolidated Condensed Statements of Operations for the three and nine months ended April 30, 2007. Additionally, as a result of this transaction the Company recorded a net gain of $690,000 related to the elimination of the put option liability to RTP’s minority shareholder and the write-off of the associated put option intangible asset (see Note 9, Put and Call Options, for more information on this transaction).

On January 19, 2006, JHL&S LLC, a limited liability company owned by wholly-owned subsidiaries of the Company, sold the assets constituting Snake River Lodge & Spa ("SRL&S") to Lodging Capital Partners, a private, Chicago-based hospitality investment firm ("LCP"), for $32.5 million, the proceeds of which were adjusted for normal working capital prorations. The carrying value of the assets sold (net of liabilities assumed) was $26.9 million, which were recorded as "assets held for sale" prior to the sale. The Company recorded a $4.7 million gain after consideration of all costs involved, which is included in "(loss) gain on sale of businesses, net" in the accompanying Consolidated Condensed Statement of Operations for the nine months ended April 30, 2006. The Company continues to manage SRL&S pursuant to a 15-year management agreement with LCP.

In conjunction with the December 8, 2004 sale of the Company’s 49% minority equity interest in Bachelor Gulch Resort, LLC (“BG Resort”), the Company had guaranteed payment of certain contingencies of BG Resort upon settlement. At the time of sale, the Company recorded a liability related to these contingencies in the amount of $130,000. In February 2006, the Company reached a settlement of these contingencies and recorded an additional liability in the amount of $82,000, which was recorded as a loss within "(loss) gain on sale of businesses, net" in the accompanying Consolidated Condensed Statement of Operations for the nine months ended April 30, 2006.

9. Put and Call Options

On March 31, 2007, the Company acquired 20% of GSSI LLC’s (“GSSI”), the minority shareholder in SSV, ownership interest in SSV for $8.4 million. As a result of this transaction, the Company holds an approximate 69.3% ownership interest in SSV. In addition, the put and call rights for GSSI’s remaining interest in SSV were extended to begin August 1, 2010, as discussed below, and the existing management agreement was extended to coincide with the exercise of the remaining put and call rights.

The Company’s and GSSI’s remaining put and call rights are as follows: (1) beginning August 1, 2010 and each year thereafter, each of the Company and GSSI have the right to call or put respectively, 100% of GSSI's ownership interest in SSV to the Company during certain periods each year; and (2) GSSI has the right to put to the Company 100% of its ownership interest in SSV at any time after GSSI has been removed as manager of SSV or an involuntary transfer of the Company's ownership interest in SSV has occurred. The put and call pricing is generally based on the trailing twelve month EBITDA (as defined in the operating agreement) of SSV for the fiscal period ended prior to the commencement of the put or call period, as applicable. As of April 30, 2007, the estimated price at which the put/call option for the remaining interest could be expected to be settled was $33.5 million.

In March 2001, in connection with the Company's acquisition of a 51% ownership interest in RTP, the Company and RTP's minority shareholder entered into a put agreement whereby the minority shareholder could put up to an aggregate one-third of its original 49% interest in RTP to the Company during the period from August 1 through October 31 annually. The put price was determined primarily by the trailing twelve month EBITDA (as defined in the underlying agreement) for the period ending prior to the beginning of each put period. The Company had determined that this put option should be marked to fair value through earnings. The put period was extended in October 2006, and again in February 2007. In connection with the Company's sale of its 54.5% interest in RTP (see Note 8, Sale of Businesses, for more information on this transaction) the put agreement with RTP's minority shareholder was terminated resulting in the Company recording a net gain of $690,000 for the three and nine months ended April 30, 2007 related to the elimination of its put option liability net of the write-off of the associated put option intangible asset. For the three and nine months ended April 30, 2006, the Company recorded losses of $113,000 and $79,000, respectively, representing an increase in the estimated fair value of the put option liability during those periods.

10. Related Party Transactions

In January 2007, Robert A. Katz, Chief Executive Officer of the Company, executed a purchase and sale agreement for the purchase of a unit at The Lodge at Vail Chalets project located near the Vista Bahn at the base of Vail Mountain for a total purchase price of $12.5 million. Mr. Katz provided an earnest money deposit of $1.9 million and upgrade deposits totaling $63,000. The earnest money deposits will be used to fund the construction of The Lodge at Vail Chalets project. The sale of the unit by the Company to Mr. Katz has been approved by the Board of Directors of the Company, in accordance with the Company's related party transactions policy.

In June 2006, the Company invested in the purchase of a residence in the Denver/Boulder, Colorado area, for Jeffrey W. Jones, the Company's Senior Executive Vice President and Chief Financial Officer, and his family in connection with his relocation to the Company's new headquarters in Broomfield, Colorado. The Company contributed $650,000 towards the purchase price of the residence and thereby obtained a 31.0% undivided ownership interest in such residence. In January 2007, Mr. Jones repurchased the Company's 31.0% undivided ownership interest for an appraised value of $650,000. The sale of the Company's undivided ownership interest had been approved by the Board of Directors of the Company, in accordance with the Company's related party transactions policy.

As of April 30, 2006, the Company had outstanding a $500,000 note receivable from Keystone/Intrawest, LLC, a real estate development venture in which the Company has an equity-method investment. This note was related to the fair market value of the land originally contributed to the partnership, and was repaid in the year ended July 31, 2006, as the underlying land was sold to third parties.

11. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances $8.5 million of bonds issued by Holland Creek Metropolitan District ("HCMD") through an $8.6 million letter of credit issued against the Company's Credit Facility. HCMD's bonds were issued and used to build infrastructure associated with the Company's Red Sky Ranch residential development. The Company has agreed to pay capital improvement fees to Red Sky Ranch Metropolitan District ("RSRMD") until RSRMD's revenue streams from property taxes are sufficient to meet debt service requirements under HCMD's bonds, and the Company has recorded a liability of $964,000, $1.3 million and $1.7 million, primarily within "other long-term liabilities" in the accompanying Consolidated Condensed Balance Sheets, as of April 30, 2007, July 31, 2006 and April 30, 2006, respectively, with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates that it will make capital improvement fee payments under this arrangement through the year ending July 31, 2008.

Guarantees

As of April 30, 2007, the Company had various other letters of credit outstanding in the amount of $66.0 million, a portion of which are not issued against the Credit Facility, consisting primarily of $51.0 million in support of the Employee Housing Bonds, $4.5 million related to workers' compensation for Heavenly and The Lodge at Rancho Mirage, $6.2 million of construction performance guarantees and $2.9 million for workers' compensation and general liability deductibles related to the construction of Gore Creek and Arrabelle.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business which include certain indemnifications within the scope of Financial Interpretations No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" (“FIN 45”) under which it could be required to make payments to third parties upon the occurrence or non-occurrence of certain future events. These indemnities include indemnities to licensees in connection with the licensees' use of the Company's trademarks and logos, indemnities for liabilities associated with the infringement of other parties' technology based upon the Company's software products, indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract workers, the Company's use of trustees, indemnities related to the Company's use of public lands and environmental indemnifications. The duration of these indemnities generally is indefinite and generally do not limit the future payments the Company could be obligated to make.

As permitted under applicable law, the Company and certain of its subsidiaries indemnify their directors and officers over their lifetimes for certain events or occurrences while the officer or director is, or was, serving the Company or its subsidiaries in such a capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that should enable the Company to recover a portion of any future amounts paid.

The Company guarantees the revenue streams associated with selected routes flown by certain airlines into Eagle County, Colorado, Regional Airport; these guarantees are generally capped at certain levels. As of April 30, 2007, the Company has recorded a liability related to the airline guarantees of $200,000, which represents the estimated amount the Company will be required to pay. Payments, if any, under these guarantees are expected to be made during the year ending July 31, 2007.

Unless otherwise noted, the Company has not recorded a liability for the letters of credit, indemnities and other guarantees noted above in the accompanying Consolidated Condensed Financial Statements, either because the Company has recorded on its Consolidated Condensed Balance Sheet the underlying liability associated with the guarantee, the guarantee or indemnification existed prior to January 1, 2003 or the guarantee is with respect to the Company’s own performance and is therefore not subject to the measurement requirements of FIN 45, or because the Company has calculated the fair value of the indemnification or guarantee to be immaterial based upon the current facts and circumstances that would trigger a payment under the indemnification clause. In addition, with respect to certain indemnifications it is not possible to determine the maximum potential amount of liability under these guarantees due to the unique set of facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company under these obligations have not been material.

As noted above, the Company makes certain indemnifications to licensees in connection with their use of the Company's trademarks and logos. The Company does not record any product warranty liability with respect to these indemnifications.

Commitments

In the ordinary course of obtaining necessary zoning and other approvals for the Company's potential real estate development projects, the Company may contingently commit to the completion of certain infrastructure, improvements and other costs related to the projects. Fulfillment of such commitments is required only if the

Company moves forward with the development project. The determination whether to complete a development project is entirely at the Company's discretion, and is generally contingent upon, among other considerations, receipt of satisfactory zoning and other approvals and the current status of the Company's analysis of the economic viability of the project, including the costs associated with the contingent commitments. The Company currently has obligations, recorded as liabilities in the accompanying Consolidated Condensed Balance Sheet, to complete or fund certain improvements with respect to real estate developments; the Company has estimated such costs to be approximately $11.7 million as of April 30, 2007, and anticipates completion of the majority of these commitments within the next two years.

The Company has completed installing a new gondola lift and related infrastructure at Breckenridge for the 2006/07 ski season pursuant to an agreement with the Town of Breckenridge (the “Town”). The Town contributed $6.7 million to fund construction of the gondola, as well as the already completed skiway. The funds contributed by the Town reduced the book value of the gondola and related infrastructure.

Self Insurance

The Company is self-insured for claims under its health benefit plans and for workers’ compensation claims, subject to a stop loss policy. The self-insurance liability related to workers' compensation is determined actuarially based on claims filed. The self-insurance liability related to claims under the Company’s health benefit plans is determined based on internal and external analysis of actual claims. The amounts related to these claims are included as a component of accrued benefits in accounts payable and accrued expenses (see Note 5, Supplementary Financial Statement Information).

Legal

The Company is a party to various lawsuits arising in the ordinary course of business, including Resort (Mountain and Lodging) related cases and contractual and commercial litigation that arises from time to time in connection with the Company's real estate operations. Management believes the Company has adequate insurance coverage or has accrued for loss contingencies for all known matters that are deemed to be probable losses and estimable.

Cheeca Lodge & Spa Contract Dispute

In March 2006, RockResorts was notified by the ownership of Cheeca Lodge & Spa, formerly a RockResorts managed property, that its management agreement was being terminated effective immediately. RockResorts believed that the termination was in violation of the management agreement and sought monetary damages, and recovery of attorney’s fees and costs. Cheeca Holdings, LLC (“Cheeca Holdings”), the entity owner of the hotel property, asserted that RockResorts breached the management contract, among other alleged breaches, and sought a ruling that it had the right to terminate the management contract and sought monetary damages, and recovery of attorneys’ fees and costs. Pursuant to the dispute resolution provisions of the management agreement, the disputed matter went before a single judge arbitrator at the JAMS Arbitration Tribunal in Chicago, Illinois. The Company has incurred $184,000 and $816,000 of legal related costs related to this matter in the three months ended April 30, 2007 and 2006, respectively, and has incurred $4.5 million and $816,000 of legal related costs related to this matter in the nine months ended April 30, 2007 and 2006, respectively, which is included in “contract dispute charges” in the accompanying Consolidated Condensed Statements of Operations for the three and nine months ended April 30, 2007 and 2006.

On February 28, 2007, the arbitrator rendered a decision, awarding $8.5 million in damages in favor of RockResorts and against Cheeca Holdings. The arbitrator found that the ownership group had wrongfully terminated the hotel management contract without good cause, as RockResorts had maintained in the proceedings, and that RockResorts had not breached the management contract, as the ownership group had alleged. In accordance with the arbitrator’s ruling, RockResorts will seek recovery of costs and attorneys’ fees in the last stage of the proceedings. Upon conclusion of that stage, the total award, which will incorporate the $8.5 million damage award and any additional cost recovery award, is final, binding and not subject to appeal. Upon completion of the cost recovery stage, RockResorts will proceed with the collection of the award and will record the actual amount received, upon receipt, in "contract dispute credit (charges), net."

Breckenridge Terrace Employee Housing Construction Defect/Water Intrusion Claims

During the year ended July 31, 2004, the Company became aware of water intrusion and condensation problems causing mold damage in the 17 building employee housing facility owned by Breckenridge Terrace, an Employee Housing Entity in which the Company is a member and manager. Breckenridge Terrace recorded a $7.0 million liability in the year ended July 31, 2004 for the estimated cost of remediation and reconstruction efforts. As of July 31, 2006, Breckenridge Terrace had substantially completed all remediation efforts.

Forensic construction experts retained by Breckenridge Terrace determined that the water intrusion and condensation problems were the result of construction and design defects. In accordance with Colorado law, Breckenridge Terrace served separate notices of claims on the general contractor, architect and developer and initiated arbitration proceedings which have since been closed. During the nine months ended April 30, 2006, the Company recorded an $852,000 mold remediation credit due to Breckenridge Terrace receiving reimbursement from third parties for costs incurred in conjunction with its mold remediation efforts. This credit has been recognized by the Company as reduction of the remediation expense that was originally recognized in the year ended July 31, 2004.

12. Stock Repurchase Plan

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock. During the nine months ended April 30, 2007, the Company repurchased 358,400 shares of common stock at a cost of $15.0 million. The Company did not repurchase any shares of common stock during the three months ended April 30, 2007. Since inception of this stock repurchase plan, the Company has repurchased 673,500 shares at a cost of approximately $25.8 million. As of April 30, 2007, 2,326,500 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee stock based compensation plans. Acquisitions under the share repurchase program will be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The timing as well as the number of shares that may be repurchased under the program will depend on a number of factors including the Company's future financial performance, the Company's available cash resources and competing uses for cash that may arise in the future, the restrictions in the Credit Facility and in the Indenture, dated as of January 29, 2004 among the Company, the guarantors therein and the Bank of New York, as Trustee, prevailing prices of the Company's common stock and the number of shares that become available for sale at prices that the Company believes are attractive. The stock repurchase program may be discontinued at any time and is not expected to have a significant impact on the Company's capitalization.

13. Guarantor Subsidiaries and Non-Guarantor Subsidiaries -- Restated

The Company's payment obligations under the 6.75% Notes (see Note 4, Long-Term Debt) are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by substantially all of the Company's consolidated subsidiaries (collectively, and excluding Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for Boulder/Beaver LLC, Colter Bay Corporation, Eagle Park Reservoir Company, Forest Ridge Holdings, Inc., Gros Ventre Utility Company, Jackson Lake Lodge Corporation, Jenny Lake Lodge, Inc., Mountain Thunder, Inc., SSV, Larkspur Restaurant & Bar, LLC, Vail Associates Investments, Inc., Arrabelle, Gore Creek, Chalets, Timber Trail, Inc. and VR Holdings, Inc. (together, the "Non-Guarantor Subsidiaries"). APII and the Employee Housing Entities are included with the Non-Guarantor Subsidiaries for purposes of the consolidated condensed financial information, but are not considered subsidiaries under the indentures governing the 6.75% Notes.

Presented below is the consolidated condensed financial information of the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Financial information for the Non-Guarantor subsidiaries is presented in the column titled "Other Subsidiaries." Balance sheet data is presented as of April 30, 2007, July 31, 2006 and April 30, 2006. Statement of operations data is presented for the three and nine months ended April 30, 2007 and 2006. Statement of cash flows data is presented for the nine months ended April 30, 2007 and 2006.

Investments in subsidiaries are accounted for by the Parent Company and Guarantor Subsidiaries using the equity method of accounting. Net income (loss) of Guarantor and Non-Guarantor Subsidiaries is, therefore, reflected in the Parent Company's and Guarantor Subsidiaries' investments in and advances to (from) subsidiaries. Net income (loss) of the Guarantor and Non-Guarantor Subsidiaries is reflected in Guarantor Subsidiaries and Parent Company as equity in consolidated subsidiaries. The elimination entries eliminate investments in Other Subsidiaries and intercompany balances and transactions for consolidated reporting purposes.

Supplemental Condensed Consolidating Balance Sheet
As of April 30, 2007
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 273,103	$ 43,336	$ --	$ 316,439
Restricted cash	--	27,673	12,735	--	40,408
Trade receivables, net	--	32,769	2,489	--	35,258
Inventories, net	--	7,855	34,772	--	42,627
Other current assets	13,991	13,207	5,635	--	32,833
Total current assets	13,991	354,607	98,967	--	467,565
Property, plant and equipment, net	--	798,591	70,132	--	868,723
Real estate held for sale and investment	--	112,253	192,832	--	305,085
Goodwill, net	--	121,611	14,328	--	135,939
Intangible assets, net	--	56,729	16,470	--	73,199
Other assets	4,824	27,691	12,092	--	44,607
Investments in subsidiaries and advances to (from) parent	1,261,952	295,497	(53,028)	(1,504,421)	--
Total assets	$ 1,280,767	$ 1,766,979	$ 351,793	$ (1,504,421)	$ 1,895,118
Current liabilities:					
Accounts payable and accrued expenses	$ 5,627	$ 152,999	$ 79,355	$ --	$ 237,981
Income taxes payable	11,739	--	--	--	11,739
Long-term debt due within one year	--	35	366	--	401
Total current liabilities	17,366	153,034	79,721	--	250,121
Long-term debt	390,000	57,718	127,444	--	575,162
Other long-term liabilities	--	120,029	46,353	--	166,382
Deferred income taxes	130,212	--	--	--	130,212
Minority interest in net assets of consolidated subsidiaries	--	--	--	30,052	30,052
Total stockholders' equity	743,189	1,436,198	98,275	(1,534,473)	743,189
Total liabilities and stockholders' equity	$ 1,280,767	$ 1,766,979	$ 351,793	$ (1,504,421)	$ 1,895,118

Supplemental Condensed Consolidating Balance Sheet
As of July 31, 2006
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 179,998	$ 11,796	$ --	$ 191,794
Restricted cash	--	14,787	5,535	--	20,322
Trade receivables, net	--	31,030	4,919	--	35,949
Inventories, net	--	8,595	33,683	--	42,278
Other current assets	11,945	21,308	2,378	--	35,631
Total current assets	11,945	255,718	58,311	--	325,974
Property, plant and equipment, net	--	782,158	68,954	--	851,112
Real estate held for sale and investment	--	154,330	105,054	--	259,384
Goodwill, net	--	118,475	17,336	--	135,811
Intangible assets, net	--	58,185	16,924	--	75,109
Other assets	5,356	20,510	14,387	--	40,253
Investments in subsidiaries and advances to (from) parent	1,053,209	(541,621)	(51,690)	(459,898)	--
Total assets	$1,070,510	$ 847,755	$ 229,276	$(459,898)	$1,687,643
Current liabilities:					
Accounts payable and accrued expenses	$ 19,857	$ 161,179	$ 49,726	$ --	$ 230,762
Income taxes payable	17,517	--	--	--	17,517
Long-term debt due within one year	--	4,045	1,870	--	5,915
Total current liabilities	37,374	165,224	51,596	--	254,194
Long-term debt	390,000	57,734	77,579	--	525,313
Other long-term liabilities	359	121,995	36,136	--	158,490
Deferred income taxes	--	72,919	145	--	73,064
Put option liabilities	--	1,245	--	--	1,245
Minority interest in net assets of consolidated subsidiaries	--	13,285	19,275	--	32,560
Total stockholders' equity	642,777	415,353	44,545	(459,898)	642,777
Total liabilities and stockholders' equity	$1,070,510	$ 847,755	$ 229,276	$(459,898)	$1,687,643

Supplemental Condensed Consolidating Balance Sheet
As of April 30, 2006
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 231,814	$ 8,302	$ --	$ 240,116
Restricted cash	--	28,776	3,531	--	32,307
Receivables, net	--	30,482	5,136	--	35,618
Inventories, net	--	7,434	29,396	--	36,830
Other current assets	13,191	15,494	6,059	--	34,744
Total current assets	13,191	314,000	52,424	--	379,615
Property, plant and equipment, net	--	781,039	67,945	--	848,984
Real estate held for sale and investment	--	142,101	98,514	--	240,615
Goodwill, net	--	135,811	--	--	135,811
Intangible assets, net	--	42,137	34,450	--	76,587
Other assets	5,534	14,456	11,133	--	31,123
Investments in subsidiaries and advances to (from) parent	1,065,247	(561,556)	(43,793)	(459,898)	--
	$ 1,083,972	$ 867,988	$ 220,673	$ (459,898)	$ 1,712,735
Current liabilities:					
Accounts payable and accrued expenses	$ 12,705	$ 143,768	$ 49,998	$ --	$ 206,471
Income taxes payable	1,324	--	--	--	1,324
Long-term debt due within one year	--	4,044	376	--	4,420
Total current liabilities	14,029	147,812	50,374	--	212,215
Long-term debt	390,000	57,742	69,129	--	516,871
Other long-term liabilities	358	115,215	34,308	--	149,881
Deferred income taxes	--	118,641	205	--	118,846
Put option liabilities	--	113	--	--	113
Minority interest in net assets of consolidated subsidiaries	--	--	35,224	--	35,224
Total stockholders' equity	679,585	428,465	31,433	(459,898)	679,585
Total liabilities and stockholders' equity	$ 1,083,972	$ 867,988	$ 220,673	$ (459,898)	$ 1,712,735

Supplemental Condensed Consolidating Statement of Operations
For the three months ended April 30, 2007
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 304,899	$ 67,994	$ (3,404)	$ 369,489
Total operating expense	175	181,201	54,789	(2,860)	233,305
(Loss) income from operations	(175)	123,698	13,205	(544)	136,184
Other (expense) income, net	(6,757)	3,397	(1,071)	542	(3,889)
Equity investment income, net	--	1,660	--	--	1,660
Loss on sale of business	--	(601)	--	--	(601)
Gain on put options, net	--	690	--	--	690
Minority interest in income of consolidated subsidiaries, net	--	--	--	(5,343)	(5,343)
(Loss) income before income taxes	(6,932)	128,844	12,134	(5,345)	128,701
Benefit (provision) for income taxes	2,704	(52,901)	4	--	(50,193)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(4,228)	75,943	12,138	(5,345)	78,508
Equity in income (loss) of consolidated subsidiaries	82,736	--	--	(82,736)	--
Net income (loss)	$ 78,508	$ 75,943	$ 12,138	$ (88,081)	$ 78,508

Supplemental Condensed Consolidating Statement of Operations
For the three months ended April 30, 2006
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 284,472	$ 59,493	$ (2,576)	$ 341,389
Total operating expense	7,742	167,605	45,373	(2,576)	218,144
(Loss) income from operations	(7,742)	116,867	14,120	--	123,245
Other (expense) income, net	(6,758)	921	(672)	--	(6,509)
Equity investment income, net	--	760	--	--	760
Loss on put options, net	--	(113)	--	--	(113)
Minority interest in income of consolidated subsidiaries, net	--	--	(5,355)	--	(5,355)
(Loss) income before income taxes	(14,500)	118,435	8,093	--	112,028
Benefit (provision) for income taxes	5,655	(49,408)	62	--	(43,691)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(8,845)	69,027	8,155		68,337
Equity in income (loss) of consolidated subsidiaries	77,182	--	--	(77,182)	--
Net income (loss)	$ 68,337	$ 69,027	$ 8,155	$ (77,182)	$ 68,337

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended April 30, 2007
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 639,972	$ 213,097	$ (9,047)	$ 844,022
Total operating expense	525	491,364	177,667	(8,608)	660,948
(Loss) income from operations	(525)	148,608	35,430	(439)	183,074
Other (expense) income, net	(20,276)	2,319	(3,115)	542	(20,530)
Equity investment income, net	--	3,990	--	--	3,990
Loss on sale of business	--	(601)	--	--	(601)
Gain on put options, net	--	690	--	--	690
Minority interest in income of consolidated subsidiaries, net	--	--	--	(9,707)	(9,707)
(Loss) income before income taxes	(20,801)	155,006	32,315	(9,604)	156,916
Benefit (provision) for income taxes	8,113	(69,437)	127	--	(61,197)
Net (loss) income before equity in income (loss) of consolidated subsidiaries	(12,688)	85,569	32,442	(9,604)	95,719
Equity in income (loss) of consolidated subsidiaries	108,407	--	--	(108,407)	--
Net income (loss)	$ 95,719	$ 85,569	$ 32,442	$ (118,011)	$ 95,719

Supplemental Condensed Consolidating Statement of Operations
For the nine months ended April 30, 2006
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 571,776	$ 149,693	$ (6,643)	$ 714,826
Total operating expense	15,592	428,751	126,753	(6,643)	564,453
(Loss) income from operations	(15,592)	143,025	22,940	--	150,373
Other expense, net	(20,389)	(652)	(2,123)	--	(23,164)
Equity investment income, net	--	3,164	--	--	3,164
Gain on sale of businesses, net	--	4,625	--	--	4,625
Loss on put options	--	(79)	--	--	