

Management's Discussion and Analysis

WHISTLER BLACKCOMB HOLDINGS INC.

For the three and nine months ended June 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 7, 2012

This management's discussion and analysis ("MD&A") contains a discussion and analysis of the consolidated financial position and financial performance of Whistler Blackcomb Holdings Inc. (the "Corporation") for the three and nine months ended June 30, 2012 and should be read in conjunction with the Corporation's condensed interim consolidated financial statements for the same periods (the "Financial Statements").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements or information, within the meaning of applicable Canadian securities laws, including, but not limited to, statements with respect to the amount of employee incentive amounts expected to be payable relating to the current fiscal year, the effective interest rate on the first lien facility, the estimated income tax rate expected to apply for the entire fiscal year, the sufficiency of the Corporation's liquidity and capital resources to maintain its operations, the total estimated amount of capital expenditures that may be incurred in the full fiscal 2012 year and other information or statements about future events or conditions which may prove to be incorrect. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "can", "could", "would", "might" or "will be taken", "occur" or "be achieved".

The forward-looking statements and information contained in this MD&A are based on certain factors and assumptions made by management of the Corporation including, but not limited to: (i) the number of other visits for the remainder of fiscal 2012 approximating the number of other visits in fiscal 2011; (ii) the Corporation's financial performance for the remainder of fiscal 2012 approximating the performance of the fourth quarter of fiscal 2011 (iii) continued modest economic growth in Canada and the United States as well as normal weather patterns; (iv) no changes in bankers' acceptance rates and leverage ratios from those in the past fiscal year and (v) management's schedule for incurring capital expenditures for the remainder of fiscal 2012 and the estimated costs of those capital expenditures.

The forward-looking statements and information contained in this MD&A are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated including, but not limited to, risks relating to unfavourable weather conditions, economic downturns, the seasonality of Whistler Blackcomb's operations, the extent of required capital expenditures, currency fluctuations, the competitive nature of Whistler Blackcomb's industry, the unanticipated departure of named executed officers, a general dependence on a seasonal workforce, reliance on existing material agreements, risks relating to Whistler Blackcomb's access and use of debt financing, adequacy of the Corporation and Whistler Blackcomb's insurance coverage, litigation, safety and accidents, environmental laws and regulations, leisure and business travel, the impact of any occurring natural disasters and economic, business and market conditions. A more detailed description of these risks is available in the Corporation's annual information form dated December 13, 2011 (the "AIF"), which is available on the Corporation's website and on SEDAR at www.sedar.com.

Financial Information and Conversion to IFRS

Financial information of the Corporation presented in this MD&A for periods beginning from November 9, 2010 is derived from the Corporation's consolidated financial statements prepared under International Financial Reporting Standards ("IFRS"). Financial information of the Partnerships presented in this MD&A for periods prior to November 9, 2010 has been prepared under Canadian generally accepted accounting principles ("Canadian GAAP").

Beginning on October 1, 2011, the Corporation adopted IFRS for the preparation of its consolidated financial statements. IFRS has been applied in the Financial Statements beginning from November 9, 2010. Prior to the adoption of IFRS, the Corporation's consolidated financial statements and the Partnerships' combined and consolidated financial statements were prepared under Canadian GAAP. Adjustments have been made to the

Corporation's previously reported Canadian GAAP financial position, financial performance and cash flows as at September 30, 2011 and in the periods from November 9, 2010 to September 30, 2011 to comply with IFRS. Note 17 to the Financial Statements provides a reconciliation and description of those adjustments.

The Corporation did not have activities from October 4, 2010, the date of its incorporation, to November 8, 2010. Accordingly, the Corporation's interim consolidated financial statements for the nine months ended June 30, 2012 are not entirely comparable to its interim consolidated financial statements for the period from November 9, 2010 to June 30, 2011. Note 18 to the Financial Statements provides selected information about the financial performance and cash flows of the Partnerships on a combined and consolidated basis for the period from October 1, 2010 to November 8, 2010. In this MD&A, management has also included information about the Partnerships for periods prior to November 9, 2010, where applicable. Therefore, information in this MD&A for the periods from November 9, 2010 refers to the Corporation's financial performance and financial position and information in this MD&A for the periods before November 9, 2010 refers to the Partnerships' financial performance.

The Corporation also reports EBITDA (defined below) and Cash Available for Payment of Dividends and Distributions (defined below), which are non-IFRS measures. For descriptions and definitions of the non-IFRS measures used in this MD&A, see "Discussion of Operations—Non-IFRS Measures".

All currency amounts in this MD&A are in Canadian dollars.

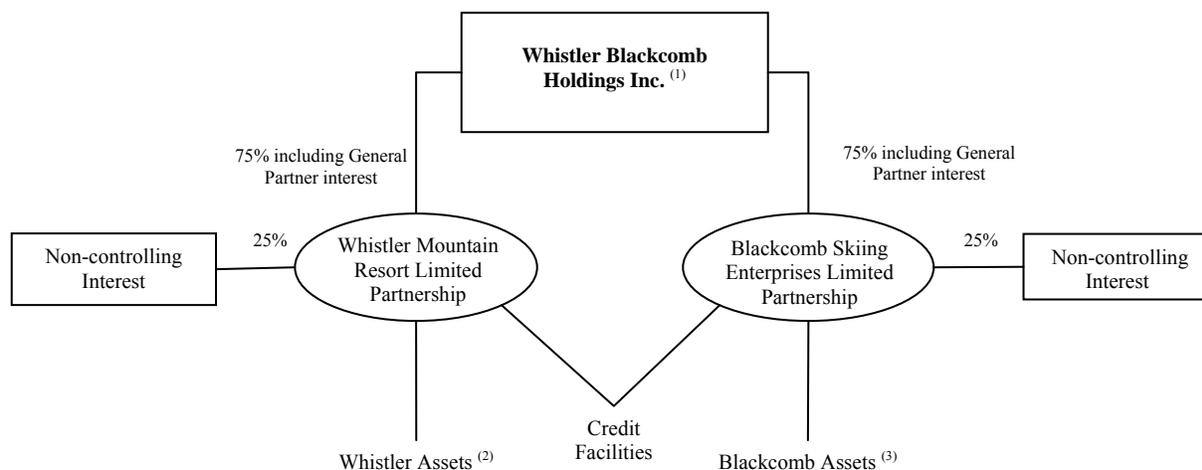
Key Terms

Throughout this MD&A, the following defined terms are used:

Term	Meaning
“Corporation” or “Successor”	Whistler Blackcomb Holdings Inc., together with the Partnerships and the Non-Material Subsidiaries, or Whistler Blackcomb Holdings Inc. alone as the context requires. The Corporation owns a 75% interest in each of the Partnerships and 100% of the Non-Material Subsidiaries.
“Whistler Blackcomb”	The resort business and operations carried on by the Corporation from November 9, 2010 and the resort business and operations carried on by the Partnerships before November 9, 2010, as the context requires.
“Partnerships” or “Predecessor”	Whistler Mountain Resort Limited Partnership and Blackcomb Skiing Enterprises Limited Partnership, together with their subsidiaries, as at the relevant time as the context requires.
“Non-controlling Interest”	The 25% interests in each of the Partnerships that are owned by Nippon Cable Co. Ltd. and its affiliates (“Nippon Cable”), which are entities not affiliated with or related to the Corporation.
“ETP”	Effective ticket price, representing the yield-per-skier visit calculated as total ski-related lift revenue divided by total skier visits. Ski-related lift revenue and skier visits excludes revenue and visits from summer glacier skiing.
“EPS”	Net earnings (loss) per share.

Intercorporate Relationships

The following organizational chart illustrates the material components of the structure of the Corporation and its subsidiaries. See “Intercorporate Relationships” in the AIF for more details.



(1) The Corporation also directly owns all of the shares of certain non-material resort-related subsidiaries (the “Non-Material Subsidiaries”).

(2) The assets owned, directly or indirectly, by Whistler Mountain Resort Limited Partnership in connection with Whistler Blackcomb.

(3) The assets owned, directly or indirectly, by Blackcomb Skiing Enterprises Limited Partnership in connection with Whistler Blackcomb.

Overall Performance and Highlights

Throughout this MD&A, references to Successor refer to the Corporation and its consolidated results from November 9, 2010. References to Predecessor refer to the Partnerships and their combined and consolidated results before November 9, 2010. The Successor and Predecessor periods have been separated by a black line to highlight the fact that the results before and from November 9, 2010 are for different legal entities. To facilitate discussion of the Corporation's financial performance, certain period-over-period discussions are made by comparing the Corporation's results for the current period with the combined results of the Successor and Predecessor for the same period in the prior year.

	Three months ended June 30,		Nine months ended June	November 9,	October 1,	Nine months
	2012	2011	30, 2012	2010 to June 30, 2011	2010 to November 8, 2010	ended June 30, 2011
(in thousands, except for EPS and ETP)	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Combined)
FINANCIAL DATA						
Total revenue	\$34,422	\$30,543	\$209,017	\$186,485	\$3,902	\$190,387
Consolidated net earnings (loss)	\$(7,376)	\$(10,206)	\$34,666	\$46,661	\$(8,525)	N/A ⁽¹⁾
Net earnings (loss) attributable to the Corporation's shareholders	\$(5,202)	\$(7,303)	\$23,639	\$35,632	N/A	N/A
EPS, basic and diluted	\$(0.14)	\$(0.19)	\$0.62	\$0.94	N/A	N/A
Dividends declared, per common share ⁽²⁾	\$0.24375	\$0.24375	\$0.73125	\$0.73125	N/A	N/A
EBITDA ⁽³⁾	\$4,935	2,956	\$85,015	\$81,169	\$(7,034)	\$74,135
OTHER MEASURES						
Skier visits	332	346	2,131	2,030	-	2,030
Other visits	89	84	141	121	16	137
Total visits	421	430	2,272	2,151	16	2,167
ETP	\$42.58	\$36.79	\$49.23	\$47.06	\$-	\$47.06

⁽¹⁾ Net earnings (loss) of the Successor and Predecessor are not entirely comparable. Reasons for non-comparability are described in the section "Items that Impact the Comparability of Financial Results" of this MD&A. As a result, the Partnerships' combined and consolidated net earnings (loss) for the period from October 1, 2010 to November 8, 2010 is not combined with the Corporation's consolidated net earnings (loss).

⁽²⁾ Represents dividends declared in the month after each quarter end covered by this MD&A

⁽³⁾ "EBITDA" is a non-IFRS measure. See "Discussion of Operations—Non-IFRS Measures" in this MD&A for a discussion of non-IFRS measures, a definition of "EBITDA" and a reconciliation to its most directly comparable IFRS measure.

Operating dates:

- The 2011/2012 ski season began on November 18, 2011 and ended on May 28, 2012. The 2010/2011 ski season began on November 19, 2010 and ended on May 30, 2011.
- Summer activities opened in May 2012, including the mountain bike park on May 18, 2012 and the Peak 2 Peak Gondola for sight-seeing and hiking on May 26, 2012, which are both scheduled to continue to October 2012. In the prior year, the mountain bike park and Peak 2 Peak Gondola for summer sight-seeing and hiking opened from May 20, 2011 and May 28, 2011, respectively, until October 10, 2011. Glacier skiing was open from June 23, 2012 to July 29, 2012. In the prior year, glacier skiing was open from June 18, 2011 to July 24, 2011.

Highlights of the nine months ended June 30, 2012 include:

- EBITDA increased by 14.7% or \$10.9 million over the same period in the prior year to \$85.0 million.
- Total revenue increased by 9.8% or \$18.6 million over the same period in the prior year to \$209.0 million. Revenue from all major categories increased as a result of price increases in lift and other products and an increase in visits from destination guests.
- Skier visits increased by 5.0% over the same period in the prior year and reached 2.131 million compared to 2.030 million in the prior year. Management estimates that 61% of skier visits were from local and regional guests and 39% from destination guests. Visits from local and regional guests remained relatively unchanged from the prior year, with the increase in total skier visits primarily arising from visits from destination guests.
- Sales of season passes and frequency cards for the 2011/2012 ski season totalled \$42.4 million (which does not include \$3.5 million in sales of 1-day frequency cards) and surpassed sales for the 2010/2011 ski season of \$38.8 million (which does not include \$4.9 million in sales of 1-day frequency cards).
- ETP was \$49.23 for the 2011/2012 ski season, representing a 4.6% increase over ETP of \$47.06 for prior year's ski season. The increase in ETP was primarily attributable to an increase in lift product pricing and an increase in visits from destination guests who typically purchase higher yielding products.
- Net earnings before income tax increased by 30.7% or \$10.1 million over the same period in the prior year to \$42.9 million, when the prior year Partnerships' net loss of \$8.5 million from October 1, 2010 to November 8, 2010 is included.
- Net earnings attributable to the Corporation's shareholders totalled \$23.6 million or \$0.623 per common share compared to \$35.6 million or \$0.94 per common share in the period from November 9, 2010 to June 30, 2011. The increase in net earnings before income tax was reduced by a \$13.5 million increase in income tax expense in the nine months ended June 30, 2012 compared to the period from November 9, 2010 to June 30, 2011; this increase in income tax expense was substantially all non-cash deferred income tax expenses and primarily related to the timing of recording non-cash deferred income tax benefit and expense in the prior year. Additionally, the Partnerships' net loss of \$8.5 million from October 1, 2010 to November 8, 2010, prior to its acquisition by the Corporation on November 9, 2010, is not included in the Corporation's net earnings from November 9, 2010 to June 30, 2011.

Highlights of the three months ended June 30, 2012 include:

- EBITDA increased by 66.9% or \$2.0 million over the same period in the prior year to \$4.9 million.
- Total revenue increased by 12.7% or \$3.9 million over the same period in the prior year to \$34.4 million, due to pricing increases and visits from destination guests.
- Skier visits remained substantially unchanged from the prior year at 0.3 million.
- ETP increased by 15.7% and was \$42.58 compared to \$36.79 in the prior year. The increase was primarily due to maintaining full winter season pricing on single and multi-day lift tickets for approximately one week longer in the 2011/2012 ski season as a result of the Easter long-weekend falling in the beginning of April in 2012 compared to the end of April in 2011.
- Net loss before income tax of \$8.9 million decreased by 27.4% or \$3.4 million compared to \$12.3 million in the same period in the prior year.

- Net loss attributable to the Corporation's shareholders totalled \$5.2 million or \$0.14 per share, which was a 28.8% or \$2.1 million improvement over the \$7.3 million or \$0.19 per share net loss in the same period in the prior year, mainly due to the increase in EBITDA.

Business Overview

The Corporation carries on the four season mountain resort business and operations of Whistler Blackcomb at the Resort Municipality of Whistler through its 75% interest and general partner interest in each of the Partnerships.

Whistler Blackcomb is North America's largest and most visited mountain ski resort destination and one of the world's premier mountain resort destinations. Whistler Blackcomb features two adjacent and integrated mountains, Whistler Mountain and Blackcomb Mountain, with over 200 marked runs, 8,171 acres of skiable terrain, 14 alpine bowls and three glaciers and is located adjacent to pedestrian villages located at the base of Whistler Mountain and Blackcomb Mountain. Whistler Blackcomb has a mile-high vertical drop, the largest area of skiable terrain, the most marked trails and highest lift capacity of any large ski resort in North America. Whistler Blackcomb has received average annual snowfall of more than 1,190 centimetres (469 inches) over the last 10 seasons and has one of the longest ski seasons in North America. Whistler Blackcomb has attracted an average of approximately 2 million skier visits annually since the operations of Whistler Mountain and Blackcomb Mountain were integrated in the 1997/1998 ski season and over the last 10 years has averaged approximately 11% market share of skier visits in the Canadian market and approximately 2.7% market share of skier visits in the North American market.

The AIF includes detailed information regarding the Corporation's business and can be found, together with the Corporation's other disclosure documents on SEDAR, at www.sedar.com.

Initial Public Offering and Acquisition

On November 9, 2010, the Corporation completed an initial public offering (the "Offering") and, in connection with the Offering, acquired from Intrawest ULC ("Intrawest"), directly and indirectly, a 75% interest in each of the Partnerships, including a general partner interest in each of the Partnerships, and 100% of the Non-Material Subsidiaries for aggregate consideration of \$618 million (the "Acquisition"). The Non-controlling Interest in the Partnerships continues to be owned by Nippon Cable and has been accounted for as a Non-controlling Interest in the Financial Statements.

Pursuant to the Offering, the Corporation issued 25 million common shares for gross proceeds of \$300.0 million and received net proceeds of \$282.1 million, after deducting underwriters' fees and commissions and other expenses of the Offering.

See note 3 to the Financial Statements for more information regarding the Offering and the Acquisition.

Factors Affecting Performance

Resort Revenue

Revenue is primarily generated by lift operations and other significant business activities, including ski school, food and beverage operations, retail and rental operations, and other related or ancillary activities, including property management. Whistler Blackcomb's lift operations include both the sale of ski lift tickets as well as non-ski related lift tickets for mountain biking and sightseeing. Whistler Blackcomb's largest source of revenue is the sale of ski lift tickets (including season passes and frequency cards).

Lift ticket revenue is driven by the guest volume and pricing of lift tickets. Volume is impacted by a number of factors, including the guest experience, weather and accessibility of the resort. There is a potential that economic conditions and political factors could also impact volume. Pricing is impacted by both absolute pricing as well as the demographic mix of the guests, which impacts the price points at which various lift ticket products are purchased. Generally, guests fall into one of two categories: (i) destination guests, referred to as "fly-to visits" from within Canada, the United States and other international markets, and (ii) local and regional guests, referred to as "drive-to visits", as these guests are generally within a five-hour-or-less drive time to the resort.

The key industry pricing metric for lift revenue is ETP. ETP represents the yield-per-skier visit and is calculated as total ski-related lift revenue divided by total skier visits. Ski-related lift revenue and skier visits excludes revenue and visits from summer glacier skiing. ETP reflects the mix of ticket types (e.g., adult, child, multi-day, season pass, group) and the proportion of local and regional guests versus destination guests. Resort revenue outside of lift ticket revenue is also influenced by the mix of local and regional guests versus destination guests, the affluence of the visitor base and the quantity and type of goods and ancillary services offered.

Destination guests generally purchase lift ticket products that generate a higher ETP relative to local and regional guests. Destination guests are also more active and frequent users of the services and amenities available at Whistler Blackcomb, such as ski school, retail and rental outlets and food and beverage services, which, combined with a higher ETP, generates higher overall revenue per visit. Destination guest visits are less likely to be impacted by short-term changes in the weather to the extent advanced planning is required for vacation trips, but are more likely to be impacted by adverse economic conditions or the global geopolitical climate.

Local and regional guests, who are generally more price and weather sensitive, account for the majority of season pass and frequency card product sales. As a result, local and regional guests generate a lower ETP given the unlimited-use nature of the season pass products and greater utilization of the frequency cards. However, local and regional guests provide Whistler Blackcomb with a stable customer base, which is more consistent in terms of number of visits from year to year when compared to the destination guest market. In addition, the advance sales of season pass and frequency card products provide important early season cash flow, generate revenue stability and improve visibility on ski season revenues. The majority of these customers purchasing presold products are regional, coming from the Greater Vancouver area, other parts of British Columbia and Washington State. Whistler Blackcomb's strategy is to continue to grow the number of visitors, both destination and local and regional guests, while maximizing the resulting ETP and related ancillary revenue.

Operating Expenses

The cost structure of the Corporation's resort operations, which includes ski resort and ancillary activities during the summer and winter seasons, is primarily fixed with labour as the largest component of operating costs. Labour costs include both a fixed and variable portion. Ski school payroll is the most variable labour cost, being most directly related to skier visits, followed by food and beverage and rental and retail services. Labour from ski patrol, maintenance, grooming, administration, sales and marketing is relatively fixed in nature. Management adjusts operating costs in response to ski conditions and skier visits during the season by opening and closing lifts, restaurants and retail stores and by adjusting related staffing and inventory levels.

Seasonality

Whistler Blackcomb's resort business demonstrates significant seasonality. The majority of the skier visits are from late December to the end of March. The quarter ending March 31st generates the highest revenue, net earnings and EBITDA. Net losses are generally incurred in the quarters ending December 31, June 30, and September 30 primarily due to interest expense, income tax expense and depreciation and amortization expense exceeding EBITDA in those quarters. See also "Summary of Quarterly Results" in this MD&A for more information.

Whistler Blackcomb mitigates the seasonality of its operations through a number of initiatives including: (i) the sale of season passes, frequency cards and multi-day products before the winter season commences to assist funding of the seasonal start up costs; and (ii) the promotion of the four season resort activities to generate cash in the summer season to offset fixed costs. Whistler Blackcomb's summer season activities that attract lift service customers include Peak 2 Peak Gondola sightseeing, hiking and mountain biking.

Adoption of IFRS

Beginning on October 1, 2011, the Corporation transitioned to IFRS and adopted IFRS in the preparation of its consolidated financial statements beginning from November 9, 2010. The Corporation's financial position, financial performance and cash flows prepared under IFRS at September 30, 2011 and in all periods from November 9, 2010 to September 30, 2011 differ from the amounts previously reported under Canadian GAAP. Note 17 to the Financial Statements provides a reconciliation and description of those differences.

The adoption of IFRS also impacted certain non-Canadian GAAP measures previously reported by the Corporation. See “Non-IFRS Measures” and “Cash Available for Payment of Dividends and Distributions” below.

Discussion of Operations

The Corporation has one reportable segment, the Resort Segment, comprising all resort and ancillary activities. Revenues and expenses relating to the Corporation’s real estate activities are now incidental to the Corporation’s operations and are not material to its business.

Non-IFRS Measures

The Corporation reports EBITDA, which is defined for purposes of this MD&A as consolidated net earnings (loss) (including net earnings (loss) attributable to the Non-controlling Interest) before finance expense net, income tax expense (benefit), and depreciation and amortization.

The Corporation also reports Cash Available for Payment of Dividends and Distributions, which is defined for purposes of this MD&A as the amount of the Corporation’s cash provided from operations on a consolidated basis net of capital expenditures on a consolidated basis, but before the impact of changes in non-cash working capital on a consolidated basis, available to be paid by the Partnerships as distributions to Nippon Cable and available to be paid by the Corporation as dividends to its shareholders.

EBITDA and Cash Available for Payment of Dividends and Distributions are non-IFRS measures and are provided to complement the Corporation’s IFRS measures to further understand, from management’s perspective, the financial performance of the Corporation’s resort business as a whole and as a supplemental measure of performance that highlights trends in the business that may not otherwise be apparent when relying solely on IFRS measures. EBITDA and Cash Available for Payment of Dividends and Distributions do not have standardized meanings prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. EBITDA and Cash Available for Payment of Dividends and Distributions should not be considered in isolation or as a substitute for analysis of financial information reported under IFRS.

The following tables reconcile EBITDA to net cash provided by operations:

	Three months ended June 30,		Nine months ended June 30, 2012	November 9, 2010 to June 30, 2011	October 1,	Nine months ended June 30, 2011
	2012	2011			2010 to November 8, 2010	
(in thousands)	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Combined)
Cash provided by operations	\$ (2,158)	\$ (3,785)	\$ 67,799	\$53,658	\$7,320	\$ 60,978
Stock-based compensation	(96)	(206)	(422)	(746)	-	(746)
Disposal (losses) gains	4	35	(22)	41	(63)	(22)
Changes in non-cash working capital	2,182	2,897	3,625	17,636	(14,272)	3,364
Finance expense (income), net before amortization of debt issuance costs	3,970	4,043	12,327	10,427	(19)	10,408
Current income tax expense (benefit)	1,033	(28)	1,708	153	-	153
EBITDA	\$ 4,935	\$ 2,956	\$ 85,015	\$81,169	\$(7,034)	\$ 74,135

The adoption of IFRS impacted previously reported EBITDA as follows:

	November 9,	October 1,	Year ended September 30, 2011	November 9,	October 1,	Nine months ended June 30, 2011
	2010 to September 30, 2011	2010 to November 8, 2010		2010 to June 30, 2011	2010 to November 8, 2010	
(in thousands)	(Successor)	(Predecessor)	(Combined)	(Successor)	(Predecessor)	(Combined)
EBITDA, Canadian GAAP	\$82,135	\$(7,034)	\$ 75,101	\$82,239	\$(7,034)	\$ 75,205
Acquisition-related costs ⁽¹⁾	(1,070)	-	(1,070)	(1,070)	-	(1,070)
EBITDA, IFRS	\$81,065	\$(7,034)	\$ 74,031	\$81,169	\$(7,034)	\$ 74,135

⁽¹⁾ Under IFRS, costs related to the Acquisition were expensed in the period November 9, 2010 to December 31, 2010 rather than added to the cost of the Acquisition under Canadian GAAP. See note 17 to the Financial Statements for a complete description of the impact that the adoption of IFRS had on the Corporation's financial position, financial performance and cash flows in periods prior to October 1, 2011.

See "Cash Available for Payment of Dividends and Distributions by Partnerships" for the reconciliation of Cash Available for Payment of Dividends and Distributions to cash provided by operations.

Items That Impact the Comparability of Financial Results

The following are key items that impact the comparability of the financial results of the Corporation from November 9, 2010 and the financial results of the Partnerships before November 9, 2010, as presented in this MD&A and in the Financial Statements.

Acquisition Accounting

The Corporation accounted for the Acquisition of the 75% interest in each of the Partnerships and 100% of the Non-Material Subsidiaries as a business combination using the acquisition method under IFRS 3 *Business Combinations*. Under this method, the assets acquired, liabilities assumed (except for deferred income tax liabilities) and non-controlling interest have been measured at fair value. The fair values of certain of the tangible and intangible assets acquired are higher than the historical cost to the Partnerships of those assets. As a result, non-cash depreciation and amortization expense of those tangible and intangible assets acquired is higher than that recorded in the Partnerships' combined and consolidated financial statements in periods prior to November 9, 2010. Therefore, financial statements in post-Acquisition periods are not entirely comparable to pre-Acquisition periods. See note 3 to the Financial Statements for a summary of the assets acquired and liabilities assumed in the Acquisition.

Financing and Corporation Costs

As a result of the Acquisition, certain cost structures of the Partnerships have changed.

Prior to the Acquisition, the Partnerships were allocated corporate costs from Intrawest, their former general partner, for shared services, including legal, tax, information technology, and other general corporate services, which were agreed to among the partners. For periods from November 9, 2010, selling, general and administrative expenses include the Corporation's own corporate costs.

Additionally, the Partnerships issued debt under the Credit Facilities on November 9, 2010. The cost and amounts outstanding under the Credit Facilities exceed the cost and amounts that were previously outstanding under the related party credit facilities, net of advances.

Non-controlling Interest in the Partnerships

On November 9, 2010, the Corporation acquired, directly and indirectly, a 75% interest in each of the Partnerships. Accordingly, the 25% interest in each of the Partnerships not owned by the Corporation is accounted for as a non-controlling interest in the Corporation's consolidated financial statements.

Consolidated net earnings (loss) of the Corporation includes 100% of the Partnerships' net earnings (loss). However, net earnings (loss) attributable to the Corporation only includes its 75% share of the Partnerships' net earnings (loss). The Partnerships' net earnings (loss) in periods prior to November 9, 2010 represents 100% of the Partnerships' net earnings (loss).

Income Taxes

The Partnerships are non-taxable entities for income tax reporting purposes. The Partnerships' net earnings are allocated to their partners in the determination of their partners' income taxes payable. Therefore, the Partnerships' financial statements do not include income taxes payable or receivable on their net earnings allocated to their partners, but do include income taxes payable or receivable by the corporate subsidiaries of the Partnerships.

As a partner of each of the Partnerships, the Corporation's financial statements include its share of current and future income taxes associated with each of the Partnerships' net earnings.

Operating Results

	<u>Three months ended June 30,</u>		<u>Nine months</u>	<u>November 9,</u>	<u>October 1,</u>	<u>Nine months</u>
	<u>2012</u>	<u>2011</u>	<u>ended June</u>	<u>2010 to June</u>	<u>2010 to</u>	<u>ended June</u>
(in thousands, except EPS and ETP)	(Successor)	(Successor)	<u>30, 2012</u>	<u>30, 2011</u>	<u>November 8,</u>	<u>30, 2011</u>
			(Successor)	(Successor)	(Predecessor)	(Combined)
RESORT SEGMENT						
Skier visits	332	346	2,131	2,030	-	2,030
Other visits	89	84	141	121	16	137
Total visits	421	430	2,272	2,151	16	2,167
ETP	\$42.58	\$36.79	\$49.23	\$47.06	\$-	\$47.06
Total revenue	\$34,422	\$30,543	\$209,017	\$186,485	\$3,902	\$190,387
Operating expenses, excluding depreciation and amortization	(24,012)	(22,104)	(103,201)	(89,246)	(8,246)	(97,492)
Selling, general and administrative	(5,479)	(5,522)	(20,779)	(14,901)	(2,574)	(17,475)
Real estate expenses	-	4	-	(140)	(53)	(193)
Acquisition-related costs	-	-	-	(1,070)	-	(1,070)
Disposal gains (losses)	4	35	(22)	41	(63)	(22)
EBITDA	4,935	2,956	85,015	81,169	(7,034)	74,135
Depreciation and amortization	(9,598)	(10,931)	(28,865)	(28,615)	(1,510)	(30,125)
Finance (expense) income, net	(4,285)	(4,357)	(13,276)	(11,231)	19	(11,212)
Net earnings (loss) before income tax	(8,748)	(12,332)	42,874	41,323	(8,525)	32,798
Income tax (expense) benefit	1,572	2,126	(8,208)	5,338	-	5,338
Consolidated net earnings (loss) ⁽¹⁾	<u>\$(7,376)</u>	<u>\$(10,206)</u>	<u>\$34,666</u>	<u>\$46,661</u>	<u>\$(8,525)</u>	<u>\$38,136</u>
Net earnings (loss) attributable to:						
Corporation shareholders	\$ (5,202)	\$ (7,303)	\$ 23,639	\$ 35,632		
Non-controlling Interest	(2,174)	(2,903)	11,027	11,029		
	<u>\$(7,376)</u>	<u>\$(10,206)</u>	<u>\$34,666</u>	<u>\$46,661</u>		
EPS, basic and diluted	<u>\$ (0.14)</u>	<u>\$ (0.19)</u>	<u>\$ 0.62</u>	<u>\$ 0.94</u>		
Weighted average number of common shares outstanding:						
Basic	<u>37,908</u>	<u>37,868</u>	<u>37,892</u>	<u>37,864</u>		
Diluted	<u>37,954</u>	<u>37,901</u>	<u>37,953</u>	<u>37,895</u>		

(1) Net earnings (loss) of the Successor and Predecessor are not entirely comparable. Reasons for non-comparability are described in the section "Items that Impact the Comparability of Financial Results" of this MD&A.

Nine Months Ended June 30, 2012 Compared to Nine Months Ended June 30, 2011

Revenue

	Nine months ended June 30, 2012	November 9, 2010 to June 30, 2011 ⁽¹⁾	October 1, 2010 to November 8, 2010	Nine months ended June 30, 2011 ⁽¹⁾	change	% change
(in thousands, except ETP)	(Successor)	(Successor)	(Predecessor)	(Combined)		
Lift	\$109,484	\$99,783	\$497	\$100,280	\$9,204	9.2%
Retail and rental	34,045	29,181	2,353	31,534	2,511	8.0%
Ski school	23,787	19,537	22	19,559	4,228	21.6%
Food and beverage	25,203	22,563	227	22,790	2,413	10.6%
Other	16,498	15,181	803	15,984	514	3.2%
Total resort revenue	<u>\$209,017</u>	<u>\$186,245</u>	<u>\$3,902</u>	<u>\$190,147</u>	\$18,870	9.9%
Skier visits	2,131	2,030	-	2,030	101	5.0%
Other visits	141	121	16	137	4	2.9%
Total visits	<u>2,272</u>	<u>2,151</u>	<u>16</u>	<u>2,167</u>	105	4.8%
ETP	<u>\$49.23</u>	<u>\$47.06</u>	<u>\$-</u>	<u>\$47.06</u>	\$2.17	4.6%

⁽¹⁾ Certain amounts have been reclassified to conform to the current presentation.

Total resort revenue increased by \$18.9 million or 9.9% to \$209.0 million for the nine months ended June 30, 2012 compared to the same period in the prior year. The overall increase in resort revenue corresponds with the increase in skier visits and an increase in skier visits from destination guests.

Management estimates that, in the nine months ended June 30, 2012, 61% of total skier visits were from local and regional guests and 39% were from destination guests compared to 66% and 34%, respectively, in the same period in the prior year. This represents a 20.4% increase in visits from destination guests and 3.0% decrease in visits from local and regional guests.

Sales of season passes and frequency cards for the 2011/2012 ski season totalled \$42.4 million (which does not include sales of 1-day frequency cards of \$3.5 million) and surpassed sales for the 2010/2011 ski season of \$38.8 million for the 2010/2011 ski season (which does not include sales of 1-day frequency cards of \$4.9 million). Season pass and frequency card revenues grew over the prior ski season as a result of increases in the number of units sold and price increases.

The increase in lift revenue corresponds with the increase in the overall number of skier visits and the increase in ETP. The increase in ETP is attributable to an increase in the price of winter lift products (e.g., season passes, frequency cards, single- and multi-day lift tickets) and the increase in total skier visits coming from visits from destination guests who generally purchase higher yielding lift products.

The increase in ski school revenue is attributable to an increase in the price and number of lessons given, which corresponds to the increase in destination guests, and the success and popularity of new ski school product offerings.

The increase in retail and rental and food and beverage revenues also corresponds with the increase in skier visits from destination guests.

Other resort revenue includes revenue from employee housing, heli-ski, and rental management. Increases from heli-ski visits and rental management revenues contributed to the increase over the same period in the prior year.

2012/2013 Spring Campaign

Whistler Blackcomb's spring campaign for 2012/2013 season passes and frequency cards was completed in May 2012 where the value of season passes and frequency cards sold for the 2012/2013 ski season totaled \$11.1 million, surpassing the record value of \$10.4 million sold in the spring campaign for 2010/2011 season passes and frequency cards. The increase is due to an increase in both the number of units sold and price per unit.

The program for season passes sold in the spring campaign for the 2012/2013 ski season was consistent with the prior year's program where approximately 20% of the price is paid during the spring campaign with the balance due in the fall of 2012.

Operating Expense, Excluding Depreciation and Amortization

	Nine months ended June 30, 2012	November 9, 2010 to June 30, 2011 ⁽¹⁾	October 1, 2010 to November 8, 2010	Nine months ended June 30, 2011 ⁽¹⁾	change	% change
(in thousands)	(Successor)	(Successor)	(Predecessor)	(Combined)		
Operating labour and benefits costs	\$50,040	\$44,105	\$2,966	\$47,071	\$2,968	6.3%
Retail and food services cost of sales	22,212	18,972	1,455	20,427	1,785	8.7%
Property taxes, utilities, rent and insurance	15,124	13,235	1,614	14,849	275	1.9%
Supplies, maintenance and other	15,825	12,934	2,211	15,145	680	4.5%
	\$103,201	\$89,246	\$8,246	\$97,492	\$5,709	5.9%

⁽¹⁾ Certain amounts have been reclassified to conform to the current presentation.

The increase in total operating expenses for the nine months ended June 30, 2012 is primarily attributable to an increase in labour and benefits costs and retail and food services cost of sales.

The increase in labour and benefits costs is primarily attributable to an increase in costs of approximately \$1.8 million to support the increased volume of ski school lessons given and increased food and beverage activity and approximately \$0.5 million of additional labour and benefits costs incurred for avalanche control and snow grooming as a result of heavier snowfall in certain months within the 2011/2012 ski season. Additionally, approximately \$0.4 million of the increase is due to labour and benefits costs incurred by the Non-Material Subsidiaries for the full nine months ended June 30, 2012, whereas, in the prior year, labour and benefits costs only included expenses incurred by the Non-Material Subsidiaries from November 9, 2010 to June 30, 2011.

The increase in retail and food services costs of sales corresponds with the increase in retail and food and beverage revenues in the same period.

The increase in property taxes, utilities, rent and insurance is primarily comprised of an increase by approximately \$0.3 million due to higher utilities costs that accompanied favourable conditions for increased snowmaking activities, an increase in rent and land use expenses by \$0.3 million, which vary with the increase in revenue, offset by a \$0.3 million decrease in insurance costs, which is primarily timing-related.

Supplies, maintenance and other operating expenses for the nine months ended June 30, 2012 increased by \$0.7 million over the same period in the prior year. The increase primarily relates to the increased volume of sales in the ski school and food and beverage areas.

Selling, General and Administrative Expenses

In the nine months ended June 30, 2012, selling, general and administrative expenses increased by \$3.3 million over the same period in the prior year to \$20.8 million, which was primarily comprised of a \$0.5 million increase in credit card fees, a \$0.6 million increase in information technology related costs and a \$2.4 million increase in employee incentive costs offset by a \$0.2 million decrease in other expenses.

The \$0.5 million increase in credit card fees is the result of increased volume of guest bookings, transactions using credit cards and the overall increase in revenue.

The \$0.6 million increase in information technology related costs primarily relates to additional software license and support payments made in the current year as a result of the ongoing transition from Intrawest.

For the nine months ended June 30, 2012, selling, general and administrative expense also include a \$2.4 million accrual for employee incentive costs representing three-quarters of the amount expected to be payable based on estimates that certain Corporation annual performance targets will be met for fiscal 2012. In the three months ended June 30, 2012, management increased its estimate of the incentive amounts expected to be payable as a result of updating its estimates of full-year fiscal 2012 results. No employee incentive costs were accrued or paid in the nine months ended June 30, 2011.

Acquisition-Related Costs

Under IFRS, costs related to the Acquisition of \$1.1 million were expensed in the period from November 9, 2010 to June 30, 2011 rather than added to the cost of the Acquisition as under Canadian GAAP.

Depreciation and Amortization

Depreciation and amortization expense for the nine months ended June 30, 2012 decreased by \$1.3 million to \$28.9 million from \$30.1 million for the same period in the prior year. The net decrease was primarily comprised of a decrease in amortization expense in the current year as a result of applying the declining balance method of amortization to the Corporation's customer-related intangible assets, which was offset by additional depreciation and amortization being recorded in fiscal 2012 for the full nine months ended June 30, 2012 compared to the shorter prior year period from November 9, 2010 to June 30, 2011.

Finance Expense, Net

The Corporation, through the Partnerships, has \$261 million of debt outstanding under the Credit Facilities, which consist of \$135 million under the first lien facilities (the "First Lien Facilities") with a syndicate of financial institutions and \$126 million under the second lien facilities (the "Second Lien Facility") with a Canadian institutional investor. See note 8 "Long-term Debt" to the Financial Statements.

On June 22, 2012, the Partnerships amended the First Lien Facilities to reduce the margin on outstanding amounts by 50 basis points (based on the current leverage ratio) and to extend the term to maturity by six months from November 9, 2014 to May 9, 2015. As a result, the margin on bankers' acceptances ranges from 2.00% to 3.00% per annum (compared to a margin of 2.25% to 3.50% prior to the amendment), depending on the total leverage ratio, as defined in the First Lien Facilities.

Finance expense, net in the nine months ended June 30, 2012 includes \$13.5 million of interest expense on the Credit Facilities, which includes \$0.9 million of amortization of debt issuance costs, and reflects an effective interest rate of 6.9% per annum on the Credit Facilities.

Of the increase in interest expense, \$2.0 million is due to a full nine months of interest expense being incurred on the Credit Facilities in the nine months ended June 30, 2012 whereas, in the prior year, interest expense on the Credit Facilities was only incurred beginning from November 9, 2010.

Interest expense paid/payable on the Credit Facilities is incurred at the following rates:

- First Lien Facilities — at floating rates (bankers' acceptance or prime rates, depending on the Corporation's election), plus an applicable margin ranging from 2.00% to 3.00% per annum for bankers' acceptances (2.25% to 3.50% per annum prior to the amendment described above) and 100 bps less for prime rate borrowings, which depends on the total leverage ratio, as defined. The effective interest rate on interest paid/payable for the nine months ended June 30, 2012 was 4.20% per annum. Assuming no changes in bankers' acceptance rates and the Partnerships' leverage ratios, the effective interest rate in future periods is expected to be 50 basis points less, or 3.70% per annum, representing annual interest savings of \$0.675 million; and
- Second Lien Facility — at 8.75% per annum.

Income Taxes

The Corporation's income tax expense is primarily comprised of the income taxes on its 75% share of the Partnerships' net earnings (loss). The remainder of income tax expense are the expenses of the Partnerships' subsidiaries and the Non-Material Subsidiaries.

The Corporation's effective tax rate for the nine months ended June 30, 2012 was 19% and represents management's best estimate of the income tax rate expected to apply for the year ended September 30, 2012. This rate differs from the statutory tax rate of approximately 25% primarily because 25% of the net earnings (loss) before income taxes of the Partnerships is allocated to the Non-controlling Interest for tax purposes and the Non-controlling Interest's income tax expenses are not included in the Corporation's consolidated financial statements.

The difference in income tax expense in the nine months ended June 30, 2012 compared to the period from November 9, 2010 to June 30, 2011 is due to the timing of recording non-cash deferred income tax benefit and expense in the prior year. In the prior year, the Corporation recorded a deferred income tax benefit in the period from November 9, 2010 to June 30, 2011 and recorded an income tax expense (substantially all non-cash deferred income tax) for the period from November 9, 2010 to September 30, 2011, resulting in an effective tax rate of 21.6%. The changes in income tax expense between interim periods in the prior year resulted from additional steps taken in the quarter ended September 30, 2011 to provide that the Partnerships have certain tax bases in the assets acquired in the Acquisition on November 9, 2010. Therefore, the difference between current year and prior year income tax expense is expected to decrease by the end of September 30, 2012 and remain only to the extent the effective tax rate for fiscal 2012 (expected to be 19%) differs from the rate of 21.6% in the period from November 9, 2010 to September 30, 2011.

Net Earnings (Loss) Attributable to the Corporation and Non-controlling Interest

Under IFRS, the Corporation's consolidated net earnings (loss) includes the net earnings (loss) attributable to both the Corporation's shareholders and the Non-controlling Interest. Net earnings (loss) attributable to the Corporation's shareholders includes the Corporation's 75% share of the net earnings (loss) of the Partnerships and their subsidiaries, plus 100% of the net earnings (loss) of the Corporation on a non-consolidated basis and 100% of the net earnings (loss) of the Non-Material Subsidiaries. Net earnings (loss) attributable to the Non-controlling Interest represents Nippon Cable's 25% share of the Partnerships' net earnings (loss). Accordingly, net earnings (loss) attributable to the Non-controlling Interest is not exactly 25% of the Corporation's consolidated net earnings (loss).

In the nine months ended June 30, 2012, net earnings attributable to the Corporation's shareholders was \$23.6 million compared to net earnings of \$35.6 million in the period from November 9, 2010 to June 30, 2011. While EBITDA increased by \$10.9 million in the nine months ended June 30, 2012 compared to same period in the prior year, the change in net earnings attributable to the Corporation's shareholders is primarily attributable to the fact that the period from November 9, 2010 to June 30, 2011 does not include the Partnerships' and Non-Material Subsidiaries' net losses from October 1, 2010 to November 8, 2010 of approximately 8.5 million and because of the timing of recording non-cash deferred income tax expense between interim periods in the prior year .

Three Months Ended June 30, 2012 Compared to Three Months Ended June 30, 2011

Revenue

	<u>Three months ended June 30,</u>		<u>change</u>	<u>% change</u>
	<u>2012</u>	<u>2011</u>		
(in thousands, except ETP)				
Lift	\$16,953	\$15,360	\$1,591	10.4%
Retail and rental	5,400	4,953	447	9.0%
Ski school	3,488	2,448	1,040	42.5%
Food and beverage	4,815	4,530	285	6.3%
Other	3,766	3,252	514	15.8%
Total resort revenue	<u>\$34,422</u>	<u>\$30,543</u>	\$3,877	12.7%
Skier visits	332	346	(14)	(4.1)%
Other visits	89	84	5	5.6%
Total visits	<u>421</u>	<u>430</u>	(9)	(2.2)%
ETP	<u>\$42.58</u>	<u>\$36.79</u>	\$5.79	15.7%

Total resort revenue increased by \$3.9 million or 12.7% to \$34.4 million for the three months ended June 30, 2012 compared to the same period in the prior year.

The increase in lift revenue of 10.4% is due to the increase in ETP in the three months ended June 30, 2012 compared to the same period in the prior year. The increase in ETP was primarily due to: (i) maintaining full winter season pricing on single and multi-day lift tickets for approximately one week longer in the 2011/2012 ski season than in the prior year's ski season as a result of the Easter long-weekend falling in the beginning of April in 2012 versus the end of April in 2011 and (ii) the overall increase in prices of season passes and frequency cards.

The increase in ski school revenue is attributable to an increase in the price and number of lessons given as a result of the popularity of new ski school product offerings.

The increase in retail and rental and food and beverage revenues also corresponds with the increase in skier visits from destination guests.

Other resort revenue includes revenue from employee housing, heli-ski, and rental management. The increase in other resort revenue resulted from an increase in heli-ski visits and increased rental management revenues over the prior year.

Operating Expense, Excluding Depreciation and Amortization

	<u>Three months ended June 30,</u>		<u>change</u>	<u>% change</u>
	<u>2012</u>	<u>2011⁽¹⁾</u>		
(in thousands)				
Operating labour and benefits costs	\$11,764	\$11,064	\$700	6.3%
Retail and food services cost of sales	4,085	3,679	406	11.0%
Property taxes, utilities, rent and insurance	4,077	4,378	(301)	(6.9)%
Supplies, maintenance and other	4,086	2,983	1,103	37.0%
	<u>\$24,012</u>	<u>\$22,104</u>	1,908	8.6%

⁽²⁾ Certain amounts have been reclassified to conform to the current presentation.

The increase in operating labour and benefits of \$0.7 million is primarily comprised of increases by \$0.3 million for ski school, \$0.2 million for lift operations and \$0.1 million for food and beverage operations needed to support the increase in revenues in the three months ended June 30, 2012 over the same period in the prior year.

The increase in retail and food services cost of sales corresponds with the increase in retail and food and beverage revenues in the three months ended June 30, 2012 compared to the same period in the prior year.

The decrease in property taxes, utilities, rent and insurance is primarily comprised of a \$0.3 million decrease in insurance costs, which is timing-related.

Supplies, maintenance and other expenses in the three months ended June 30, 2012 increased over the same period over the prior year, primarily as a result of differences in timing of when supplies and maintenance costs relating to lift operations were incurred in the current year compared to the prior year. Additionally, additional costs were incurred in the areas of ski school and food and beverage as a result of increased sales activities in these areas.

Selling, General and Administrative Expenses

In the three months ended June 30, 2012, selling, general and administrative expenses of \$5.5 million was consistent with the same period in the prior year. Included in selling, general and administrative expenses was a \$1.1 million increase in employee incentive costs offset by a \$0.8 million decrease in marketing costs (which was primarily timing-related) and a \$0.3 million decrease in other general and administrative expenses

In the three months ended June 30, 2012, the Corporation recorded an additional \$1.1 million of employee incentive costs such that to June 30, 2012, the Corporation has recorded a \$2.4 million accrual representing three-quarters of the amount expected to be payable based on estimates that certain Corporation annual performance targets will be met for fiscal 2012. In the three months ended June 30, 2012, management increased its estimate of the incentive amounts expected to be payable as a result of updating its estimates of full-year fiscal 2012 results. No employee incentive costs were accrued or paid in the prior year.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended June 30, 2012 of \$9.6 million was \$1.3 million lower than the same period in the prior year of \$10.9 million. The decrease was primarily due to applying the declining balance method of amortization to the Corporation's customer-related intangible assets.

Finance Expense, Net

The Corporation, through the Partnerships, has \$261 million of debt outstanding under the Credit Facilities, which consist of \$135 million under the first lien facilities (the "First Lien Facilities") with a syndicate of financial institutions and \$126 million under the second lien facilities (the "Second Lien Facility") with a Canadian institutional investor. See note 8 "Long-term Debt" to the Financial Statements.

On June 22, 2012, the Partnerships amended the First Lien Facilities to reduce the margin on outstanding amounts by 50 basis points (based on the current leverage ratio) and to extend the term to maturity by six months from November 9, 2014 to May 9, 2015. As a result, the margin on bankers' acceptances ranges from 2.00% to 3.00% per annum (compared to a margin of 2.25% to 3.50% prior to the amendment), depending on the total leverage ratio, as defined in the First Lien Facilities.

Finance expense, net in the three months ended June 30, 2012 is consistent with the same period in the prior year and includes \$4.5 million of interest expense on the Credit Facilities, which includes \$0.3 million of amortization of debt issuance costs, and reflects an effective interest rate of 6.9% per annum on the Credit Facilities.

Interest expense paid/payable on the Credit Facilities is incurred at the following rates:

- First Lien Facilities — at floating rates (bankers' acceptance or prime rates, depending on the Corporation's election), plus an applicable margin ranging from 2.00% to 3.00% per annum for bankers'

acceptances (2.25% to 3.50% per annum prior to the amendment described above) and 100 bps less for prime rate borrowings, which depends on the total leverage ratio, as defined. The effective interest rate on interest paid/payable for the three months ended June 30, 2012 was 4.20% per annum. Assuming no changes in bankers' acceptance rates and the Partnerships' leverage ratios, the effective interest rate in future periods is expected to be 50 basis points less, or 3.70% per annum, representing annual interest savings of \$0.675 million; and

- Second Lien Facility — at 8.75% per annum.

Income Taxes

The Corporation's income tax expense is primarily comprised of the income taxes on its 75% share of the Partnerships' net earnings (loss). The remainder of income tax expense is incurred by the Partnerships' subsidiaries and the Non-Material Subsidiaries.

The Corporation's effective tax rate for the three months ended June 30, 2012 was 18% and approximates management's best estimate of the income tax rate expected to apply for the year ended September 30, 2012. This rate differs from the statutory tax rate of approximately 25% primarily because 25% of the net earnings (loss) before income taxes of the Partnerships is allocated to the Non-controlling Interest for tax purposes and the Non-controlling Interest's income tax expenses are not included in the Corporation's consolidated financial statements.

Net Earnings (Loss) Attributable to the Corporation and Non-controlling Interest

Under IFRS, the Corporation's consolidated net earnings (loss) includes the net earnings (loss) attributable to both the Corporation's shareholders and the Non-controlling Interest. Net earnings (loss) attributable to the Corporation's shareholders includes the Corporation's 75% share of the net earnings (loss) of the Partnerships and their subsidiaries, plus 100% of the net earnings (loss) of the Corporation on a non-consolidated basis and 100% of the net earnings (loss) of the Non-Material Subsidiaries. Net earnings (loss) attributable to the Non-controlling Interest represents Nippon Cable's 25% share of the Partnerships' net earnings (loss). Accordingly, net earnings (loss) attributable to the Non-controlling Interest is not exactly 25% of the Corporation's consolidated net earnings (loss).

In the three months ended June 30, 2012, net loss attributable to the Corporation's shareholders was \$5.2 million compared to \$7.3 million for the same period in the prior year. The decrease in net loss attributable to the Corporation's shareholders was primarily comprised of the Corporation's share of the \$2.0 million increase in EBITDA and the \$1.3 million decrease in depreciation and amortization expense.

Summary of Quarterly Results

	Quarters ended						Nov 9, 2010	Oct 1, 2010	Quarter
	Jun 30, 2012	Mar 31, 2012	Dec 31, 2011	Sep 30, 2011	Jun 30, 2011	Mar 31, 2011	to Dec 31, 2010	to Nov 8, 2010	ended Sep 30, 2010
(in thousands, except EPS and ETP)	Prepared under IFRS							Canadian GAAP	
	(Successor)							(Predecessor)	
Resort revenue	\$34,422	\$125,462	\$49,133	\$25,580	\$30,543	\$113,034	\$42,668	\$3,902	\$22,798
Real estate revenue	\$-	\$-	\$-	\$-	\$-	\$-	\$240	\$-	\$12,500
Total revenue	\$34,422	\$125,462	\$49,133	\$25,580	\$30,543	\$113,034	\$42,908	\$3,902	\$35,298
EBITDA ⁽¹⁾	\$4,935	\$69,412	\$10,688	\$(104)	\$2,956	\$64,092	\$14,121 ⁽²⁾	\$(7,034)	\$(2,390)
Consolidated net earnings (loss)	\$(7,376)	\$44,837	\$(2,795)	\$(25,969) ⁽²⁾	\$(10,206) ⁽²⁾	\$50,872 ⁽²⁾	\$5,995 ⁽²⁾	\$(8,525) ⁽³⁾	\$(6,103) ⁽³⁾
Net earnings (loss) attributable to the Corporation	\$(5,202)	\$30,876	\$(2,035)	\$(22,471) ⁽²⁾	\$(7,303) ⁽²⁾	\$38,463 ⁽²⁾	\$4,472 ⁽²⁾	N/A	N/A
EPS, basic and diluted	\$(0.14)	\$0.81	\$(0.05)	\$(0.59) ⁽²⁾	\$(0.19) ⁽²⁾	\$1.02 ⁽²⁾	\$0.12 ⁽²⁾	N/A	N/A
Other Measures									
Skier visits	332	1,338	461	-	346	1,225	459	-	-
Other visits	89	23	29	347	84	24	13	16	352
Total visits	421	1,361	490	347	430	1,249	472	16	352
ETP – quarter	\$42.58	\$51.31	\$48.02	\$-	\$36.79	\$50.35	\$45.81	\$-	\$-
ETP – year-to-date	\$49.23	\$50.46	\$48.02	\$47.06	\$47.06	\$49.11	\$45.81	\$-	\$44.57

⁽¹⁾ “EBITDA” is a non-IFRS measure. See “Discussion of Operations—Non-IFRS Measures” in this MD&A for a discussion of non-IFRS measures, a definition of “EBITDA” and a reconciliation to its most directly comparable IFRS measure.

⁽²⁾ Adjusted to comply with IFRS. See Note 17 to the Financial Statements for an explanation of the differences between the Corporation’s financial performance under IFRS and Canadian GAAP

⁽³⁾ Net earnings (loss) of the Successor and Predecessor are not entirely comparable. Reasons for non-comparability are described in the section “Items that Impact the Comparability of Financial Results” of this MD&A.

As described above, the Whistler Blackcomb resort business experiences significant seasonality. Lift and other resort revenues are driven primarily by skier visitation and the majority of skier visits occur from late December to the end of March. The quarters ended March 31 have historically generated the highest revenue, net earnings and EBITDA. The quarters ended December 31 and June 30 include the ramp-up and wind-down of each ski season in November and May, respectively. As a result, net losses are typically incurred in the quarters ending December 31, June 30, and September 30 primarily due to interest expense, income tax expense and depreciation and amortization expense exceeding EBITDA in those quarters.

Summer activities begin in the quarter ended June 30 and run from the end of May to the beginning of October. Most capital expenditures are generally incurred from May to November each year.

Liquidity and Capital Resources

Capital Resources

As of June 30, 2012, cash and cash equivalents presented on the Corporation's consolidated balance sheet totalled \$53.6 million, an increase of \$13.1 million or 32.3% over the balance at June 30, 2011 of \$40.5 million. The Corporation's primary source of funding of its obligations is cash on hand and cash provided by its operations, which management believes is currently sufficient to maintain the Corporation's operations. Aside from its trade payables, the Corporation's financial obligations consist of the Partnerships' long-term debt and interest payments thereon. The Partnerships also have available a \$15 million revolving credit facility under the First Lien Facilities, which has not been drawn upon.

Cash Flows

Sources and Uses of Cash:

	Three months ended June 30, 2012	Three months ended June 30, 2011	Nine months ended June 30, 2012	November 9, 2010 to June 30, 2011	October 1, 2010 to November 8, 2010	Nine months ended June 30, 2011
(dollars in thousands)	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)	(Combined)
Net cash provided by operations	\$(2,158)	(3,785)	\$67,799	\$53,658	\$7,320	\$60,978
Net cash used in financing activities	\$(12,822)	(12,544)	\$(37,915)	\$441,951	\$(16,445)	\$425,506
Net cash used in investing activities	\$(1,828)	(1,589)	\$(6,269)	\$(455,065)	\$(720)	\$(455,785)
Increase (decrease) in cash and cash equivalents	\$(16,808)	(17,918)	\$23,615	\$40,544	\$(9,845)	\$30,699

Nine Months Ended June 30, 2012 Compared to Nine Months Ended June 30, 2011

Cash flows from operations

Cash flows from operations in the nine months ended June 30, 2012 increased by \$6.8 million over the same period in the prior year. The increase in cash flows from operations is primarily comprised of the \$11.0 million increase in EBITDA in the nine months ended June 30, 2012, offset by a \$1.9 million increase in interest expense as described above, with the balance of approximately \$2.4 million resulting from the timing of collections of accounts receivables and payments of accounts payables.

Cash flows from financing activities

Cash flows from financing activities in the nine months ended June 30, 2012 include the distributions made by the Partnerships to the Non-controlling Interest of \$9.9 million and dividends paid by the Corporation to the Corporation's common shareholders of \$27.7 million. Additionally, fees of \$0.3 million were paid in connection with the completion of the amendment of the first lien facility to increase the maturity by six months to May 9, 2015 and to reduce the margin by 50 basis points resulting in annual interest savings of \$0.7 million.

The dividends paid by the Corporation represent a quarterly dividend of \$0.24375 per common share. The dividends paid by the Corporation were funded by distributions made by the Partnerships to the Corporation of its operating cash flow.

The dividends declared and paid by the Corporation on its common shares in the nine months ended June, 2012 are summarized as follows:

<u>Declaration date</u>	<u>Record date</u>	<u>Payment date</u>	<u>Dividend per common share</u>	<u>Total Distribution</u> (in thousands)
October 11, 2011	October 24, 2011	October 28, 2011	\$0.24375	\$9,230
January 10, 2012	January 24, 2012	January 27, 2012	0.24375	9,240
April 10, 2012	April 24, 2012	April 27, 2012	0.24375	9,240
			<u>\$0.73125</u>	<u>\$27,710</u>

Cash flows used in investing activities

The Corporation incurred \$6.8 million on capital expenditures in the nine months ended June 30, 2012 compared to \$4.9 million in the same period in the prior year. Included in the expenditures for the nine months ended June 30, 2012 was \$2.0 million paid for snow grooming equipment. In April 2012, the Corporation entered into a commitment to purchase approximately \$2.2 million of snow grooming equipment in the first quarter of fiscal 2013. As a result of its strong financial position, the Corporation plans to incur up to a total of \$10 to \$12 million in capital expenditures in the year ending September 30, 2012.

Three Months Ended June 30, 2012 Compared to Three Months Ended June 30, 2011

Cash flows from operations

Cash flows from operations in the three months ended June 30, 2012 increased by \$1.6 million over the same period in the prior year. The increase in cash flows from operations is primarily comprised of the \$2.2 million increase in EBITDA in the three months ended June 30, 2012 with the balance primarily due to the timing of collections of accounts receivable and payments of accounts payable.

Cash flows from financing activities

Cash flows from financing activities in the three months ended June 30, 2012 include distributions made by the Partnerships to the Non-controlling Interest of \$3.3 million and dividends paid by the Corporation to the Corporation's common shareholders of \$9.2 million. Additionally, fees of \$0.3 million were paid in connection with the completion of the amendment of the first lien facility to increase the maturity by six months to May 9, 2015 and to reduce the margin by 50 basis points resulting in annual interest savings of \$0.7 million.

The dividends paid by the Corporation represent a quarterly dividend of \$0.24375 per common share. The dividends paid by the Corporation were funded by distributions made by the Partnerships to the Corporation of their operating cash flow.

Cash flows used in investing activities

The Corporation incurred \$1.7 million on capital expenditures in three months ended June 30, 2012, consistent with the \$1.6 million incurred in the same period in the prior year.

Dividend Subsequent to Quarter-End

On July 10, 2012, the Corporation's Board of Directors declared a quarterly dividend of \$0.24375 per common share, representing a total distribution of \$9.2 million, which was paid on July 27, 2012 to all shareholders of record on July 24, 2012.

Cash Available For Payment of Dividends and Distributions by Partnerships

The Corporation's consolidated statement of cash flows reflects 100% of the cash flows of the Corporation, including the Partnerships and the Non-Material Subsidiaries, and reflects the Corporation's ability to pay dividends on its common shares to its shareholders and the Partnerships' ability to make distributions to the Corporation and to Nippon Cable.

The partnership agreement for each of the Partnerships (together, the "Partnership Agreements") provides that distributions be made as to 75% to the Corporation and 25% to the holders of the Non-controlling Interest. Accordingly, 75% of the Partnerships' cash and cash flows are primarily available to be distributed to the Corporation. Distributions received by the Corporation from the Partnerships are used to fund dividends paid on its common shares and certain of its expenses such as company costs and income taxes on its share of the Partnerships' taxable income. See "Dividends" in the AIF for more information. In the nine months ended June 30, 2012, the Partnerships paid total distributions of \$39.7 million of which \$29.8 million was paid to the Corporation and \$9.9 million was paid to the Non-controlling Interest.

Due to the seasonality of the Corporation's business, the following provides a summary of Cash Available for Payment of Dividends and Distributions for the twelve months ended June 30, 2012 and the year ended September 30, 2011 and dividends and distributions paid on a consolidated basis for the same periods.

	Nine months ended June 30, 2012	Nine months ended June 30, 2011	Year ended September 30, 2011	Twelve months ended June 30, 2012
(in thousands)				
Cash Available for Payment of Dividends and Distributions				
Net cash provided by operations	\$67,799	\$60,978	\$65,965	\$72,786
Add back changes in non-cash working capital	3,625	3,364	(6,468)	(6,207)
Expenditures on property, buildings and equipment, net	(6,403)	(4,974)	(7,945)	(9,374)
	<u>\$65,021</u>	<u>\$59,368</u>	<u>\$51,552</u>	<u>\$57,205</u>
Dividends and Distributions				
Dividends ⁽¹⁾	\$27,710	\$23,774	\$33,004	\$36,950
Distributions to Non-controlling Interest ⁽²⁾	9,936	8,625	11,935	13,246
	<u>\$37,646</u>	<u>\$32,399</u>	<u>\$44,939</u>	<u>\$50,196</u>
Ratio			<u>87.2%</u>	<u>87.7%</u>

⁽¹⁾ Dividends included in this table are those declared one month after the quarter end.

⁽²⁾ Distributions paid after November 9, 2010.

Cash Available for Payment of Dividends and Distributions for the nine months ended June 30, 2011 and the year ended September 30, 2011 is calculated as follows:

	November 9, 2010 to September 30, 2011	October 1, 2010 to November 9, 2010	Year ended September 30, 2011	November 9, 2010 to June 30, 2011	October 1, 2010 to November 8, 2010	Nine months ended June 30, 2011
(in thousands)	(Successor)	(Predecessor)	(Combined)	(Successor)	(Predecessor)	(Combined)
Net cash provided by operations	\$58,645	\$7,320	\$65,965	\$53,658	\$7,320	\$60,978
Changes in non-cash working capital	7,804	(14,272)	(6,468)	17,636	(14,272)	3,364
Expenditures on property, buildings and equipment, net	(7,217)	(728)	(7,945)	(4,246)	(728)	(4,974)
	<u>\$59,232</u>	<u>\$(7,680)</u>	<u>\$51,552</u>	<u>\$67,048</u>	<u>\$(7,680)</u>	<u>\$59,368</u>

The adoption of IFRS impacted previously reported Cash Available for Payment of Dividends and Distributions as follows:

	Year ended September 30, 2011
(in thousands)	(Combined)
Cash Available for Payment of Dividends and Distributions, Canadian GAAP	\$52,622
Acquisition-related costs ⁽¹⁾	(1,070)
Cash Available for Payment of Dividends and Distributions, IFRS	<u>\$51,552</u>

⁽¹⁾ Under IFRS, costs related to the Acquisition were expensed in the period November 9, 2010 to June 30, 2011 rather than added to the cost of the Acquisition as under Canadian GAAP. See note 17 to the Financial Statements for a complete description of the impact that the adoption of IFRS had on the Corporation's financial position, financial performance and cash flows in periods prior to October 1, 2011.

The amount of dividends and distributions paid in the twelve months ended June 30, 2012 was higher than the year ended September 30, 2011. The increase is due to paying dividends and distributions for full four quarters rather than, in the year-ended September 30, 2011, having the first dividend and distribution after the Offering pro-rated for the period from November 9, 2010 to December 31, 2010.

Cash Available for Payment of Dividends and Distributions for the twelve months ended June 30, 2012 increased by \$5.7 million over with the year ended September 30, 2011, where the net change was primarily comprised of:

- the \$10.9 million increase in EBITDA for the nine months ended June 30, 2012 over the same period in the prior year,
- a \$1.9 million increase in interest expense from incurring a full nine month's interest in the nine months ended June 30, 2012 compared to a partial period from November 9, 2010 to June 30, 2011,
- a \$1.4 million increase in expenditures for property, buildings and equipment in the nine months ended June 30, 2012,
- a \$1.6 million increase in estimated taxes payable as of June 30, 2012 compared to June 30, 2011, and
- a \$0.3 million decrease in non-cash stock-based compensation expenses.

Dividends paid to the holders of the Corporation's common shares are funded principally by the Partnerships' operating cash flow and the Corporation's existing balance of cash and cash equivalents on a consolidated basis. Cash and cash equivalents generated by operations retained by the Corporation after payments for capital expenditures and distributions and payment of dividends are available for additional capital expenditures or investments, distributions and payments of dividends in future years, or a combination of both.

The ability of the Corporation to continue to pay dividends on its common shares depends on the Corporation's, and principally the Partnerships', ability to generate operating cash flow and the amounts incurred for capital expenditures. Various factors could impact the Corporation's or the Partnerships' ability to generate cash flow. Consequently, there is no guarantee that dividends paid on the Corporation's common shares will continue at

historical amounts. See “Risk Factors” in the AIF for more information. The amount and timing of any dividends paid on the Corporation’s common shares is at the discretion of the Corporation’s Board of Directors and is evaluated each fiscal quarter.

Under the Credit Facilities, the Partnerships are permitted to distribute 100% their Distributable Cash, subject to compliance with the covenants in the First Lien Facilities. Distributable Cash is defined in the Credit Facilities as consolidated EBITDA (as defined in the First Lien Facilities) of the Partnerships and their subsidiaries less consolidated income tax expense and consolidated interest expense to the extent payable in cash and mandatory debt servicing payments made by the Partnerships plus any amount of the Partnerships’ undistributed Distributable Cash amount from a prior period. Distributions made by the Partnerships are permitted under the Second Lien Facility so long as the total leverage ratio (as defined in the Second Lien Facility) does not exceed 4:1.

The Partnership Agreements provide that in each fiscal period commencing March 31, 2013, Nippon Cable, will receive minimum annual distributions representing 9% of their contributions to the relevant Partnership from time to time during the immediately preceding fiscal period, which, based on contributions to the date of this MD&A, equals \$4 million plus amounts for income taxes payable. No additional distributions are required to be paid to Nippon Cable so long as the minimum amount has been distributed in the immediately preceding fiscal period. The amount of distributions paid to Nippon Cable after November 9, 2010 (\$11.9 million in the year ended September 30, 2011) exceed the \$4 million minimum amount plus approximately \$3 million for income taxes payable.

See “Partnerships — Distribution Policy” and “Credit Facilities of the Partnerships” in the AIF for more information.

Contractual Obligations and Commitments

The Corporation is committed to purchasing approximately \$2.2 million of snow grooming equipment in the first quarter of fiscal 2013. Except for this purchase commitment, there have been no significant changes to the Corporation’s contractual obligations since September 30, 2011 as disclosed in the Corporation’s management’s discussion and analysis for the year ended September 30, 2011.

Off-Balance Sheet Arrangements

Except for its operating leases and land leases, the Corporation did not have any off-balance sheet arrangements as at June 30, 2012. See note 19 “Commitments and Contingencies” to the Corporation’s consolidated financial statements for the period from November 9, 2010 to September 30, 2011 for a description of the Corporation’s commitments and contingencies.

Transactions Between Related Parties

Following the completion of the Acquisition and Offering, the Corporation’s only agreement with related parties is the transition services agreement (the “Transition Services Agreement”) entered into with Intrawest, which owns approximately 24% of the outstanding common shares of the Corporation. All other arrangements between the Partnerships and Intrawest that existed prior to the Acquisition have been terminated.

Under the Transition Services Agreement, Intrawest has agreed to provide certain services, including accounting services, marketing and sales services, information technology, human resources and general and administrative services to the Partnerships for a period of five years from the date of the Acquisition for approximately \$0.7 million per year.

The Partnerships may terminate any service provided by Intrawest under the Transition Services Agreement upon 30 days’ notice. The Transition Services Agreement may be terminated by any party in respect of any service upon the failure of another party to perform any material obligation relating to such service, after notice and expiry of a cure period.

Critical Accounting Policies and Estimates

The Financial Statements have been prepared in accordance with IFRS. The preparation of the Financial Statements requires the Corporation to make estimates and judgments that affect the amounts reported in the Financial Statements. The Corporation bases its estimates on historical experiences and assumptions believed to be reasonable under the circumstances and re-evaluates them on an ongoing basis. Those estimates form the basis for management's judgments that affect the amounts reported in the Financial Statements. Actual results could differ from estimates under different assumptions or conditions. The Corporation's significant accounting policies, which may be affected by estimates and assumptions, are more fully described in note 2 "Significant accounting policies" to the Financial Statements.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the Financial Statements.

Although management believes the policies summarized below to be the most critical, other accounting policies also have significant effect on the Financial Statements and certain of these policies also require the use of estimates and assumptions.

Impairment of Non-Financial Assets

At the end of each reporting period, the Corporation assesses whether there is any indication that property, buildings and equipment and intangible asset subject to amortization may be impaired. If any such indication exists, the recoverable amount of the asset or cash-generating unit to which the asset belongs is estimated and compared to its carrying value. The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and its value in use. An impairment loss is recognized to the extent the carrying amount exceeds the recoverable amount.

Significant judgment is required in estimating the recoverable amount of an asset or cash-generating unit.

Impairment of Indefinite-Lived Intangible Assets

The Corporation's indefinite-lived intangible assets, principally its brand-related intangible assets, are not amortized. Instead, they are tested for impairment annually and whenever there is any indication that they are impaired by comparing their carrying amounts with their recoverable amounts. An impairment loss is recognized to the extent that their carrying amounts exceed their recoverable amount.

The Corporation estimates the recoverable amount of its indefinite-lived intangible assets using discounted cash flow projections, which involve significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty.

When cash flow projections decline or discount rates increase from those used in the measurement of the carrying value of the asset, the estimate fair value of the asset will decline below its carrying value, resulting in an impairment recorded for accounting purposes.

Impairment of Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired by comparing the carrying values of the cash-generating unit with the recoverable amount of the cash generating unit.

The fair values of the Corporation's cash-generating units and intangible assets are estimated using discounted cash flow projections, which involve significant assumptions and estimates about the extent and timing of future cash

flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. The fair values of the cash-generating units are also compared to the Corporation's market capitalization to corroborate the results of the discounted cash flow projections.

Estimated Useful Lives of Non-Financial Assets

The Corporation depreciates and amortizes its finite-lived tangible and intangible assets over their estimated useful lives. When the useful life of an asset is not limited by contractual terms, estimated useful lives are determined based on various factors including historical data and the Corporation's expected use of the asset. Significant judgment is required in determining the useful lives of the assets.

Deferred Revenue

Deferred revenue includes the sale of season passes and frequency cards prior to their usage, generally at the commencement of the ski season. During the ski season, revenue is recognized for the sale of season passes and frequency cards based on actual usage of products in proportion to the management's estimates of the number of expected skier visits associated with the products over the entire season, which is based on historical experience. All deferred revenue from the sale of ski season passes and frequency cards will be recognized as revenue by the end of the ski season. Therefore, while judgment and estimates are required in determining the amount of revenue to recognize on season passes and frequency cards between periods within the ski season, all such revenue is recognized by the end of the ski season.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable and long-term debt.

The Corporation's financial assets create exposure to credit risk. Credit risk associated with cash and cash equivalents is minimized by placing such amounts on deposit with major financial institutions with investment grade credit ratings. Credit risk associated with customer accounts receivable is minimized by the Corporation's diverse customer base. Secured notes receivable are secured by real estate.

To manage liquidity risk on the Corporation's accounts payable and long-term debt, the Corporation and the Partnerships, maintain leverage ratios that are defined in the Credit Facilities and the Partnerships have amounts available to them under the revolving credit facility in the First Lien Facilities. Additionally, the Credit Facilities contain certain restrictions on new borrowings.

Amounts outstanding under the First Lien Facilities bear interest at floating rates; changes in these rates will cause future borrowing costs of amounts outstanding under those facilities to fluctuate. Amounts outstanding on the Second Lien Facilities bear interest at fixed rates; changes in market interest rates will cause the fair value of amounts outstanding under those facilities to fluctuate in the future. The Corporation does not use derivative or non-derivative financial instruments to hedge the fluctuations in borrowing costs or fair value.

Internal Control over Financial Reporting

There has been no change in the Corporation's internal control over financial reporting that occurred during the period beginning on October 1, 2011 and ending on June 30, 2012 that has materially affected or is reasonably likely to materially affect the Corporation's internal control over financial reporting.

Outstanding Securities

As of August 7, 2012, the Corporation had 37,907,617 common shares issued and outstanding.

Risk Factors

A detailed discussion of the risk factors impacting the Corporation's business and financial results are included in the AIF, which is available on SEDAR at www.sedar.com under the heading "Risk Factors" and such risk factors are specifically incorporated by reference into this MD&A.

Additional Information

Additional information relating to the Corporation and the Partnerships, including the AIF, is available on SEDAR at www.sedar.com.