

Management's Discussion and Analysis

WHISTLER BLACKCOMB HOLDINGS INC.

For the three months ended December 31, 2012

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

As at January 31, 2013

Whistler Blackcomb Holdings Inc.'s (the "Corporation", "we" or "us") condensed interim consolidated financial statements for the first quarter of its 2013 fiscal year, the three months ended December 31, 2012, have been prepared on the basis of all available information up to January 31st, 2013, the date of this discussion. This Management's Discussion and Analysis ("MD&A") should be read in conjunction with these condensed interim consolidated financial statements, which comply with International Accounting Standard 34 *Interim Financial Statements*, and our most recent annual consolidated financial statements for the year ended September 30, 2012, our most recent annual MD&A for the year ended September 30, 2012, and our most recent Annual Information Form ("AIF") dated December 12, 2012. These documents, and additional information relating to us, are all available on our website at www.whistlerblackcomholdings.com and on SEDAR at www.sedar.com. All currency amounts are presented in Canadian dollars unless otherwise stated.

We would also like to draw your attention to the disclosures regarding forward-looking statements and risk factors which are discussed on page 15 of this MD&A.

In this MD&A we report Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") and Cash Available for Payment of Dividends and Distributions, which are non-GAAP measures. For descriptions and definitions of the non-GAAP measures used in this MD&A, see pages 8-10.

First Quarter 2013 Highlights and Significant Items

- Whistler Blackcomb opened the 2012-13 season for skiing and snowboarding on November 17, 2012 compared to November 18, 2011 in the prior year.
- Total revenue of \$50.3 million, 2.3% higher than \$49.1 million in the same period of the prior year.
- Effective Ticket Price ("ETP") of \$49.22, an increase of 2.5% compared to \$48.02 in the same period of the prior year.
- EBITDA of \$10.2 million, decreasing 4.7% from \$10.7 million in the same period of the prior year.
- Net loss attributable to the Corporation's shareholders of \$2.6 million, or \$0.07 per common share, compared to \$2.0 million, or \$0.05 per common share, in the same period in the prior year.
- Cash and cash equivalents of \$56.3 million at the end of the period.

Subsequent to quarter end we announced an \$18 million investment in two new lifts at Whistler Blackcomb, which are expected to open for the 2013-14 ski season.

First Quarter Financial Results Overview and Discussion

(Unaudited, in thousands, except EPS and ETP)

| For the three months ended December 31, | 2012 | 2011 |
|-------------------------------------------------------------|------------------|------------------|
| Skier Visits & ETP | | |
| Skier visits | 461 | 461 |
| Other visits | 28 | 29 |
| Total visits | 489 | 490 |
| ETP | \$49.22 | \$48.02 |
| Financial Data | | |
| Total revenue | \$50,281 | \$49,133 |
| Operating expenses, excluding depreciation and amortization | (32,670) | (31,009) |
| Selling, general and administrative | (7,358) | (7,393) |
| Disposal gains (losses) | (11) | (63) |
| EBITDA (1) | 10,242 | 10,668 |
| Depreciation and amortization | (10,646) | (9,533) |
| Finance (expense) income, net | (4,251) | (4,586) |
| Net earnings (loss) before income tax | (4,655) | (3,451) |
| Income tax (expense) benefit | 942 | 656 |
| Consolidated net earnings (loss) | \$(3,713) | \$(2,795) |
| Net earnings (loss) attributable to: | | |
| Corporation shareholders | \$(2,585) | \$(2,035) |
| Non-controlling Interest | (1,128) | (760) |
| Consolidated net earnings (loss) | \$(3,713) | \$(2,795) |
| EPS, basic and diluted | \$(0.07) | \$(0.05) |
| Weighted average number of common shares outstanding: | | |
| Basic | 37,912 | 37,868 |
| Diluted | 37,967 | 37,918 |
| Dividends declared, per common share | \$0.24375 | \$0.24375 |

⁽¹⁾ “EBITDA” is a non-GAAP measure. See pages 8-10 in this MD&A for a discussion of non-GAAP measures, a definition of “EBITDA” and a reconciliation to its most directly comparable GAAP measure.

Revenue and Skier Visits

(Unaudited, in thousands, except ETP)

| Three months ended December 31, | 2012 | 2011 | change | % change |
|---------------------------------|-----------------|-----------------|----------------|---------------|
| Revenue | | | | |
| Lift | \$23,651 | \$23,079 | \$572 | 2.5% |
| Retail and rental | 11,462 | 11,257 | 205 | 1.8% |
| Ski school | 5,648 | 5,889 | (241) | (4.1)% |
| Food and beverage | 5,403 | 5,126 | 277 | 5.4% |
| Other | 4,117 | 3,782 | 335 | 8.9% |
| Total revenue | \$50,281 | \$49,133 | \$1,148 | 2.3% |
| Skier Visits & ETP | | | | |
| Skier visits | 461 | 461 | - | - |
| Other visits | 28 | 29 | (1) | (3.4)% |
| Total visits | 489 | 490 | (1) | (0.2)% |
| ETP | \$49.22 | \$48.02 | \$1.20 | 2.5% |

Total revenue increased by \$1.1 million, or 2.3%, to \$50.3 million for the three months ended December 31, 2012 compared to the same period in the prior year.

Skier visits remained consistent with the same period of the prior year at 0.461 million despite the 16-day holiday period in the 2012-13 ski season beginning later than in the 2011-12 ski season. In the 2012-13 ski season, the holiday period ran from December 22, 2012 to January 6, 2013 compared to December 18, 2011 to January 2, 2012 in the prior year. Comparing just the holiday period skier visits, the resort experienced an approximate 5% increase in skier visits for the 2012-13 season when compared to the prior 2011-12 season.

Management estimates for the three months ended December 31, 2012 that approximately 76% of skier visits were from local and regional guests and 24% were from destination guests, compared to approximately 70% and 30% respectively, in the same period of the prior year. The decrease in visits from destination guests is attributable to the 16-day holiday period beginning later in the 2012-13 ski season than in the 2011-12 ski season, and an increase in season passes and frequency cards sales compared to the prior year.

The increase in lift revenue corresponds with 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).

Retail and rental services revenue increased 1.8%, and food and beverage revenue increased 5.4% when compared to the same period of 2011 reflecting higher spending per skier visit.

The decrease in ski school revenue is due to the slight decrease in visits from destination guests in the three months ended December 31, 2012 compared to the same period in the prior year. As described above, the decrease in destination guests in the three months ended December 31, 2012 compared to the same period in the prior year is due to the 16-day holiday period beginning later in the current period than in the prior period.

Other resort revenue includes revenue from employee housing, heli-skiing, and rental management. The increase in other resort revenue is primarily due to increases in heli-skiing visits during the three months ended December 31, 2012 compared to the same period in the prior year.

Sales and Deferred Revenue

To December 31, 2012, sales of season passes and frequency cards for the 2012-13 ski season totalled \$36.6 million, which represents a 6%, or \$2.2 million, increase over sales of season passes and frequency cards of \$34.4 million for the prior year ski season to December 31, 2011. The increase is due to an increase in units sold and price increases.

The balance of deferred revenue at December 31, 2012 is \$3.3 million higher than the balance at December 31, 2011. The increase is primarily comprised of the increase in sales to December 31, 2012 of season passes, frequency cards and multi-day lift tickets. The deferred revenue related to these products will be recognized as revenue over the remainder of the 2012-13 ski season as the products are used.

Operating Expense, Excluding Depreciation and Amortization

(Unaudited, in thousands)

| Three months ended December 31, | 2012 | 2011 | change | % change |
|-----------------------------------------------|-----------------|-----------------|----------------|-----------------|
| Operating Expenses | | | | |
| Operating labour and benefits costs | \$15,133 | \$14,324 | \$809 | 5.6% |
| Retail and food services cost of sales | 7,173 | 6,840 | 333 | 4.9% |
| Property taxes, utilities, rent and insurance | 4,822 | 4,896 | (74) | (1.5)% |
| Supplies, maintenance and other | 5,542 | 4,949 | 593 | 12.0% |
| Total Operating Expenses | \$32,670 | \$31,009 | \$1,661 | 5.4% |

Total operating expenses in the three months ended December 31, 2012 increased by 5.4% over the same period in the prior year. The main components of the change were as follows:

- an increase in labour and benefits costs primarily due to increases in wages and workers compensation premiums relating to mountain operations and ski school,
- an increase in retail and food services cost of sales driven by the increased volume of sales compared to the prior year,
- an increase in supplies, maintenance and other expenses due to additional maintenance on cabin buffing performed in the three months ended December 31, 2012 compared to the same period in the prior year. More supplies and other operating expenses were also purchased and incurred in the three months ended December 31, 2012 compared to the same period in the prior year.

Selling, General and Administrative Expenses

In the three months ended December 31, 2012, selling, general and administrative expenses of \$7.4 million were consistent with the same period in the prior year.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended December 31, 2012 increased by approximately \$1.1 million over the same period in the prior year. The increase was primarily due to additional depreciation expense relating to snowcat assets to reflect our updated best estimate of their useful lives (please see additional discussion below under Critical Accounting Estimates).

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.

Finance expense for the three months ended December 31, 2012 primarily includes \$3.9 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 6.7% 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 depending on the Partnerships’ leverage ratios. The effective interest rate on interest paid/payable was 3.8% per annum in the three months ended December 31, 2012 compared to 4.2% per annum in the same period of the prior year. The decrease is attributable to the amendment of the First Lien Facilities on June 22, 2012 which is discussed in our annual MD&A for the year ended September 30, 2012; and
- Second Lien Facility — at 8.75% per annum.

Income Taxes

Income tax expense is primarily comprised of the income taxes on its 75% share of the Partnerships’ net earnings. The remainder of income tax expense relates to the Partnerships’ subsidiaries and the Non-Material Subsidiaries.

Our effective tax rate for the three months ended December 31, 2012 was 19% and is consistent with the effective tax rate for the same period in the prior year. The effective tax 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 Attributable to the Corporation and Non-controlling Interest

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

Capital Resources

Our primary source of funding of our obligations is our cash and cash equivalents and cash provided by our operations, which management believes is currently sufficient to maintain our operations. Aside from our trade payables and working capital requirements, our financial obligations consist of the Partnerships’ long-term debt and interest payments thereon.

Cash Flows

Sources and Uses of Cash:

(Unaudited, in thousands)

| Three months ended December 31, | 2012 | 2011 |
|---------------------------------------------------------|-----------------|-----------------|
| Net cash provided by operations | \$27,879 | \$30,635 |
| Net cash used in financing activities | (12,553) | (12,540) |
| Net cash used in investing activities | (2,628) | (3,881) |
| Increase (decrease) in cash and cash equivalents | \$12,698 | \$14,214 |
| Cash and cash equivalents, beginning of period | 43,634 | 30,023 |
| Cash and cash equivalents, end of period | \$56,332 | \$44,237 |

Cash flows from operations

Cash flows from operations in the three months ended December 31, 2012 decreased by \$2.8 million over the same period in the prior year. As EBITDA in the three months ended December 31, 2012 was relatively comparable to that in the same period in the prior year, the decrease is primarily due to the timing of collections of accounts receivables and the payment of accounts payable.

Cash flows from financing activities

Cash flows from financing activities comprise distributions made by the Partnerships to the Non-controlling Interest of \$3.3 million and dividends paid by the Corporation to common shareholders of \$9.2 million 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 9, 2012 | October 23, 2012 | October 26, 2012 | \$0.24375 | \$9,240 |

The distributions and dividends paid in the three months ended December 31, 2012 are consistent with the \$3.3 million of distributions and \$9.2 million dividends paid in the same period in the prior year.

Cash flows used in investing activities

We incurred \$2.6 million on capital expenditures in the three months ended December 31, 2012 compared to \$4.1 million in the same period in the prior year. The decrease compared to the prior year is due to the timing of equipment purchases.

Dividend Subsequent to Quarter-End

On January 8, 2013, the Corporation's Board of Directors declared a quarterly dividend of \$0.24375 per common share, representing a total distribution of \$9.3 million, which was paid on January 25, 2013 to all shareholders of record on January 22, 2013.

Non-GAAP Measures

EBITDA

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

We also report Cash Available for Payment of Dividends and Distributions, which is defined for purposes of this MD&A as the amount of our 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-GAAP measures and are provided to complement our GAAP 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 GAAP measures. EBITDA and Cash Available for Payment of Dividends and Distributions do not have standardized meanings prescribed by GAAP 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 GAAP.

The following tables reconcile EBITDA to the most directly comparable GAAP measure, net cash provided by operations:

(Unaudited, in thousands)

| Three months ended December 31, | 2012 | 2011 |
|--------------------------------------------------------------------------|-----------------|-----------------|
| Cash provided by operations | \$27,879 | \$30,635 |
| Share-based compensation | (192) | (208) |
| Disposal (losses) gains | (11) | (63) |
| Changes in non-cash working capital | (21,118) | (23,882) |
| Finance expense (income), net before amortization of debt issuance costs | 3,938 | 4,268 |
| Current income tax expense (benefit) | (254) | (82) |
| EBITDA | \$10,242 | \$10,668 |

See "Cash Available for Payment of Dividends and Distributions" for the reconciliation of Cash Available for Payment of Dividends and Distributions to its most directly comparable GAAP measure, cash provided by operations.

Cash Available For Payment of Dividends and Distributions by Partnerships

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

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 expenses and income taxes on its share of the Partnerships' taxable income. See

“Dividends” in the AIF for more information. During the three months ended December 31, 2012, the Partnerships paid total distributions of \$13.2 million of which \$9.9 million was paid to the Corporation and \$3.3 million was paid to the Non-controlling Interest.

The following table provides a reconciliation of Cash Available for Payment of Dividends and Distributions to the most directly comparable GAAP measure, cash provided by operations:

(Unaudited, in thousands)

| | Three months ended December 31, 2012 | Three months ended December 31, 2011 | Year ended September 31, 2012 | 12 months ended December 31, 2012 |
|------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|-------------------------------------|--------------------------------------------|
| Cash Available for Payment of Dividends and Distributions | | | | |
| EBITDA | \$10,242 | \$10,668 | \$85,183 | \$84,757 |
| Finance expense, net before amortization of debt issuance costs | (3,938) | (4,268) | (16,201) | (15,871) |
| Current income tax (expense) benefit | 254 | 82 | (296) | (124) |
| Add back non-cash items included in EBITDA | | | | |
| Disposal losses (gains) | 11 | 63 | 26 | (26) |
| Share-based compensation | 192 | 208 | 549 | 533 |
| Expenditures on property, buildings and equipment, net | (2,632) | (3,885) | (10,230) | (8,977) |
| | \$4,129 | 2,868 | \$59,031 | \$60,292 |
| Net cash provided by operations | \$27,879 | \$30,635 | \$74,163 | \$71,407 |
| Add back changes in non-cash working capital | (21,118) | (23,882) | (4,902) | (2,138) |
| Expenditures on property, buildings and equipment, net | (2,632) | (3,885) | (10,230) | (8,977) |
| | \$4,129 | \$2,868 | \$59,031 | \$60,292 |
| Dividends and Distributions | | | | |
| Dividends | \$9,240 | \$9,230 | \$36,950 | \$36,960 |
| Distributions to Non-controlling Interest | 3,313 | 3,310 | 13,250 | 13,253 |
| | \$12,553 | \$12,540 | \$50,200 | \$50,213 |
| Ratio | | | 85.0% | 83.3% |

Cash Available for Payment of Dividends and Distributions for the three months ended December 31, 2012 increased by \$1.3 million over the year ended September 30, 2012, where the net change is primarily comprised of:

- a \$0.4 million decrease in EBITDA for the three months ended December 31, 2012 compared to the same period in the prior year,
- a \$0.3 million decrease in finance expense due to a decrease in the interest rate on the First Lien Facilities, which was effective beginning in June 2012, and
- a \$1.3 million decrease in net expenditures for property, buildings and equipment in the three months ended December 31, 2012 compared to the same period in the prior year.

Dividends paid to the holders of our common shares are funded principally by the Partnerships’ operating cash flow and our existing balance of cash and cash equivalents on a consolidated basis. Cash and cash equivalents generated by operations retained by us 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.

Our ability to continue to pay dividends on our common shares depends on our, and principally the Partnerships’, ability to generate operating cash flow and the amounts incurred for capital expenditures. Various factors could impact our 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 our common shares is at the discretion of our Board of Directors and is evaluated each fiscal quarter.

Under the Credit Facilities, the Partnerships are permitted to distribute 100% of 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 the Partnerships are obligated to make minimum annual distributions to Nippon Cable equal to 9% of its capital contributions to the Partnerships plus the estimated amount of Nippon Cable's income taxes payable on its share of the Partnerships' taxable income for the preceding fiscal year. Distributions paid to Nippon Cable in the year ended September 30, 2012 of \$13.3 million exceed the estimated minimum amount of distributions payable to Nippon Cable of \$7.5 million, which is comprised of \$4 million being 9% of Nippon Cable's contributions to the Partnerships, and approximately \$3.5 million being the estimated amount of income taxes payable by Nippon Cable in respect of the Partnerships' taxable income for the year ended September 30, 2012.

See "Partnerships — Distribution Policy" and "Credit Facilities of the Partnerships" in the AIF for more information on the amount of distributions made by the Partnerships.

Transactions Between Related Parties

Following the Corporation's initial public offering, our only agreement with related parties was the transition services agreement (the "Transition Services Agreement") entered into with Intrawest ULC ("Intrawest"), which owned approximately 24% of our outstanding common shares until December 4, 2012. On December 4, 2012, Intrawest sold its common shares in the Corporation to an entity unrelated to the Corporation. The Transition Services Agreement continues to be in effect.

Under the Transition Services Agreement, Intrawest 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. In the three months ended December 31, 2012, Intrawest charged \$0.1 million for services provided under the Transition Services Agreement.

Off-Balance Sheet Arrangements

Except for operating leases and land leases, we did not have any off-balance sheet arrangements as at December 31, 2012. See note 16 "Commitments and Contingencies" to our consolidated financial statements for the year ended September 30, 2012 for a description of our commitments and contingencies relating to its operating leases and land leases.

Contractual Obligations and Commitments

There have been no significant changes to our contractual obligations in the three months ended December 31, 2012.

Subsequent to the end of that period, on January 18, 2013, we announced an \$18 million investment in two new lifts at Whistler Blackcomb, which are expected to open for the 2013-14 ski season. The investment will result in the replacement of the Harmony high-speed quad chairlift with a new high-speed, detachable, six-pack chairlift capable of transporting six people on each chair. In addition, Blackcomb Mountain will see a new high-speed quad chairlift going into the Crystal Zone, currently accessed by a fixed-grip triple chair. The \$18 million investment includes the cost to supply and install the two new lifts as well as snow making enhancements, terrain work and other improvements. \$2.1 million of the investment is committed as of the date of this discussion.

Summary of Quarterly Results

(Unaudited, in thousands, except ETP)

| | Quarters ended | | | | | | | |
|-----------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Dec 31, 2012 | Sep 30, 2012 | Jun 30, 2012 | Mar 31, 2012 | Dec 31, 2011 | Sep 30, 2011 | Jun 30, 2011 | Mar 31, 2011 |
| Financial Data | | | | | | | | |
| Total revenue | \$50,281 | \$27,355 | \$34,422 | \$125,462 | \$49,133 | \$25,580 | \$30,543 | \$113,034 |
| EBITDA ⁽¹⁾ | 10,242 | \$168 | \$4,935 | \$69,412 | \$10,668 | \$(104) | \$2,956 | \$64,092 |
| Consolidated net earnings (loss) | \$(3,713) | \$(11,304) | \$(7,376) | \$44,837 | \$(2,795) | \$(25,969) | \$(10,206) | \$50,872 |
| Net earnings (loss) attributable to the Corporation | \$(2,585) | \$(7,963) | \$(5,202) | \$30,876 | \$(2,035) | \$(22,471) | \$(7,303) | \$38,463 |
| EPS, basic and diluted | \$(0.07) | \$(0.21) | \$(0.14) | \$0.81 | \$(0.05) | \$(0.59) | \$(0.19) | \$1.02 |
| Other Measures | | | | | | | | |
| Skier visits | 461 | - | 332 | 1,338 | 461 | - | 346 | 1,225 |
| Other visits | 28 | 375 | 89 | 23 | 29 | 347 | 84 | 24 |
| Total visits | 489 | 375 | 421 | 1,361 | 490 | 347 | 430 | 1,249 |
| ETP – quarter | \$49.22 | \$ - | \$42.58 | \$51.31 | \$48.02 | \$ - | \$36.79 | \$50.35 |
| ETP – year-to-date | \$49.22 | \$49.28 | \$49.28 | \$50.46 | \$48.02 | \$47.06 | \$47.06 | \$49.11 |

Note:

- ⁽¹⁾ “EBITDA” is a non-GAAP measure. See pages 8-10 in this MD&A for a discussion of non-GAAP measures, a definition of “EBITDA” and a reconciliation to its most directly comparable GAAP measure.

Our 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.

Critical Accounting Policies

There have been no changes in the three months ended December 31, 2012 to the accounting policies that management believes to be most critical and have the most significant effect on our financial statements, which are described in our MD&A for the year ended September 30, 2012.

Critical Accounting Estimates

The preparation of the financial statements requires us to make estimates and judgments that affect the amounts reported in the financial statements. Management 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. Our critical accounting estimates are as follows:

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.

There have been no changes to our critical estimates in relation to deferred revenue for the three months ended December 31, 2012.

Estimated Useful Lives of Non-Financial Assets

We depreciate and amortize our 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 our expected use of the asset. Significant judgment is required in determining the useful lives of the assets.

During the three months ended December 31, 2012 we made a change to the estimated useful lives of snowcats, which are recorded within the automotive, furniture and equipment category of property, buildings and equipment on our balance sheet. We reduced the estimated useful life for these assets and this resulted in an additional \$1.1 million charge to depreciation for the quarter ended December 31, 2012. The useful life estimate was revised to reflect our current strategy of maintaining a younger fleet of snowcats to increase efficiency and help us to meet our environmental goals of minimizing fuel consumption.

Financial Instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, accounts payable and long-term debt.

Our 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 our diverse customer base. Secured notes receivable are secured by real estate.

To manage liquidity risk on our 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. We do not use derivative or non-derivative financial instruments to hedge the fluctuations in borrowing costs or fair value.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. There has been no change in our internal controls over financial reporting during the three months ending December 31, 2012 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Outstanding Securities

As of January 31, 2013, we had 37,957,998 common shares issued and outstanding.

Key Terms used in this MD&A

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

| Term | Meaning |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Corporation” | 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” | 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. |

Business Description

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. Whistler Blackcomb has received a number of accolades from leading travel and leisure publications including being named the number 1 overall mountain resort by in SKI Magazine, Freeskier Magazine, SBC Resort Guide, Powderhounds.com, Findthebest.com and onthesnow.com in 2012.

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 our 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. Generally, 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.

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 sufficiency of the Corporation's liquidity and capital resources to maintain its operations 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 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 12, 2012 (the "AIF"), which is available on the Corporation's website and on SEDAR at www.sedar.com.

Risk Factors

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