



September 27, 2007

Dear Ski Council Representative,

It has been a busy and eventful summer here at Killington and Pico. Before we get any closer to the start of the 2007/08 season we need to address the bulk lift ticket program and most importantly, we wish to provide you with some insight into where we are heading in the short and long-terms at Killington and Pico under new ownership.

Bulk Tickets

As you know, we have discontinued the bulk lift ticket program. This decision is aligned with a long list of changes to lift products, pricing, and how the resort will be operated this season. To resolve the issue of last season's returns we have decided to exchange, on a ticket-for-ticket basis, last year's returned tickets with replacements that will be valid through the end of the 2007/08 season. Unused replacement tickets at the end of 2007/08 will not be exchangeable nor will they be credited into the future.

Ski clubs and councils represent a valuable conduit to existing customers and a direct tie to one of the unique qualities of, and opportunities for, our great sport – the social bonding that is created through the shared experience of sliding down a snow covered mountain with friends and family. Although the bulk ticket program will no longer be offered by Killington and Pico we will continue to offer significant discounts for groups of 20 or more people visiting on the same day (plus one complimentary ticket for every 20 paid tickets). The group ticket program may not be as convenient as the bulk program, but it remains the best value on lift tickets for clubs and councils.

The Future

We have made some significant changes since May 11. This summer we are spending \$3.3 million on snowmaking equipment, roofs, bathrooms, and the like throughout the resort. Many people expected more, but our philosophy is to invest capital as it is generated by the business. As financial performance improves more and more resources will be available for improvements. We will be here for many years, improving the mountain and our base areas, improving overall quality, and delivering a great resort experience. For the next several years we will be investing in our existing infrastructure and we will grow long term by providing quality products and service that encourage guests to return, many times with their friends and families in tow.

Here is where we stand on product and pricing. Killington has a wider variety of skiing/riding terrain than other resorts in the region and we are now pricing our lift products in a fashion that reflects this position. We are focused on simplifying programs. Many of the lift programs that have changed were either over-complicated, priced so low as to devalue the experience through over-crowding (especially early season and on peak days), or some combination of both. As we look to the future, simpler, demand-priced lift products and programs will become more prevalent.

We plan to open mid-November and close in mid-April. In between we will continue to deliver the best snow surface possible. We budgeted to produce the same quantity of snow this year as last (we'll make more snow than last year if we have a colder winter), our grooming quality will improve thanks to our state of the art fleet and increased grooming budget, and our overall commitment to providing great customer service will continue in earnest. Should we receive enough natural snow that can be groomed into an acceptable, lasting product prior to mid-November, then we will consider an earlier opening date. The same thing can be said for the spring, provided visit levels support the costs.

In closing, we are moving quickly with some changes, more slowly with others, but we make these changes with the betterment of the resort and community in mind. We support the efforts of ski clubs and ski councils to bring skiers and riders together and to introduce new people to the sport. Our intentions are good; we love these mountains and pledge to be a good steward for what Mother Nature has provided.

Thank you for the opportunity to share some of this information with you. Here's to a cold and snowy season!

Sincerely,



Dave Rathbun
Sales, Marketing & Reservations
Killington Resort and Pico Mountain