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BIG MOUNTAIN

FINDINGS & RECOMMENDATIONS

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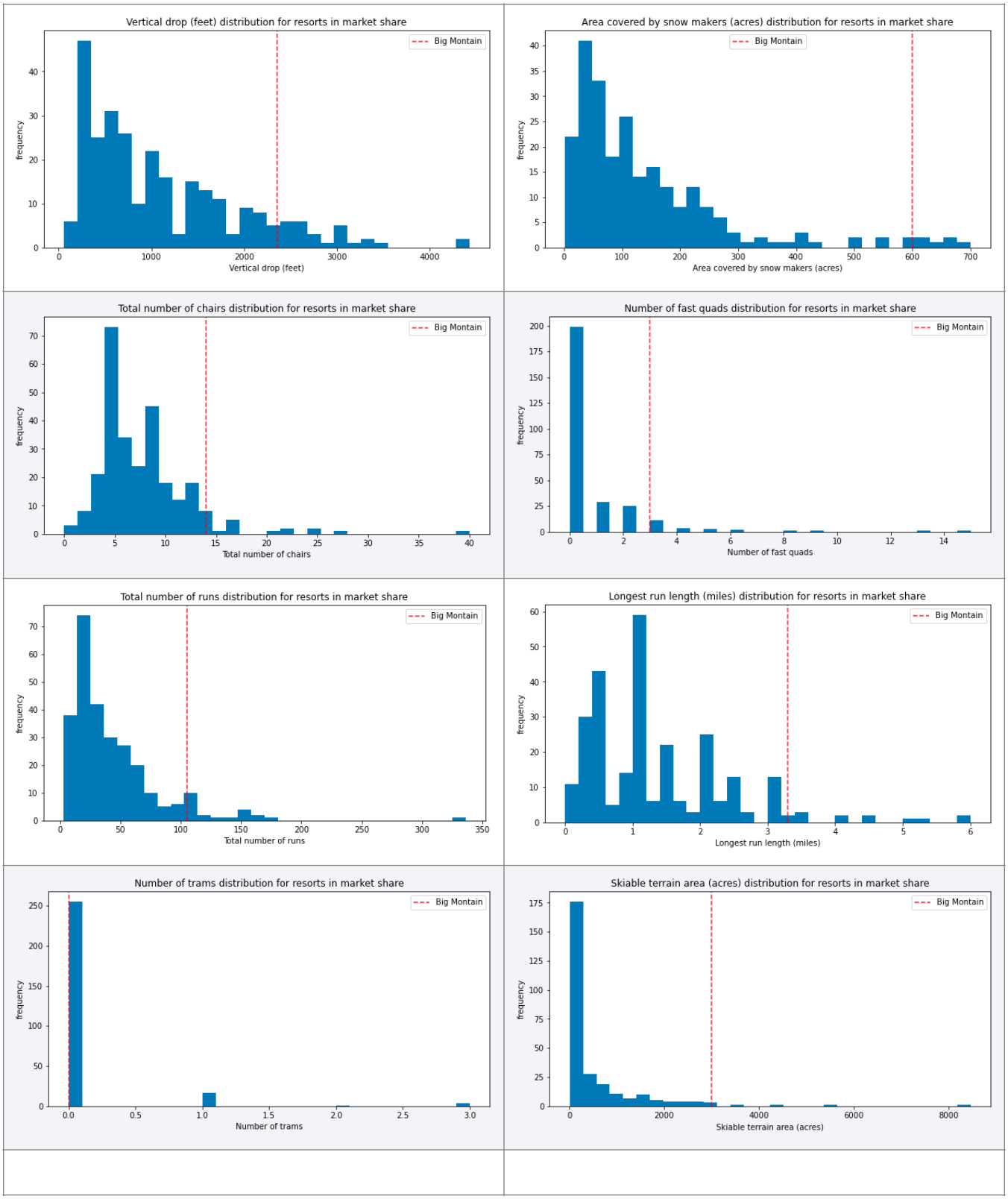
Big Mountain ("the Company") approached us with for assistance revising its pricing strategy such that ticket prices more accurately reflected the value of assets in place. Ordinarily, management has a specific revenue target in mind. This was not the case with Big Mountain. Consequently, we set the cost of a newly installed chair lift ($1.54MM) as our threshold for a minimum revenue increase. While we had initially hoped to focus our report off of an increase in cashflow from operations, comprehensive company financials were not provided. That said we had sufficient data to evaluate the effectiveness of management's shortlist of cost saving and revenue generating

KEY TAKEAWAYS

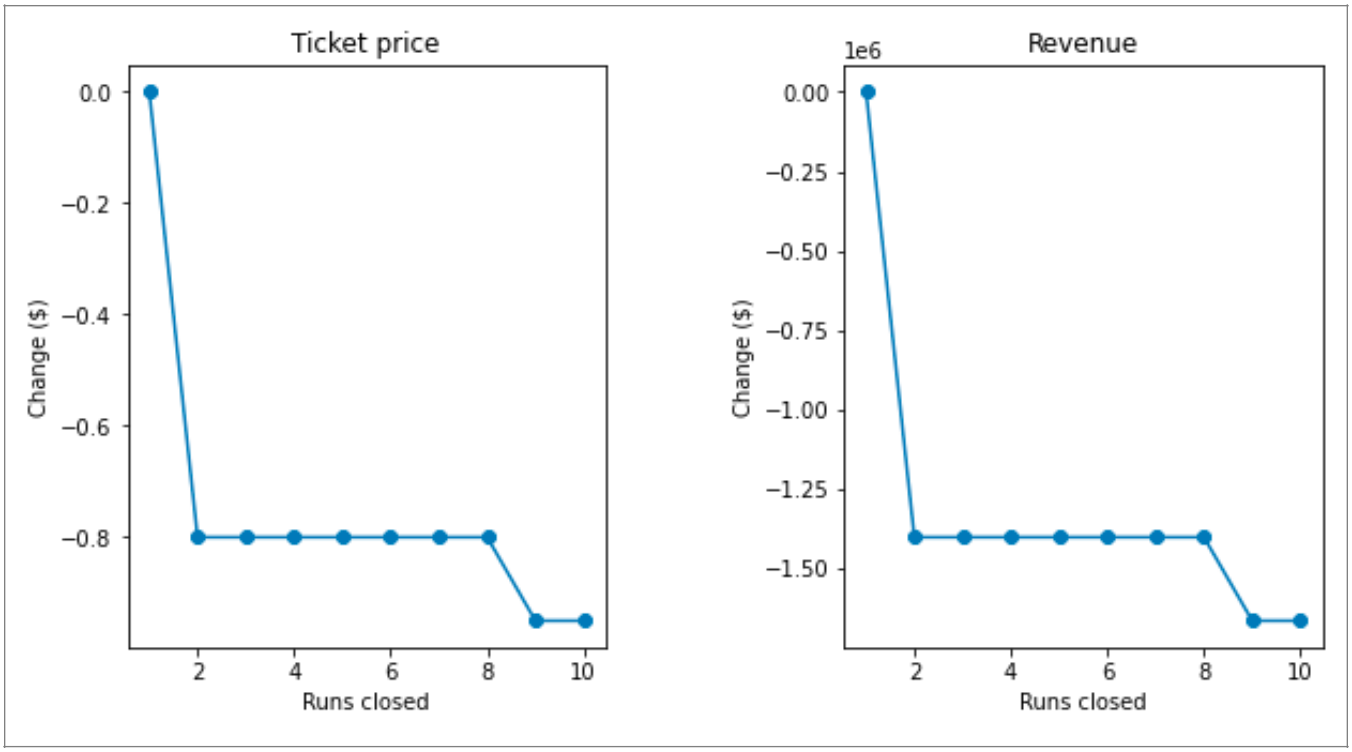
Our random forest model indicates the Company's current adult weekend ticket price ($81.00) can be increased to $108.30 (+34%). Even if we contemplate the model's mean absolute error of $10.39, ticket prices at Big Mountain still exhibit significant upside potential.

Our model considered assets in place and adult weekend ticket prices at Big Mountain relative to those at competing facilities nationwide, in addition to state-specific characteristics.

The infrastructure most responsible for value creation were the resort's vertical drop, snow making capacity, total number of lift chairs, fast quads, runs, longestRun_mi, trams, and skiable terrain. As illustrated below, Big Mountain is highly competitive along each of these dimensions.



Per the Company's shortlist of cost-cutting measures. We concluded losing 2 and 3 successively reduces support for ticket price and thus revenue. Closing 3, 4, or 5 runs results in the same drop in ticket price. Increasing the run closures to 6 or more leads to a large revenue drop.



By adding a run, increasing the vertical drop by 150 feet, and installing an additional chair lift, we determined the resort could increase ticket prices by $3.00, yielding an incremental revenue increase of $5.25 million. This assumes 350,000 visitors annually.

Adding two acres covered by snow makers, in conjunction with the changes noted above, *did not* increase ticket prices/revenue. Increasing the longest run by .2 miles and guaranteeing its snow coverage by adding 4 acres of snow making capability was similarly ineffective.

Currently, we are in a hyper-inflationary period. This could provide easy cover for an initial price increase consistent with the most recently reported inflation data.

Marketing material should be designed to highlight those features our model predicts are *most* helpful to supporting price escalation -- namely, all variables above except trams and skiable terrain acreage. It almost goes without saying all runs should be open when price increases commence.