TELIASONERA AB
Form 6-K
March 27, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

**Pursuant to Rule 13a-16 or 15d-16 of
The Securities Exchange Act of 1934**

March 27, 2006

TeliaSonera
(Exact name of registrant as specified in its charter)

Sturegatan 1 S-106 63 Stockholm, Sweden
(Address of principal executive offices)

0-30340
(Commission File Number)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F / x /   Form 40-F / /

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes / /   No / x /

On March 27, 2006 the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference

(c) Exhibit 99.1. Press release dated March 27, 2006

Pursuant to the requirements of the Securities Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	TeliaSonera
	(Registrant)
March 27, 2006	**/s/ JAN HENRIK AHRNELL**
(Date)	Jan Henrik Ahrnell
	Vice President and General Counsel

e pricing, as well as the demographic mix of guests, which impacts the price points at which various products are purchased. The demographic mix of guests that visit our U.S. mountain resorts is divided into two primary categories: (i) out-of-state and international ("Destination") guests and (ii) in-state and local ("Local") guests. For the 2016/2017 U.S. ski season, Destination guests comprised approximately 61% of our mountain resort skier visits, while Local guests comprised approximately 39% of our mountain resort skier visits, which compares to 58% and 42%, respectively, for the 2015/2016 U.S. ski season.

Destination guests generally purchase our higher-priced lift ticket products and utilize more ancillary services such as ski school, dining and retail/rental, as well as lodging at or around our mountain resorts. Destination guest visitation is less likely to be impacted by changes in the weather, but may be more impacted by adverse economic conditions or the global geopolitical climate. Local guests tend to be more value-oriented and weather sensitive. We offer a variety of season pass products for all of our mountain resorts and Urban ski areas (collectively, "Resorts"), marketed towards both Destination and Local guests. Our season pass product offerings range from providing access to one or a combination of our Resorts to our Epic Season Pass, which allows pass holders unlimited and unrestricted access to all of Resorts (Epic Season Pass access at Whistler Blackcomb for the 2016/2017 ski season is limited; however, beginning with the 2017/2018 ski season access will be unlimited and unrestricted). Our season pass program provides a compelling value proposition to our guests, which in turn assists us in developing a loyal base of customers who commit to ski at our Resorts generally in advance of the ski season and typically ski more days each season at our Resorts than those guests who do not buy season passes. As such, our season pass program drives strong customer loyalty, mitigates exposure to more weather sensitive guests and generates additional ancillary spending. In addition, our season pass program attracts new guests to our Resorts. All of our season pass products, including the Epic Pass, are predominately sold prior to the start of the ski season. Season pass revenue, although primarily collected prior to the ski season, is recognized in the Consolidated Condensed Statement of Operations throughout the ski season generally based on historical visitation.

As a result of the acquisition of Whistler Blackcomb, lift revenue includes certain products that were not available for sale in the prior comparative periods, primarily Whistler Blackcomb season passes and EDGE Cards. EDGE Cards are products, exclusively available to Canadian, Washington State and Oregon residents that allow these guests to purchase lift access in advance of visitation, usually at a discounted price, and are available for sale throughout the ski season unlike Vail's pass program, which generally requires a commitment in advance of the ski season. Accordingly, lift revenue consists of season pass and certain EDGE Card revenue ("pass revenue") lift revenue and non-season pass lift revenue ("non-pass revenue"). For the 2016/2017 and 2015/2016 North American ski seasons, respectively, approximately 44% and 41% of total lift revenue was comprised of pass revenue.

The cost structure of our mountain resort operations has a significant fixed component with variable expenses including, but not limited to, land use permit or lease fees, credit card fees, retail/rental cost of sales and labor, ski school labor and dining operations; as such, profit margins can fluctuate greatly based on the level of revenues.

Lodging Segment

Operations within the Lodging segment include (i) ownership/management of a group of luxury hotels and condominiums through the RockResorts brand proximate to our Colorado mountain resorts;
(ii) ownership/management of non-RockResorts branded hotels and condominiums proximate to our North American mountain resorts; (iii) National Park Service ("NPS") concessionaire properties including the Grand Teton Lodge Company ("GTLC"); (iv) Colorado Mountain Express ("CME"), a Colorado resort ground transportation company; and (v) mountain resort golf courses.

The performance of lodging properties (including managed condominium rooms) proximate to our mountain resorts as well as CME is closely aligned with the performance of the Mountain segment and generally experiences similar seasonal trends, particularly with respect to visitation by Destination guests, and represented approximately 92% and 90% of Lodging segment revenue (excluding Lodging segment revenue associated with reimbursement of payroll costs) for the three months ended April 30, 2017 and 2016, respectively, and 77% of Lodging segment revenue (excluding Lodging segment revenue associated with reimbursement of payroll costs) for both the nine months ended April 30, 2017 and 2016. Management primarily focuses on Lodging net revenue excluding payroll cost reimbursement and Lodging operating expense excluding reimbursed payroll costs (which are not measures of financial performance under GAAP) as the reimbursements are made based upon the costs incurred with no added margin, as such the revenue and corresponding expense have no effect on our Lodging Reported EBITDA which we use to evaluate Lodging segment performance. Revenue of the Lodging segment during our first and fourth fiscal quarters is generated primarily by the operations of our NPS concessionaire properties (as their operating season generally occurs from June to the end of September), mountain resort golf operations and seasonally lower volume from our other owned and managed properties and businesses.

Real Estate Segment

The principal activities of our Real Estate segment include the sale of land parcels to third-party developers; planning for future real estate development projects, including zoning and acquisition of applicable permits; and the occasional purchase of selected strategic land parcels for future development. We continue undertaking preliminary planning and design work on future projects and are pursuing opportunities with third-party developers rather than undertaking our own significant vertical development projects. Additionally, real estate development projects by third-party developers most often result in the creation of certain resort assets that provide additional benefit to the Mountain segment. We believe that, due to our low carrying cost of real estate land investments, we are well situated to promote future projects with third-party developers while limiting our financial risk. Our revenue from the Real Estate segment, and associated expense, can fluctuate significantly based upon the timing of closings and the type of real estate being sold, causing volatility in the Real Estate segment's operating results from period to period.

Recent Trends, Risks and Uncertainties

Together with those risk factors we have identified in our Form 10-K and our Form 10-Q for the three months ended October 31, 2016, we have identified the following important factors (as well as risks and uncertainties associated with such factors) that could impact our future financial performance or condition:

- The timing and amount of snowfall can have an impact on Mountain and Lodging revenue particularly in regards to skier visits and the duration and frequency of guest visitation. To help mitigate this impact, we sell a variety of pass products prior to the beginning of the ski season resulting in a more stabilized stream of lift revenue. Additionally, our pass products provide a compelling value proposition to our guests, which in turn creates a guest commitment predominately prior to the start of the ski season. In March 2017, we began our early season pass sales program for the 2017/2018 North American ski season. Through May 30, 2017, our early North American pass sales for the upcoming 2017/2018 North American ski season increased approximately 10% in units and increased approximately 16% in sales dollars, compared to the prior year period ended May 31, 2016, including Whistler Blackcomb pass sales at comparable exchange rates in both periods. However, we cannot predict if this favorable trend will continue through the Fall 2017 North American pass sales campaign or the overall impact that pass sales will have on lift revenue for the 2017/2018 North American ski season.

- On October 17, 2016, the Company, through its wholly-owned Canadian subsidiary (“Exchangeco”), acquired all of the outstanding common shares of Whistler Blackcomb, for an aggregate purchase consideration paid to Whistler Blackcomb shareholders of approximately $1.09 billion, consisting of (i) approximately C$673.8 million in cash (or C$17.50 per Whistler Blackcomb share), (ii) 3,327,719 shares of our common stock, and (iii) 418,095 shares of Exchangeco (the “Exchangeco Shares”). The cash purchase consideration portion was funded through borrowing from an incremental term loan under our Seventh Amended and Restated Credit Agreement (the “Vail Holdings Credit Agreement”). Whistler Blackcomb, through a 75% ownership interest in Whistler Mountain Resort Limited Partnership and a 75% ownership interest in Blackcomb Skiing Enterprises Limited Partnership, collectively (the “WB Partnerships”), operates a four season mountain resort that features two adjacent and integrated mountains, Whistler Mountain and Blackcomb Mountain. The remaining 25% ownership interest in each of the WB Partnerships is held by Nippon Cable, an unrelated party to Vail Resorts. We expect that Whistler Blackcomb will significantly contribute to our results of operations; however, we cannot predict whether we will realize all of the expected synergies from the combination of the operations of Whistler Blackcomb nor can we predict all the resources required to integrate Whistler Blackcomb operations and the ultimate impact Whistler Blackcomb will have on our future results of operations.

The estimated fair values of assets acquired and liabilities assumed in the Whistler Blackcomb acquisition are preliminary and are based on the information that was available as of the acquisition date. We believe that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, we are obtaining additional information necessary to finalize those estimated fair values. Therefore, the preliminary measurements of estimated fair value reflected within the Consolidated Condensed Balance Sheets as of April 30, 2017 and their associated impact to our Consolidated Condensed Statements of Operations are subject to change.

- Key U.S. economic indicators have remained steady in 2017, including strong consumer confidence and declines in the unemployment rate. However, the growth in the U.S. economy may be impacted by economic challenges in the U.S. or declining or slowing growth in economies outside of the U.S., accompanied by devaluation of currencies and lower commodity prices. Given these economic uncertainties, we cannot predict what the impact will be on overall travel and leisure spending or more specifically, on our guest visitation, guest spending or other related trends for the upcoming 2017/2018 North American ski season.

- On June 7, 2017, we acquired Stowe Mountain Resort (“Stowe”) in Stowe, Vermont, from Mt. Mansfield Company, Inc., a wholly-owned subsidiary of American International Group, Inc., for a cash purchase price of approximately

$41.0 million, subject to certain adjustments as provided in the purchase agreement. We acquired all of the assets related to the mountain operations of the resort, including base area skier services (food and beverage, retail and rental, lift ticket offices and ski and snowboard school facilities). We expect that Stowe will positively contribute to our results of operations; however, we cannot predict whether we will realize all of the synergies expected from the operations of Stowe and the ultimate impact Stowe will have on our future results of operations.

As of April 30, 2017, we had $327.0 million available under the revolver component of our Vail Holdings Credit Agreement (which represents the total commitment of $400.0 million less certain letters of credit outstanding of $73.0 million). Additionally, in October 2016 we amended our Vail Holdings Credit Agreement to provide for an
- incremental term loan of $509.4 million, for a total term loan amount outstanding of $750.0 million, to fund the cash portion of the Whistler Blackcomb acquisition. Also, we assumed in the Whistler Blackcomb acquisition a credit facility which supports the

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liquidity needs of Whistler Blackcomb (the “Whistler Credit Agreement”). As of April 30, 2017, we had C$177.0 million ($129.7 million) available under the revolver component of the Whistler Credit Agreement (which represents the total commitment of C$300.0 million ($219.8 million) less outstanding borrowings of C$122.0 million ($89.4 million) and a letter of credit outstanding of C$1.0 million ($0.7 million)).

We believe that the terms of our credit agreements allow for sufficient flexibility in our ability to make future acquisitions, investments, distributions to stockholders and incur additional debt. This, combined with the continued positive cash flow from operating activities of our Mountain and Lodging segments less resort capital expenditures, has and is anticipated to continue to provide us with significant liquidity. We believe our liquidity will allow us to consider strategic investments and other forms of returning value to our stockholders including additional share repurchases and the continued payment of a quarterly cash dividend.

- Real Estate Reported EBITDA is highly dependent on, among other things, the timing of closings on condominium units available for sale and the sale of land parcels to third-party developers, which determines when revenue and associated cost of sales and gain (loss) on the sale of real property are recognized. As of April 30, 2017, we had one remaining unit available at The Ritz-Carlton Residences, Vail which was sold in May 2017 and, as a result, we no longer have condominium units available for sale.

RESULTS OF OPERATIONS

Summary

Below is a summary of operating results for the three and nine months ended April 30, 2017, compared to the three and nine months ended April 30, 2016 (in thousands):

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2017	2016	2017	2016
Mountain Reported EBITDA	$381,291	$291,048	$623,654	$478,220
Lodging Reported EBITDA	10,704	15,511	20,227	23,856
Resort Reported EBITDA	$391,995	$306,559	$643,881	$502,076
Real Estate Reported EBITDA	$(4,948)	$(1,332)	$(497)	$(467)
Income before provision for income taxes	$297,491	$253,341	$444,899	$346,351
Net income attributable to Vail Resorts, Inc.	$181,107	$157,632	$267,699	$215,027

A discussion of the segment results and other items can be found below.

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Mountain Segment

Three months ended April 30, 2017 compared to the three months ended April 30, 2016
Mountain segment operating results for the three months ended April 30, 2017 and 2016 are presented by category as follows (in thousands, except effective ticket price ("ETP")):

	Three Months Ended April 30,		Percentage Increase
	2017	2016	(Decrease)
Net Mountain revenue:			
Lift	$419,647	$334,789	25.3 %
Ski school	91,704	74,279	23.5 %
Dining	65,618	51,000	28.7 %
Retail/rental	102,104	79,384	28.6 %
Other	42,087	33,353	26.2 %
Total Mountain net revenue	$721,160	$572,805	25.9 %
Mountain operating expense:			
Labor and labor-related benefits	139,811	115,932	20.6 %
Retail cost of sales	34,875	26,123	33.5 %
Resort related fees	41,910	36,129	16.0 %
General and administrative	53,988	47,416	13.9 %
Other	69,806	56,368	23.8 %
Total Mountain operating expense	340,390	281,968	20.7 %
Mountain equity investment income, net	521	211	146.9 %
Mountain Reported EBITDA	$381,291	$291,048	31.0 %
Total skier visits	5,907	4,689	26.0 %
ETP	$71.04	$71.40	(0.5)%

Certain Mountain segment operating expenses presented above for the three months ended April 30, 2016 have been reclassified to conform to the presentation for the three months ended April 30, 2017.

Mountain Reported EBITDA includes $3.6 million and $3.3 million of stock-based compensation expense for the three months ended April 30, 2017 and 2016, respectively.

Mountain Reported EBITDA for the three months ended April 30, 2017 increased $90.2 million, or 31.0%, compared to the three months ended April 30, 2016, which was primarily attributable to the operations of Whistler Blackcomb, which was acquired in October 2016, partially offset by transaction, transition and integration costs of $2.3 million associated with the Whistler Blackcomb and Stowe acquisitions. Excluding transaction, transition and integration costs and Whistler Blackcomb operations, Mountain Reported EBITDA increased 7.9%. Our results for the three months ended April 30, 2017, compared to the same period in the prior year, also reflect strong U.S. season pass sales growth for the 2016/2017 ski season.

Lift revenue increased $84.9 million, or 25.3%, for the three months ended April 30, 2017 compared to the same period in the prior year, primarily due to incremental lift revenue from Whistler Blackcomb for the three months ended April 30, 2017. Excluding Whistler Blackcomb, total lift revenue increased 5.6%, in which pass revenue increased 15.1% and non-pass revenue increased 0.2%. The increase in pass revenue, excluding Whistler Blackcomb, was driven by a combination of both an increase in pricing and units sold, and was favorably impacted by increased pass sales to Destination guests. Non-pass revenue, excluding Whistler Blackcomb, was impacted by a decrease in non-pass skier visitation to our U.S. resorts primarily due to a continued shifting of Destination guests to season passes, offset by an increase in ETP excluding season pass holders of 7.1%. Total ETP, excluding Whistler Blackcomb, increased $5.37, or 7.5%, due to price increases in both our lift ticket and season pass products and lower average visitation by season pass holders during the three months ended April 30, 2017 compared to the same period in the prior year.

Ski school revenue increased $17.4 million, or 23.5%, for the three months ended April 30, 2017, compared to the same period in the prior year, primarily as a result of incremental Whistler Blackcomb revenue. Excluding Whistler Blackcomb, ski school revenue increased 2.9%.

Dining revenue increased $14.6 million, or 28.7%, for the three months ended April 30, 2017, compared to the three months ended April 30, 2016, due to incremental revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, dining revenue increased 0.6%.

Retail/rental revenue increased $22.7 million, or 28.6%, for the three months ended April 30, 2017 compared to the same period in the prior year, due primarily to incremental retail/rental revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, retail/rental revenue increased 3.4%. The increase in both retail revenue and rental revenue was primarily attributable to higher sales volumes at stores proximate to our Tahoe and Park City resorts.

Other revenue mainly consists of mountain activities revenue, employee housing revenue, guest services revenue, commercial leasing revenue, marketing and internet advertising revenue, private club revenue (which includes both club dues and amortization of initiation fees), municipal services revenue and other recreation activity revenue. For the three months ended April 30, 2017, other revenue increased $8.7 million, or 26.2%, compared to the same period in the prior year, primarily attributable to incremental revenue from Whistler Blackcomb.

Operating expense increased $58.4 million, or 20.7%, for the three months ended April 30, 2017 compared to the three months ended April 30, 2016, which was primarily attributable to incremental operating expenses from Whistler Blackcomb, as well as $2.3 million of transaction, transition and integration costs associated with the Whistler Blackcomb and Stowe acquisitions. Excluding transaction, transition and integration costs and Whistler Blackcomb incremental operating expenses, operating expense increased 0.9%.

The following discussion provides information about the changes in operating expenses for the three months ended April 30, 2017, as compared to the prior year comparative period, excluding the impact of transaction, transition and integration costs and Whistler Blackcomb operations. Labor and labor-related benefits increased 1.5% primarily due to normal wage adjustments. Retail cost of sales increased 6.9%, compared to an increase in retail sales of 5.4% primarily due to the acceleration in end of season discount sales. Resort related fees increased 1.8% due to overall increases in revenue upon which those fees are based. General and administrative expense decreased 4.3% primarily due to a decrease in allocated corporate costs. Other expense increased 0.7% primarily due to higher fuel expense, rent expense, and utilities expense, partially offset by lower professional services expense.

Mountain equity investment income, net primarily includes our share of income from the operations of a real estate brokerage joint venture.

Nine months ended April 30, 2017 compared to the nine months ended April 30, 2016
Mountain segment operating results for the nine months ended April 30, 2017 and 2016 are presented by category as follows (in thousands, except ETP):

	Nine Months Ended April 30,		Percentage Increase
	2017	2016	(Decrease)
Net Mountain revenue:			
Lift	$799,324	$642,627	24.4 %
Ski school	173,674	139,703	24.3 %
Dining	133,352	108,093	23.4 %
Retail/rental	261,816	214,748	21.9 %
Other	117,860	101,439	16.2 %
Total Mountain net revenue	$1,486,026	$1,206,610	23.2 %
Mountain operating expense:			
Labor and labor-related benefits	334,024	283,353	17.9 %
Retail cost of sales	98,263	80,864	21.5 %
Resort related fees	78,976	66,473	18.8 %
General and administrative	156,442	135,216	15.7 %
Other	196,177	163,476	20.0 %
Total Mountain operating expense	863,882	729,382	18.4 %
Mountain equity investment income, net	1,510	992	52.2 %
Mountain Reported EBITDA	$623,654	$478,220	30.4 %
Total skier visits	11,635	9,705	19.9 %
ETP	$68.70	$66.22	3.7 %

Certain Mountain segment operating expenses presented above for the nine months ended April 30, 2016 have been reclassified to conform to the presentation for the nine months ended April 30, 2017.

Mountain Reported EBITDA includes $11.1 million and $10.0 million of stock-based compensation expense for the nine months ended April 30, 2017 and 2016, respectively.

Mountain Reported EBITDA for the nine months ended April 30, 2017 increased $145.4 million, or 30.4%, compared to the nine months ended April 30, 2016, which was primarily attributable to the operations of Whistler Blackcomb, which is included in our consolidated results prospectively from the acquisition date (acquired in October 2016), partially offset by transaction, transition and integration costs of $8.0 million associated with the Whistler Blackcomb and Stowe acquisitions. Excluding transaction, transition and integration costs and Whistler Blackcomb operations, Mountain Reported EBITDA increased 7.9%. Our results for the nine months ended April 30, 2017 compared to the same period in the prior year also reflect strong U.S. season pass sales growth for the 2016/2017 ski season. However, our results for the nine months ended April 30, 2017, were tempered by poor early ski season conditions prior to the holiday period at our U.S. resorts which drove lower skier visitation during the early ski season compared to the same period in the prior year.

Lift revenue increased $156.7 million, or 24.4%, for the nine months ended April 30, 2017, compared to the same period in the prior year, primarily due to incremental lift revenue from Whistler Blackcomb for the nine months ended April 30, 2017. Excluding Whistler Blackcomb, total lift revenue increased 6.4% of which non-pass revenue decreased 1.6% and pass revenue increased 18.3%. The increase in pass revenue, excluding Whistler Blackcomb, was due to a combination of both an increase in pricing and units sold and was favorably impacted by increased pass sales to Destination guests. The decrease in non-pass revenue, excluding Whistler Blackcomb, was primarily the result of a decrease in non-pass skier visitation to our U.S. resorts primarily due to poor early season conditions and a continued shifting of Destination guests to season passes, partially offset by an increase in ETP excluding season pass holders of 6.6%. Total ETP, excluding Whistler Blackcomb, increased $7.79, or 11.8%, due primarily to price increases in both our lift ticket products at our U.S. mountain resorts and season pass products and lower average visitation by U.S. season pass holders during the nine months ended April 30, 2017 compared to the same period in the prior year.

Ski school revenue increased $34.0 million, or 24.3%, for the nine months ended April 30, 2017, compared to the same period in the prior year, primarily due to incremental ski school revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, ski school revenue increased 2.5%.

Dining revenue increased $25.3 million, or 23.4%, for the nine months ended April 30, 2017, compared to the nine months ended April 30, 2016, due to incremental revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, dining revenue increased 0.2%.

Retail/rental revenue increased $47.1 million, or 21.9%, for the nine months ended April 30, 2017, compared to the same period in the prior year, primarily due to incremental retail/rental revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, retail/rental revenue increased 2.1% compared to the same period in the prior year. The increase in retail revenue was primarily attributable to strong sales at pre-ski season sales events at our stores in Colorado and higher sales volumes at stores proximate to our Tahoe and Park City resorts.

Other revenue mainly consists of summer visitation and mountain activities revenue, employee housing revenue, guest services revenue, commercial leasing revenue, marketing and internet advertising revenue, private club revenue (which includes both club dues and amortization of initiation fees), municipal services revenue and other recreation activity revenue. Other revenue is also comprised of Perisher lodging and transportation revenue. For the nine months ended April 30, 2017, other revenue increased $16.4 million, or 16.2%, compared to the same period in the prior year, primarily attributable to incremental revenue from Whistler Blackcomb. Excluding Whistler Blackcomb, other revenue increased 2.9% primarily due to an increase in summer activities revenue from improved summer visitation at our U.S. mountain resorts, including the expansion of our on-mountain Epic Discovery summer activities offerings.

Operating expense increased $134.5 million, or 18.4%, for the nine months ended April 30, 2017 compared to the nine months ended April 30, 2016, which was primarily attributable to incremental operating expenses from Whistler Blackcomb, as well as $8.0 million of transaction, transition and integration costs associated with the Whistler Blackcomb and Stowe acquisitions. Excluding transaction, transition and integration costs and Whistler Blackcomb incremental operating expense, operating expense increased 2.0%.

The following discussion provides information about the changes in operating expenses for the nine months ended April 30, 2017, compared to the same period in the prior year, excluding the impact of transaction, transition and integration costs and Whistler Blackcomb operations. Labor and labor-related benefits increased 2.3% primarily due to normal wage adjustments and increased staffing levels at Perisher and at our U.S. resorts during the three months ended October 31, 2016 to support higher visitation, partially offset by lower variable compensation. Retail cost of sales increased 2.8%, compared to an increase in retail sales of 3.1%. Resort related fees increased 3.3% due to overall increases in revenue upon which those fees are based. General and administrative expense increased 1.9% due to higher allocated corporate costs. Other expense was flat compared to the same period in the prior year.

Mountain equity investment income, net primarily includes our share of income from the operations of a real estate brokerage joint venture.

Lodging Segment

Three months ended April 30, 2017 compared to the three months ended April 30, 2016
Lodging segment operating results for the three months ended April 30, 2017 and 2016 are presented by category as follows (in thousands, except average daily rates ("ADR") and revenue per available room ("RevPAR")):

	Three Months Ended April 30,		Percentage Increase
	2017	2016	(Decrease)
Lodging net revenue:			
Owned hotel rooms	$12,494	$13,813	(9.5)%
Managed condominium rooms	23,907	23,110	3.4 %
Dining	9,324	10,167	(8.3)%
Transportation	8,611	8,827	(2.4)%
Other	10,820	13,634	(20.6)%
	65,156	69,551	(6.3)%
Payroll cost reimbursements	3,445	3,382	1.9 %
Total Lodging net revenue	68,601	72,933	(5.9)%
Lodging operating expense:			
Labor and labor-related benefits	27,204	26,808	1.5 %
General and administrative	9,848	9,657	2.0 %
Other	17,400	17,575	(1.0)%
	54,452	54,040	0.8 %
Reimbursed payroll costs	3,445	3,382	1.9 %
Total Lodging operating expense	57,897	57,422	0.8 %
Lodging Reported EBITDA	$10,704	$15,511	(31.0)%
Owned hotel statistics:			
ADR	$294.75	$263.40	11.9 %
RevPAR	$200.94	$188.86	6.4 %
Managed condominium statistics:			
ADR	$428.83	$407.96	5.1 %
RevPAR	$183.08	$185.19	(1.1)%
Owned hotel and managed condominium statistics (combined):			
ADR	$389.94	$359.55	8.5 %
RevPAR	$186.72	$186.10	0.3 %

Lodging Reported EBITDA includes $0.8 million of stock-based compensation expense for both the three months ended April 30, 2017 and 2016.

Total Lodging net revenue (excluding payroll cost reimbursements) for the three months ended April 30, 2017 decreased $4.4 million, or 6.3%, as compared to the three months ended April 30, 2016, primarily attributable to the recognition of a $3.5 million termination fee (included in other revenue) associated with the termination of the management agreement at Half Moon in Montego Bay, Jamaica ("Half Moon Termination Fee") during the three months ended April 30, 2016 and a reduction in revenue associated with the sale of a hotel property in Keystone in November 2016, which we continue to manage under a property management agreement. These decreases were partially offset by revenue from Whistler Blackcomb during the three months ended April 30, 2017. Excluding the Half Moon Termination Fee and revenue from the hotel property in Keystone from the three month period ended April 30, 2016 and Whistler Blackcomb operations from the three month period ended April 30, 2017, total lodging net revenue (excluding payroll cost reimbursements) decreased 1.5%. This decrease was primarily attributable to lower occupancy at our Colorado lodging properties.

Revenue from owned hotel rooms decreased $1.3 million, or 9.5%, for the three months ended April 30, 2017, compared to the same period in the prior year, primarily attributable to a reduction in revenue associated with the sale of a hotel property in Keystone

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as discussed above. Revenue from managed condominium rooms increased $0.8 million, or 3.4%, for the three months ended April 30, 2017 compared to the three months ended April 30, 2016, which was attributable to revenue from Whistler Blackcomb, partially offset by a decrease in occupancy at our Colorado managed condominium rooms.

Dining revenue for the three months ended April 30, 2017 decreased $0.8 million, or 8.3%, as compared to the three months ended April 30, 2016, primarily due to a decrease in dining revenue at our Colorado lodging properties. Excluding the Half Moon Termination Fee from the three months ended April 30, 2016, other revenue increased 6.6%, for the three months ended April 30, 2017, primarily due to an increase in revenue from our central reservations booking services.

Operating expense (excluding reimbursed payroll costs) increased $0.4 million, or 0.8%, for the three months ended April 30, 2017 compared to the three months ended April 30, 2016. Labor and labor-related benefits increased 1.5% primarily due to Whistler Blackcomb labor expense. General and administrative expense increased 2.0% due to higher allocated corporate costs.

Revenue from payroll cost reimbursement and the corresponding reimbursed payroll costs relate to payroll costs at managed hotel properties where we are the employer and all payroll costs are reimbursed by the owners of the properties under contractual arrangements. Since the reimbursements are made based upon the costs incurred with no added margin, the revenue and corresponding expense have no effect on our Lodging Reported EBITDA.

Nine months ended April 30, 2017 compared to the nine months ended April 30, 2016
Lodging segment operating results for the nine months ended April 30, 2017 and 2016 are presented by category as follows (in thousands, except ADR and RevPAR):

	Nine Months Ended April 30,		Percentage Increase
	2017	2016	(Decrease)
Lodging net revenue:			
Owned hotel rooms	$42,559	$43,164	(1.4)%
Managed condominium rooms	55,417	52,420	5.7 %
Dining	33,384	34,049	(2.0)%
Transportation	19,428	19,440	(0.1)%
Golf	8,921	8,722	2.3 %
Other	31,806	33,009	(3.6)%
	191,515	190,804	0.4 %
Payroll cost reimbursements	10,372	9,222	12.5 %
Total Lodging net revenue	201,887	200,026	0.9 %
Lodging operating expense:			
Labor and labor-related benefits	84,515	82,529	2.4 %
General and administrative	29,360	27,036	8.6 %
Other	57,413	57,383	0.1 %
	171,288	166,948	2.6 %
Reimbursed payroll costs	10,372	9,222	12.5 %
Total Lodging operating expense	181,660	176,170	3.1 %
Lodging Reported EBITDA	$20,227	$23,856	(15.2)%
Owned hotel statistics:			
ADR	$254.29	$232.50	9.4 %
RevPAR	$168.45	$156.09	7.9 %
Managed condominium statistics:			
ADR	$382.35	$353.54	8.1 %
RevPAR	$134.38	$128.79	4.3 %
Owned hotel and managed condominium statistics (combined):			
ADR	$332.33	$303.40	9.5 %
RevPAR	$143.03	$136.37	4.9 %

Lodging Reported EBITDA includes $2.4 million and $2.3 million of stock-based compensation expense for the nine months ended April 30, 2017 and 2016, respectively.

Total Lodging net revenue (excluding payroll cost reimbursements) for the nine months ended April 30, 2017 increased $0.7 million, or 0.4%, as compared to the nine months ended April 30, 2016. Included in net revenue for the nine months ended April 30, 2016 was the recognition of the Half Moon Termination Fee. Revenue for the nine months ended April 30, 2017 includes the operations of Whistler Blackcomb since the date of acquisition and was impacted by a reduction in revenue associated with the sale of a hotel property in Keystone in November 2016. Excluding the Half Moon Termination Fee, revenue from the hotel property in Keystone and Whistler Blackcomb operations, total lodging net revenue (excluding payroll cost reimbursements) increased 2.2%, which was primarily attributable to increased revenue at GTLC and increased ADR at our Colorado managed condominium rooms.

Revenue from owned hotel rooms decreased $0.6 million, or 1.4%, for the nine months ended April 30, 2017, as compared to the same period in the prior year, which is primarily attributable to a decrease in revenue associated with the sale of a hotel property in Keystone as discussed above, as well as lower revenue due to the early closure of Flagg Ranch as a result of a forest fire in

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Grand Teton National Park. These decreases were partially offset by an increase in revenue at GTLC and at our owned Colorado lodging properties during the nine months ended April 30, 2017 compared to the prior year. Revenue from managed condominium rooms increased $3.0 million, or 5.7%, for the nine months ended April 30, 2017 compared to the same period in the prior year, primarily due to revenue from Whistler Blackcomb and increased ADR at our Colorado managed properties.

Dining revenue for the nine months ended April 30, 2017 decreased $0.7 million, or 2.0%, as compared to the nine months ended April 30, 2016, primarily due to the temporary closure of a lodging property at Park City for renovations. Excluding the Half Moon Termination Fee from the nine months ended April 30, 2016, other revenue increased $2.3 million, or 7.7%, for the nine months ended April 30, 2017, primarily due to business interruption insurance recovery related to the early closure of Flagg Ranch in September 2016 as discussed above, as well as an increase in revenue from our central reservations booking services.

Operating expense (excluding reimbursed payroll costs) increased 2.6% for the nine months ended April 30, 2017, compared to the nine months ended April 30, 2016. Labor and labor-related benefits increased 2.4% primarily resulting from Whistler Blackcomb labor expense and normal wage increases. General and administrative expense increased 8.6% due to higher allocated corporate costs.

Revenue from payroll cost reimbursement and the corresponding reimbursed payroll costs relate to payroll costs at managed hotel properties where we are the employer and all payroll costs are reimbursed by the owners of the properties under contractual arrangements. Since the reimbursements are made based upon the costs incurred with no added margin, the revenue and corresponding expense have no effect on our Lodging Reported EBITDA.

Real Estate Segment

Three months ended April 30, 2017 compared to the three months ended April 30, 2016
Real Estate segment operating results for the three months ended April 30, 2017 and 2016 are presented by category as follows (in thousands):

	Three Months Ended April 30,		Percentage Increase (Decrease)
	2017	2016	
Total Real Estate net revenue	4,870	1,734	180.9 %
Real Estate operating expense:			
Cost of sales (including sales commission)	4,281	1,161	268.7 %
Other	5,537	1,924	187.8 %
Total Real Estate operating expense	9,818	3,085	218.2 %
Gain on sale of real property	—	19	(100.0)%
Real Estate Reported EBITDA	$(4,948)	$(1,332)	(271.5)%

Our Real Estate net revenue is primarily determined by the timing of closings and the mix of real estate sold in any given period. Different types of projects have different revenue and profit margins; therefore, as the real estate inventory mix changes it can greatly impact Real Estate segment net revenue, operating expense and Real Estate Reported EBITDA.

Three months ended April 30, 2017
Real Estate segment net revenue for the three months ended April 30, 2017 was primarily driven by the closing of two condominium units at The Ritz-Carlton Residences, Vail ($4.7 million of revenue with an average selling price of $2.4 million and an average price per square foot of $1,268). The average price per square foot of this project is driven

by its premier location and the comprehensive and exclusive amenities related to this project.

Operating expense for the three months ended April 30, 2017 included cost of sales of $4.0 million resulting from the closing of two condominium units at The Ritz-Carlton Residences, Vail (average cost per square foot of $1,060). The cost per square foot for this project reflects the high-end features and amenities and high construction costs associated with mountain resort development. Additionally, sales commissions of approximately $0.3 million were incurred commensurate with revenue recognized. Other operating expense of $5.5 million for the three months ended April 30, 2017 was primarily comprised of general and administrative costs, carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs. In addition, included in other segment operating expense is a $4.3 million one-time charge related to the resolution of a financial contingency to the Town of Vail for incremental parking capacity.

Three months ended April 30, 2016

Real Estate segment net revenue for the three months ended April 30, 2016 included the closing of two condominium units at Crystal Peak Lodge in Breckenridge ($1.5 million of revenue with an average selling price of $0.8 million and an average price per square foot of $725).

Operating expense for the three months ended April 30, 2016 included cost of sales of $1.1 million resulting from the closing of two condominium units at Crystal Peak Lodge (average cost per square foot of $508). Additionally, sales commissions of approximately $0.1 million were incurred commensurate with revenue recognized. Other operating expense of $1.9 million was primarily comprised of general and administrative costs, which includes marketing expense for real estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs.

Nine months ended April 30, 2017 compared to the nine months ended April 30, 2016

Real Estate segment operating results for the nine months ended April 30, 2017 and 2016 are presented by category as follows (in thousands):

	Nine Months Ended April 30,		Percentage Increase (Decrease)
	2017	2016	
Total Real Estate net revenue	10,181	14,766	(31.1)%
Real Estate operating expense:			
Cost of sales (including sales commission)	8,877	11,712	(24.2)%
Other	8,267	5,331	55.1 %
Total Real Estate operating expense	17,144	17,043	0.6 %
Gain on sale of real property	6,466	1,810	257.2 %
Real Estate Reported EBITDA	$(497)	$(467)	(6.4)%

Nine months ended April 30, 2017

Real Estate segment net revenue for the nine months ended April 30, 2017 was primarily driven by the closing of three condominium units at The Ritz-Carlton Residences, Vail ($7.5 million of revenue with an average selling price of $2.5 million and an average price per square foot of $1,366) and two condominium units at One Ski Hill Place in Breckenridge ($2.3 million of revenue with an average sales price of $1.1 million and an average price per square foot of $983). The average price per square foot of both of these projects is driven by their premier locations and the comprehensive and exclusive amenities related to these projects. Additionally, we recorded a gain on sale of real property of $6.5 million for a land parcel in Breckenridge which sold for cash proceeds of $9.3 million during the three months ended October 31, 2016.

Operating expense for the nine months ended April 30, 2017 included cost of sales of $8.2 million resulting from the closing of three condominium units at The Ritz-Carlton Residences, Vail (average cost per square foot of $1,143) and two condominium units at One Ski Hill Place (average cost per square foot of $838). Additionally, sales commissions of approximately $0.6 million were incurred commensurate with revenue recognized. Other operating expense of $8.3 million for the nine months ended April 30, 2017 was primarily comprised of general and administrative costs, which includes marketing expense for the real estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs. In addition, included in other segment operating expense is a $4.3 million one-time charge related to the resolution of a financial contingency to the Town of Vail for incremental parking capacity.

Nine months ended April 30, 2016

Real Estate segment net revenue for the nine months ended April 30, 2016 included the closing of three condominium units at The Ritz-Carlton Residences, Vail ($9.3 million of revenue with an average selling price of $3.1 million and an average price per square foot of $1,586); two condominium units at One Ski Hill Place ($2.5 million of revenue with an average selling price of $1.2 million and an average price per square foot of $1,129); and two condominium units at Crystal Peak Lodge in Breckenridge ($1.5 million of revenue with an average selling price of $0.8 million and an average price per square foot of $725). Additionally, we recorded a gain on sale of real property of $1.8 million for land parcels which sold for cash proceeds of $3.7 million.

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Operating expense for the nine months ended April 30, 2016 included cost of sales of $10.1 million resulting from the closing of three condominium units at The Ritz-Carlton Residences, Vail (average cost per square foot of $1,198), two condominium units at One Ski Hill Place (average cost per square foot of $931) and two condominium units at Crystal Peak Lodge (average cost per square foot of $508). Additionally, sales commissions of approximately $0.9 million were incurred commensurate with revenue recognized. Other operating expense of $5.3 million was primarily comprised of general and administrative costs, which includes marketing expense for real estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs.

Other Items

In addition to segment operating results, the following material items contributed to our overall results of operations and financial position for the three and nine months ended April 30, 2017.

Depreciation and amortization. Depreciation and amortization expense for the three and nine months ended April 30, 2017 increased $8.6 million and $19.5 million, respectively, compared to the same period in the prior year, primarily due to assets acquired in the Whistler Blackcomb acquisition.

Change in fair value of contingent consideration. A loss of $14.5 million and $15.1 million was recorded for the three and nine months ended April 30, 2017, respectively, related to an increase in the estimated fair value of the participating contingent payments under the lease for Park City. The fair value of contingent consideration is based on assumptions for EBITDA of Park City in future periods, as calculated under the lease on which participating contingent payments are determined. The increase in the estimated fair value is primarily attributable to a change in assumptions for EBITDA of Park City in future periods. The estimated fair value of the contingent consideration was $26.2 million and $6.9 million as of April 30, 2017 and 2016, respectively.

Investment income and other, net. Investment income and other, net for the nine months ended April 30, 2017 increased $5.4 million compared to the same period in the prior year primarily due to a $3.4 million gain recognized on short-term foreign currency forward contracts that were entered into in conjunction with funding the cash consideration required for the Whistler Blackcomb acquisition, a $0.9 million gain recorded for the sale of a lodging property and a $0.8 million non-cash gain recognized on an investment in Whistler Blackcomb shares that we held prior to the acquisition.

Interest expense and other, net. Interest expense and other, net for the three and nine months ended April 30, 2017 increased $12.9 million and $12.4 million, respectively, compared to the same period in the prior year, primarily due to a foreign currency loss of $9.1 million and $3.9 million, respectively, on intercompany loans with Whistler Blackcomb, interest expense associated with incremental term loan borrowings under our amended senior credit facility of $509.4 million which was used to fund the cash consideration portion of the Whistler Blackcomb acquisition, and the Whistler Blackcomb credit facility which was assumed as part of the Whistler Blackcomb acquisition, and had $122.0 million (C$89.4 million) outstanding as of April 30, 2017. The foreign currency losses for the three and nine months ended April 30, 2017 of $9.1 million and $3.9 million, respectively, are associated with an intercompany loan from Vail Holdings, Inc. to Whistler Blackcomb in the amount of $210.0 million that was funded in connection with the acquisition of Whistler Blackcomb. This intercompany loan requires foreign currency remeasurement to Canadian dollars, the functional currency for Whistler Blackcomb. As a result, foreign currency fluctuations associated with the loan are recorded within our results of operations and included in interest expense and other, net.

Income taxes. The effective tax rate provision for the three and nine months ended April 30, 2017 was 33.8% and 34.1%, respectively, compared to 37.8% and 38.0%, respectively, for the three and nine months ended April 30,

2016. The interim period effective tax rate is primarily driven by anticipated pre-tax book income for the full fiscal year adjusted for items that are deductible/non-deductible for tax purposes only (i.e., permanent items), taxable income generated by state and foreign jurisdictions that varies from anticipated consolidated pre-tax book income and the amount of net income attributable to noncontrolling interest. The decrease in the estimated effective tax rate during the three and nine months ended April 30, 2017 compared to the three and nine months ended April 30, 2016 is primarily associated with the Whistler Blackcomb acquisition, where the Canadian statutory tax rate is lower than the U.S. statutory tax rate.

Reconciliation of Segment Performance and Net Debt

The following table reconciles from segment Reported EBITDA to net income attributable to Vail Resorts, Inc. (in thousands):

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2017	2016	2017	2016
Mountain Reported EBITDA	$381,291	$291,048	$623,654	$478,220
Lodging Reported EBITDA	10,704	15,511	20,227	23,856
Resort Reported EBITDA	391,995	306,559	643,881	502,076
Real Estate Reported EBITDA	(4,948)	(1,332)	(497)	(467)
Total Reported EBITDA	387,047	305,227	643,384	501,609
Depreciation and amortization	(50,029)	(41,472)	(140,236)	(120,713)
Loss on disposal of fixed assets and other, net	(1,924)	(164)	(4,705)	(3,149)
Change in estimated fair value of contingent consideration	(14,500)	—	(15,100)	—
Investment income and other, net	210	150	5,881	509
Interest expense and other, net	(23,313)	(10,400)	(44,325)	(31,905)
Income before provision for income taxes	297,491	253,341	444,899	346,351
Provision for income taxes	(100,635)	(95,804)	(151,933)	(131,613)
Net income	196,856	157,537	292,966	214,738
Net (income) loss attributable to noncontrolling interests	(15,749)	95	(25,267)	289
Net income attributable to Vail Resorts, Inc.	$181,107	$157,632	$267,699	$215,027

The following table reconciles Net Debt to long-term debt (in thousands):

	April 30,	
	2017	2016
Long-term debt	$1,168,210	$613,704
Long-term debt due within one year	38,386	13,349
Total debt	1,206,596	627,053
Less: cash and cash equivalents	195,818	68,565
Net Debt	$1,010,778	$558,488

LIQUIDITY AND CAPITAL RESOURCES

Significant Sources of Cash

Our second and third fiscal quarters historically result in seasonally high cash on hand as our North American mountain resorts and Urban ski areas are generally open for ski operations from mid-November to mid-April, from which we have historically generated a significant portion of our operating cash flows for the fiscal year.

We had $195.8 million of cash and cash equivalents as of April 30, 2017, compared to $68.6 million as of April 30, 2016. We currently anticipate that our Mountain and Lodging segment operating results will continue to provide a significant source of future operating cash flows (primarily those generated in our second and third fiscal quarters).

At April 30, 2017, we had $327.0 million available under the revolver component of our Vail Holdings Credit Agreement (which represents the total commitment of $400.0 million less certain letters of credit outstanding of $73.0 million). Also, to further support the liquidity needs of Whistler Blackcomb, we had C$177.0 million ($129.7 million) available under the revolver component of our Whistler Credit Agreement (which represents the total commitment of C$300.0 million ($219.8 million) less outstanding borrowings of C$122.0 million ($89.4 million) and a letter of credit outstanding of C$1.0 million ($0.7 million)). We expect that our liquidity needs in the near term will be met by continued use of operating cash flows and borrowings under both the Vail

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Holdings Credit Agreement and Whistler Credit Agreement, if needed. We believe the Vail Holdings Credit Agreement, which matures in October 2021, provides adequate flexibility and is priced favorably with any new borrowings currently priced at LIBOR plus 1.25%.

Nine months ended April 30, 2017 compared to the nine months ended April 30, 2016
We generated $478.3 million of cash from operating activities during the nine months ended April 30, 2017, an increase of $22.9 million compared to $455.4 million of cash generated during the nine months ended April 30, 2016. The increase in operating cash flows was primarily a result of improved Mountain segment operating results for the nine months ended April 30, 2017 (including Whistler Blackcomb operations, partially offset by transaction, transition and integration costs) compared to the nine months ended April 30, 2016. These increases were partially offset by an increase in estimated domestic and foreign income tax payments of $31.9 million made during the nine months ended April 30, 2017 compared to the nine months ended April 30, 2016, a decrease in accounts payable, an increase in cash interest payments due to incremental term loan borrowings under our Vail Holdings Credit Agreement and assumed borrowings under the Whistler Credit Agreement during the nine months ended April 30, 2017 and receipt of a $4.5 million key money deposit related to the termination of the Half Moon management agreement in April 2016. Additionally, we generated $8.9 million of proceeds from real estate development project closings during the nine months ended April 30, 2017 compared to $13.6 million in proceeds (net of sales commissions and deposits previously received) from real estate development project closings that occurred in the nine months ended April 30, 2016.

Cash used in investing activities for the nine months ended April 30, 2017 increased by $502.3 million, primarily due to cash payments related to the acquisition of Whistler Blackcomb of $512.3 million, net of cash acquired, and an increase in capital expenditures of $23.5 million during the nine months ended April 30, 2017 compared to the nine months ended April 30, 2016. These increases were partially offset by the acquisition of Wilmot for $20.2 million during the nine months ended April 30, 2016.

Cash provided by financing activities increased $575.7 million during the nine months ended April 30, 2017, compared to the nine months ended April 30, 2016, primarily due to incremental term loan borrowings under our Vail Holdings Credit Agreement of $509.4 million used to fund a portion of the cash consideration for the Whistler Blackcomb acquisition, partially offset by an increase of $12.5 million in term loan payments during the nine months ended April 30, 2017, and a decrease in net payments under the revolver portion of our Vail Holdings Credit Agreement of $110.0 million during the nine months ended April 30, 2017. Additionally, we realized a $53.6 million reduction of cash outflows compared to the prior year related to repurchases of common stock during the nine months ended April 30, 2016. These net increases in cash inflows from financing activities were partially offset by an increase in net payments under the revolver portion of the Whistler Credit Agreement of $51.7 million and an increase in dividends paid of $29.5 million during the nine months ended April 30, 2017 compared to the same period in the prior year.

Significant Uses of Cash
Capital Expenditures
We have historically invested significant amounts of cash in capital expenditures for our resort operations, and we expect to continue to do so subject to operating performance particularly as it relates to discretionary projects. Current planned capital expenditures primarily include investments that will allow us to maintain our high quality standards, as well as certain incremental discretionary improvements at our mountain resorts and throughout our owned hotels. We evaluate additional discretionary capital improvements based on an expected level of return on investment. We currently anticipate we will spend approximately $103 million on resort capital expenditures for calendar year 2017, excluding anticipated investments at Whistler Blackcomb, capital expenditures for U.S. summer related activities and one-time integration capital expenditures at Whistler Blackcomb. This estimated spending includes normal inflation on our capital investments at our resorts. Included in these estimated capital expenditures is

approximately $65 million of maintenance capital expenditures (excluding maintenance capital expenditures for Whistler Blackcomb), which are necessary to maintain appearance and level of service appropriate to our resort operations. Discretionary expenditures for calendar year 2017 include, among other projects, upgrading various chairlifts at the Company's resorts, including the Northwoods lift at Vail Mountain (#11), the Peak 10 Falcon Chair at Breckenridge, Drink of Water chair (#5) at Beaver Creek, the Montezuma lift at Keystone and the renovation and expansion of Labonte's restaurant at Keystone. Our capital plan also includes the second phase of a two-year process to revamp our primary websites to a single 'responsive' desktop/mobile platform which will be integrated with our data-based and personalized marketing technology and the first phase of a three year plan to completely revamp and modernize the primary software platform for all of our resort operations. We also plan to invest approximately $6 million in calendar year 2017 for Epic Discovery summer activities, primarily at Breckenridge. At Whistler Blackcomb, we plan to invest approximately $17 million in calendar year 2017 for maintenance and discretionary projects. Additionally, we plan to invest approximately $17 million in capital during calendar year 2017 for the Whistler Blackcomb integration.

Approximately $18 million has been spent for capital expenditures in calendar year 2017 as of April 30, 2017, leaving approximately $125 million to spend in the remainder of calendar year 2017, including anticipated investments at Whistler Blackcomb, capital expenditures for U.S. summer related activities and one-time integration capital expenditures at Whistler Blackcomb.

We currently plan to utilize cash on hand, borrowings available under our credit agreements and/or cash flow generated from future operations to provide the cash necessary to complete our capital plans.

Whistler Blackcomb Acquisition

On October 14, 2016, in order to finance the cash portion of the consideration and payment of associated fees and expenses of the Whistler Blackcomb acquisition, the Company entered into an amendment to its Vail Holdings Credit Agreement through which the Company increased its term loan borrowings by $509.4 million and extended the maturity date for the outstanding term loans and revolver facility under the Vail Holdings Credit Agreement to October 14, 2021. Borrowings under the Vail Holdings Credit Agreement, including the term loan facility, bear interest at approximately 2.2% as of April 30, 2017.

Additionally, the Company assumed, through its acquisition of a 75% interest in the WB Partnerships, the Whistler Credit Agreement which consists of a C$300.0 million ($219.8 million) revolving credit facility that matures on November 12, 2021. As of April 30, 2017, C$122.0 million ($89.4 million) was outstanding under this revolving credit facility.

Stowe Mountain Resort Acquisition

On June 7, 2017, we acquired Stowe in Stowe, Vermont, from Mt. Mansfield Company, Inc., a wholly-owned subsidiary of American International Group, Inc., for a cash purchase price of approximately $41.0 million, subject to certain adjustments as provided in the purchase agreement. The Company funded the cash purchase price through cash on-hand.

Debt

Principal payments on the majority of our long-term debt ($1,086.0 million of the total $1,210.9 million debt outstanding as of April 30, 2017) are not due until fiscal 2021 and beyond. As of April 30, 2017 and 2016, total long-term debt (including long-term debt due within one year) was $1,206.6 million and $627.1 million, respectively. Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) increased from $558.5 million as of April 30, 2016 to $1,010.8 million as of April 30, 2017, primarily due to debt incurred and assumed relating to the acquisition of Whistler Blackcomb, as discussed above.

Our debt service requirements can be impacted by changing interest rates as we had $873.2 million of variable-rate debt outstanding as of April 30, 2017. A 100-basis point change in our borrowing rates would cause our annual interest payments to change by approximately $7.8 million. Additionally, the annual payments associated with the financing of the Canyons Resort transaction increase by the greater of CPI less 1%, or 2%. The fluctuation in our debt service requirements, in addition to interest rate and inflation changes, may be impacted by future borrowings under our credit agreements or other alternative financing arrangements we may enter into. Our long term liquidity needs depend upon operating results that impact the borrowing capacity under our credit agreements, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. We can respond to liquidity impacts of changes in the business and economic environment by managing our capital expenditures and the timing of new real estate development activity.

Dividend Payments

In fiscal 2011, our Board of Directors approved the commencement of a regular quarterly cash dividend on our common stock at an annual rate of $0.60 per share, subject to quarterly declaration. Since the initial commencement of a regular quarterly cash dividend, our Board of Directors has annually approved an increase to our cash dividend on our common stock and on March 9, 2017, our Board of Directors approved a 30% increase to our quarterly cash dividend to $1.053 per share (or approximately $42.2 million per quarter based upon shares outstanding as of April 30, 2017). For the nine months ended April 30, 2017, we paid cash dividends of $2.673 per share ($104.0 million in the aggregate). These dividends were funded through available cash on hand and borrowings under the revolving portion of our Vail Holdings Credit Agreement. Subject to the discretion of our Board of Directors, applicable law and contractual restrictions, we anticipate paying regular quarterly cash dividends on our common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend on our available cash on hand, anticipated cash needs, overall financial condition, restrictions contained in our Vail Holdings Credit Agreement, future prospects for earnings and cash flows, as well as other factors considered relevant by our Board of Directors.

Share Repurchase Program
Our share repurchase program is conducted under authorizations made from time to time by our Board of Directors. Our Board of Directors initially authorized the repurchase of up to 3,000,000 shares of our common stock (March 9, 2006) and later authorized additional repurchases of up to 3,000,000 additional shares (July 16, 2008) and 1,500,000 shares (December 4, 2015), for a total authorization to repurchase up to 7,500,000 total shares. During the nine months ended April 30, 2017, we repurchased 1,317 shares at a cost of $0.2 million. During the nine months ended April 30, 2016, we repurchased 485,866 shares at a cost of $53.8 million. Since inception of this stock repurchase program through April 30, 2017, we have repurchased 5,436,294 shares at a cost of approximately $247.2 million. As of April 30, 2017, 2,063,706 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's share award plan. Repurchases under the program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The timing as well as the number of Vail Shares that may be repurchased under the program will depend on several factors, including our future financial performance, our available cash resources and competing uses for cash that may arise in the future, the restrictions in our Vail Holdings Credit Agreement, prevailing prices of shares of our common stock and the number of shares that become available for sale at prices that we believe are attractive. The share repurchase program has no expiration date.
Covenants and Limitations
We must abide by certain restrictive financial covenants under our credit agreements. The most restrictive of those covenants include the following covenants: for the Vail Holdings Credit Agreement Net Funded Debt to Adjusted EBITDA ratio and the Interest Coverage ratio (each as defined in the Vail Holdings Credit Agreement) and for the Whistler Credit Agreement Consolidated Total Leverage Ratio and Consolidated Interest Coverage Ratio (each as defined in the Whistler Credit Agreement). In addition, our financing arrangements limit our ability to make certain restricted payments, pay dividends on or redeem or repurchase stock, make certain investments, make certain affiliate transfers and may limit our ability to enter into certain mergers, consolidations or sales of assets and incur certain indebtedness. Our borrowing availability under the Vail Holdings Credit Agreement is primarily determined by the Net Funded Debt to Adjusted EBITDA ratio, which is based on our segment operating performance, as defined in the Vail Holdings Credit Agreement. Our borrowing availability under the Whistler Credit Agreement is primarily determined based on the commitment size of the credit facility and our compliance with the terms of the Whistler Credit Agreement.

We were in compliance with all restrictive financial covenants in our debt instruments as of April 30, 2017. We expect that we will meet all applicable financial maintenance covenants in our credit agreements throughout the fiscal year ending July 31, 2017. However, there can be no assurance we will meet such financial covenants. If such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the credit agreements. There can be no assurance that such waivers or amendments would be granted, which could have a material adverse impact on our liquidity.

OFF BALANCE SHEET ARRANGEMENTS

We do not have off balance sheet transactions that are expected to have a material effect on our financial condition, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

FORWARD-LOOKING STATEMENTS

Except for any historical information contained herein, the matters discussed or incorporated by reference in this Form 10-Q contain certain forward-looking statements within the meaning of the federal securities laws. These statements relate to analyses and other information available as of the date hereof, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our contemplated future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references t assumptions. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from our forward-looking statements include, but are not limited to:

- prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries;
- unfavorable weather conditions or natural disasters;
- willingness of our guests to travel due to terrorism, the uncertainty of military conflicts or outbreaks of contagious diseases, and the cost and availability of travel options and changing consumer preferences;
- the seasonality of our business combined with adverse events that occur during our peak operating periods;
- competition in our mountain and lodging businesses;
- high fixed cost structure of our business;
- our ability to fund resort capital expenditures;
- our reliance on government permits or approvals for our use of public land or to make operational and capital improvements;
- risks related to a disruption in our water supply that would impact our snowmaking capabilities;
- risks related to federal, state, local and foreign government laws, rules and regulations;
- risks related to our reliance on information technology, including our failure to maintain the integrity of our customer or employee data;
- adverse consequences of current or future legal claims;
- a deterioration in the quality or reputation of our brands, including our ability to protect our intellectual property and the risk of accidents at our mountain resorts;
- our ability to hire and retain a sufficient seasonal workforce;
- risks related to our workforce, including increased labor costs;
- loss of key personnel;
- our ability to successfully integrate acquired businesses, or that acquired businesses may fail to perform in accordance with expectations, including Whistler Blackcomb, Stowe or future acquisitions;
- our ability to realize anticipated financial benefits from Park City;
- our ability to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, with respect to acquired businesses;
- risks associated with international operations;
- fluctuations in foreign currency exchange rates, particularly the Canadian dollar and Australian dollar;
- changes in accounting estimates and judgments, accounting principles, policies or guidelines; and
- a materially adverse change in our financial condition.

All forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this Form 10-Q, including investors and prospective investors, are cautioned not to place undue reliance on such forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements that we make for a number of reasons, including those described in our Form 10-Q for the three months ended October 31, 2016 and Part I, Item 1A “Risk Factors” of the Form 10-K. All forward-looking statements are made only as of the date hereof. Except as may be required by law, we do not intend to update these forward-looking statements, even if new information, future events or other circumstances have made them incorrect or misleading.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
Interest Rate Risk. Our exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At April 30, 2017, we had $873.2 million of variable rate indebtedness, representing approximately 72.1% of our total debt outstanding, at an average interest rate during the three and nine months ended April 30, 2017 of 2.1% and 1.9%, respectively. Based on variable-rate borrowings outstanding as of April 30, 2017, a 100-basis point (or 1.0%) change in our borrowing rates would result in our annual interest payments changing by approximately $7.8 million. Our market risk exposure fluctuates based on changes in underlying interest rates.
We have entered into interest rate swap agreements to fix the interest rate on a portion of our Canadian-denominated senior credit facility, which has the effect of fixing the underlying floating interest rate on a portion of the principal amount outstanding.

Foreign Currency Exchange Rate Risk. We are exposed to currency translation risk because the results of our international entities are reported in local currency, which we then translate to U.S. dollars for inclusion in our consolidated financial statements. As a result, changes between the foreign exchange rates, in particular the Canadian dollar and Australian dollar compared to the U.S. dollar, affect the amounts we record for our foreign assets, liabilities, revenues and expenses, and could have a negative effect on our financial results. Additionally, we also have foreign currency transaction exposure from an intercompany loan to Whistler Blackcomb that is not deemed to be permanently invested, which have and could materially change due to fluctuations in the Canadian dollar exchange rate. The results of Whistler Blackcomb and Perisher are reported in Canadian dollars and Australian dollars respectively, which we then translate to U.S. dollars for inclusion in our consolidated condensed financial statements.

The following table summarizes the amounts of foreign currency translation adjustments, net of tax, representing (losses) or gains, recognized in comprehensive income (in thousands).

	Nine Months Ended April 30,	
	2017	2016
Foreign currency translation adjustments, net of tax	$(47,452)	$3,746

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Management of the Company, under the supervision and with participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), evaluated the effectiveness of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Act") as of the end of the period covered by this report on Form 10-Q.

Based upon their evaluation of the Company's disclosure controls and procedures, the CEO and the CFO concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

The Company, including its CEO and CFO, does not expect that the Company's controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in Internal Control over Financial Reporting

In connection with the Company's acquisition of Whistler Blackcomb in October 2016, management is in the process of analyzing, evaluating and, where necessary, implementing changes in internal control over financial reporting. The operations of Whistler Blackcomb will be excluded from management's assessment of internal control over financial reporting as of July 31, 2017.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In May 2016, Kirkwood received a Notice of Violation ("NOV") from the State of California Central Valley Regional Water Quality Control Board regarding the disposition of asphalt grindings used in parking lot surfacing in and around Kirkwood Creek. We are in the information gathering stage and are continuing to cooperate with the Central Valley board staff and the California Department of Fish and Wildlife to satisfactorily resolve the matters identified in the NOV. This process will continue throughout calendar year 2017.

In the first quarter of calendar year 2014, we received a Compliance Advisory from the Colorado Department of Public Health & Environment ("CDPHE"), advising of potential violations of the Colorado Air Pollution Prevention and Control Act at Breckenridge. We subsequently conducted voluntary self-audits at each of our four resorts in Colorado and continue to cooperate with CDPHE after receipt of additional Compliance Advisories for each of the four resorts. In May 2017, we reached a settlement agreement with CDPHE, which includes administrative penalties of $40,060 and a total of $160,240 to be fulfilled by supplemental environmental projects, which projects will be undertaken in connection with the settlement of the enforcement action taken by the CDPHE, Air Pollution Control Division, for violations of air quality laws and regulations.

We do not expect the resolution of the above items to have a material impact on our results of operations or cash flows.

We are a party to various lawsuits arising in the ordinary course of business. We believe that we have adequate insurance coverage and/or have accrued for all loss contingencies for asserted and unasserted matters and that, although the ultimate outcome of such claims cannot be ascertained, current pending and threatened claims are not expected to have a material, individually and in the aggregate, adverse impact on our financial position, results of operations and cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K, filed with the SEC on September 26, 2016, as of and for the year ended July 31, 2016, and in our Quarterly Report on Form 10-Q, filed with the SEC on December 9, 2016, as of and for the quarter ended October 31, 2016.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Exchangeable Shares

As described elsewhere in this report, on October 17, 2016, the Company acquired all of the outstanding common shares of Whistler Blackcomb. Part of the consideration paid to Whistler Blackcomb shareholders consisted of 3,327,719 shares of our common stock and 418,095 Exchangeco Shares. Each Exchangeco Share is exchangeable by the holder thereof for one share of our common stock (subject to customary adjustments for stock splits or other reorganizations). In addition, the Company may require all outstanding Exchangeco Shares to be exchanged into an equal number of shares of our common stock upon the occurrence of certain events and at any time following the seventh anniversary of the closing of the transaction. Exchangeco Shares, while outstanding, are substantially the economic equivalent of the corresponding shares of our common stock. As of April 30, 2017, 70,149 Exchangeco Shares had not been exchanged into shares of our common stock.

The shares issued at closing of the Whistler Blackcomb acquisition were issued in reliance upon Section 3(a)(10) of the Securities Act of 1933, as amended (the “Securities Act”), which exempts from the registration requirements under the Securities Act any securities that are issued in exchange for one or more bona fide outstanding securities where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court expressly authorized by law to grant such approval. Although exempt from the registration requirements under the Securities Act, such shares are listed and freely tradeable on the New York Stock Exchange.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are either filed or furnished herewith or, if so indicated, incorporated by reference to the documents indicated in parentheses, which have previously been filed or furnished with the Securities and Exchange Commission.

Exhibit Number	Description
10.1	Whistler Mountain Master Development Agreement, dated as of February 23, 2017, between Her Majesty the Queen in Right of the Province of British Columbia and Whistler Mountain Resort Limited Partnership (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on February 27, 2017) (File No. 001-09614).
10.2	Blackcomb Mountain Master Development Agreement, dated as of February 23, 2017, between Her Majesty the Queen in Right of the Province of British Columbia and Blackcomb Skiing Enterprises Limited Partnership (Incorporated by reference to Exhibit 10.2 on Form 8-K of Vail Resorts, Inc. filed on February 27, 2017) (File No. 001-09614).
10.3	Third Amendment to Seventh Amended and Restated Credit Agreement, dated as of April 7, 2017, by and among Vail Holdings, Inc., Bank of America, N.A., as Administrative Agent, and the Lenders named therein.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following information from the Company’s Quarterly Report on Form 10-Q for the three and nine months ended April 30, 2017 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Condensed Balance Sheets as of April 30, 2017, July 31, 2016, and April 30, 2016; (ii) Unaudited Consolidated Condensed Statements of Operations for the three and nine months ended April 30, 2017 and 2016; (iii) Unaudited Consolidated Condensed Statements of Comprehensive Income for the three and nine months ended April 30, 2017 and 2016; (iv) Unaudited Consolidated Condensed Statements of Stockholders’ Equity for the nine months ended April 30, 2017 and 2016; (v) Unaudited Consolidated Condensed Statements of Cash Flows for the nine months ended April 30, 2017 and 2016; and (vi) Notes to the Consolidated Condensed Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		Vail Resorts, Inc.
Date: June 8, 2017	By:	/s/ Michael Z. Barkin Michael Z. Barkin Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: June 8, 2017	By:	/s/ Ryan H. Siurek Ryan H. Siurek Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)

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