

Squaw explains issues during holiday week

To the community,

Squaw Valley was blessed with a wonderful holiday period including an abundance of bluebird days, fresh snow and amazing mountain conditions. Unfortunately, as we welcomed the holidays and more snow to the mountain, the resort was challenged by electrical, transportation and weather related issues that created inconveniences for those of you who were on the mountain. With this note, I want to acknowledge these challenges and openly and directly inform you of exactly what took place.

First, most notably, Squaw Valley experienced brief power outages on Dec. 30 and 31. Experiencing a problem of this nature during one of our busiest and most important times, and during relatively cold temperatures, is a disappointment for our customers, our team members, and our management team. This was a very unique situation, as the staff at NV Energy put it, and an occurrence that did not meet any of our expectations or standards. The following is an important summary of what took place including our team's response.

On Dec. 30 at about noon, the power lost one "leg" from the bottom of Headwall to the upper mountain. We immediately pursued contingency plans to activate backup power, and contacted the power company, NV Energy. A fuse located on a power pole operated by NV Energy near Granite Chief Road had failed. It took us 30 minutes to locate the fuse following the failure, at which point the power company was already en route. Upon arrival, the power company repair crew replaced the fuse, which they found had melted. We were advised, based on the state of the melted fuse, that failure was attributable to a defective fuse and was not related to the mountain's

infrastructure or operations. To ensure that guests could get their lift ticket's value, we ran the lifts for an additional 20 minutes in the afternoon that day.

The same fuse failed again on Dec. 31 at 11am. Again, our team immediately mobilized backup power supplies and generators. NV Energy was on site within 30 minutes. A decision was made to replace the fuse with a larger set, which had to be sourced and delivered. The process took about 30 additional minutes. Again, we ran the lifts later that afternoon and provided vouchers for those particularly affected by the outage. NV Energy has made modifications to this "leg" that ensures this failure will never be replicated. Furthermore, we have requested replacement of the fuses in the other two legs of power with the same larger size to prevent any future problems. As an additional precaution, Squaw Valley will be engaging NV Energy and other specialists to conduct a thorough review of our power lines, our internal infrastructure, and our operational methodology to ensure that the potential for future failures is minimized.

Secondly, on Dec. 30, the entire North Lake Tahoe road system was overwhelmed by traffic, including our local area. Snowstorms put the county's already stressed road crew in a position whereby they weren't able to widen Squaw Valley Road, a critical function which allows us to build three lanes to support ingress and egress from the resort along this roadway. Additionally, at the end of the day, a malfunctioning traffic light on Highway 89, toward Truckee, exacerbated an already maxed out roadway system. On the next day, Dec. 31, our own road crews took the initiative to widen the roads to create three lanes. While this is outside of our responsibilities, we did this in an effort to alleviate the stress and problems of the previous day. I was informed by many contacts that the entire region's roadways were problematic during this time. I can assure you that our team will continue to work with local and regional transportation authorities on this issue to

ensure that it does not happen again.

Finally, the snowfall that has made for incredible skiing and riding experiences, coupled with significant wind events, has required our Ski Patrol to literally work harder than ever during their snow safety missions. The number of days that we've experienced delayed lift openings is directly related to the extraordinary weather, including wind and record-breaking early season snowfall. Patrol conducted snow safety on 15 days during December, and Squaw Valley experienced 189 percent of average snowfall during the month. Together, November and December have delivered more snowfall than anytime during the previous 40 years. You can be assured that our team will continue making every effort to open the mountain as early as possible; however, we will always operate the resort with your safety and the safety of our team members as our primary concern.

We appreciate your patience as we strive to overcome these challenges and seek to improve every facet of the resort's operations. Thank you for taking the time to review this information, and I sincerely hope that this summary provides you with some insights into our operations over the holiday period.

Thank you for choosing Squaw Valley USA.

Best regards,

Andy Wirth, Squaw Valley president and CEO