

MOONLIGHT BASIN

November 5, 2009

Dear Moonlight Basin Homeowners and Members of the RESERVE,

I hope this resort update finds you and your family well. Winter has most definitely arrived here in Big Sky Country! Our team is in the midst of all the necessary steps to prep the resort for our season opening on December 12 (Dec 11 special opening for season pass holders only). In this resort update, you will find descriptions of many winter offerings and a few new programs for the 09/10 season. We've also included information regarding the recently launched "Biggest Skiing in America" campaign, direct flight information and a few other area updates to assist you in preparing for your next visit to Moonlight Basin. Prior to highlighting the upcoming winter season, I would like to provide you with an update regarding the status of the foreclosure proceedings and the most recent developments.

UPDATE on FORECLOSURE PROCEEDINGS

As you are aware, Lehman Commercial Paper, Inc., which is one of the Lehman entities in bankruptcy, filed foreclosure proceedings against Moonlight Basin on September 11 of this year in State District Court in Madison County, Montana. We filed our answer to the Lehman Complaint on November 2, 2009.

In October, Lehman also filed a separate motion with the court seeking the appointment of an outside management group of Lehman's choosing to act as a receiver until the foreclosure lawsuit is decided. Lehman has proposed that Douglas Wilson Companies from California (who was appointed as the receiver for the Tamarack Resort before it was shut down in early March 2008) be appointed as the Moonlight receiver and be granted broad powers to manage and operate every aspect of Moonlight Basin.

Moonlight Basin filed its initial response opposing Lehman's motion for the appointment of a receiver on October 23. As part of our filing, we submitted to the Court more than 40 affidavits from interested parties who support the current Moonlight Basin management team's stewardship of the resort and who oppose the appointment of a receiver.

As you will see from our court filings, it is our position that the current leadership team is best suited to oversee the business operations at the resort while we continue to listen to the land and ensure the vision of the property stays intact.

Over the last few weeks, we have collected nearly 50 affidavits from individuals in support of the current management team. The vast majority of our local vendors, members of the Madison County Planning Board, the Madison County Commissioners, Superintendent of the local school district, charitable organizations, as well as many owners and RESERVE members, have come forward in support of our team. I would like to personally thank all of those individuals who have offered support. It has been a truly humbling experience reading all of the positive sentiments expressed about our team and my family.

Although I cannot give you the specific details regarding our legal strategy, I have included a link enabling you to read the legal documents filed to date with the court. These materials shed light on the challenges we have faced over the past two years. I understand as homeowners you have concerns for the Moonlight community and the future of the resort. Please know, I am conscious of this each day and our team has the well-being of the resort and your interests in mind with each decision we make.

I encourage you to stay informed about the foreclosure proceedings and reach out to the Moonlight team with your questions and concerns. I will share updates and information with you as promptly as I can. If you have questions, please feel free to contact our corporate office in Ennis (406.682.6666), and you will be directed to a team member who can assist you. You will find legal documents filed in this case at the following link: www.lb-mlb.com

I know you are receiving many questions and may have some yourself regarding how the foreclosure proceedings are connected to or could impact our winter 09/10 operations. It is likely that the foreclosure proceedings will continue into next year. In the meantime, we have a resort to operate. The majority of our winter hiring has been completed and managers and directors are working diligently preparing for opening day, December 12 (Dec. 11th is for season pass holders only). One of the most responsible and important things all parties (Moonlight and Lehman) can do throughout the foreclosure proceedings is continue to operate the resort.

Again, thank you to all of the families, owners, guests, and others who have offered support in the form of affidavits, letters and your time, to ask questions and connect with our team members directly. Your support is truly appreciated by every member of the Moonlight team.

Sincerely,

Lee Poole

RESORT TAX DOLLARS DRIVING BUSINESS TO BIG SKY!

- Biggest Skiing in America campaign
- Direct Flight information

Welcome to the home of the **Biggest Skiing in America®**

Moonlight Basin is part of a community-wide effort to promote Big Sky, Montana and the “Biggest Skiing in America.” With the launch of the Big Sky Chamber’s “Biggest Skiing in America” winter campaign, there will be free lodging and skiing offers. As always, kids under 10 ski FREE. As part of the effort to more effectively market the joint terrain offered by Big Sky Resort and Moonlight Basin, the Lone Peak Pass has been rebranded as the Biggest Skiing in America pass and ticket. The Moonlight Basin and Big Sky Resort interconnect ticket allows skiers and riders to access over 5,500 acres of terrain. We invite you to visit www.biggestskiinginamerica.com to learn more.



Direct to Gallatin Field Airport!

Moonlight Basin, along with Big Sky Resort and other community businesses, continue to work toward improving air service to Gallatin Field Airport. We are excited to highlight the **direct flight services** for winter 2009-10.

- Atlanta – Delta will fly direct on the following days:
 - 7 days a week, December 19–January 3, except December 24 and 25.
 - Saturdays, January 9 through March 2
 - Sundays, February 21 through March 28
- San Francisco – United will fly direct on the following days:
 - 7 days a week, December 17 through March 27
- Detroit – Delta will fly direct on the following days:
 - Saturdays, early February through March 27
- Las Vegas – Allegiant will fly direct on Fridays and Mondays
- Other Direct Flight Cities providing daily service:
 - Chicago
 - Salt Lake City
 - Seattle
 - Minneapolis
 - Denver

NEW AT MOONLIGHT BASIN THIS WINTER SEASON

- Sleigh rides
- Moonlight Basin Season Pass Benefits
- Skiwees
- Moonlight Basin Freeride Team
- More snowshoe trails (hiking for summer too!)
- Expanded terrain park and additional features
- Turkey for a Ticket Food Drive goes corporate
- Special Olympics Big Sky Area Winter Games

Explore Moonlight Basin by Horse-drawn Sleigh!

Moonlight Basin and Cedar Mountain Corrals have teamed up to offer **horse-drawn sleigh rides**. Guests will enjoy a scenic sleigh ride to a rustic yurt on the edge of Ulrey's Lake. A bonfire, s'mores and hot beverages await their arrival and guests are welcome to either take in the peaceful surroundings or enjoy a variety of snowy activities. An experience not to miss!

If you are going to ski, Ski Moonlight!

In our continued quest to provide value to our pass holders, Moonlight Basin is offering several new **season pass holder benefits**. Show your Moonlight Basin or Biggest Skiing in America Season Pass to receive resort discounts and participate in a variety of events, such as the OntheSnow BBQ and Bring a Friend for \$10 days. Plus, Moonlight Basin opens December 11 for season pass holders only! (December 12 for everyone else.) Call 406-993-6074 or visit moonlightbasin.com to learn more about Season Pass Holder benefits.

Get the Little Ones Off to a Perfect Start

Moonlight Basin SnowSports School introduces **Skiwees**, a very specialized program designed as a starter program for skiers ages 3 & 4 years old. Under the careful guidance of experienced instructors, students in the Skiwees program will develop fundamental skills to start off on the right foot. But more importantly, they'll do it while making friends and having FUN! Call 406-993-6062 or visit moonlightbasin.com to learn more about this interactive class for tots.

Moonlight Freeride!

NEW for 2009-2010, Moonlight Basin is excited to offer a **Freeride Team** training program for youth ages 7 to 17. Building on our very successful All Mountain Kids program, the Freeride Team has been developed for those that have regularly participated in our All Mountain Kids program or are new to Moonlight Basin and want to explore the more competitive side to snowsports. The program will encompass park and big mountain. Each session will be focused on developing technical & tactical skills, terrain/feature knowledge, and athlete safety. Call 406-993-6062 or visit moonlightbasin.com to find out more about this exciting new program.

Scenic Exploration

Moonlight Basin has expanded its network of **snowshoe trails** around the resort, providing an alternative way to explore our beautiful landscape. Two new trails begin at the Madison Village Base Area and wind around your scenic backyard. Snow shoes and trail passes are available at the Season Pass Office at the Madison. Don't miss out on our NEW Guided Snowshoe Hikes, led by our resident wildlife specialist, Marc Glines. Hikes depart weekly on Tuesdays at 10am; call 406-995-7716 for reservations and more information. Can't make a Tuesday? Special days and times available by request.

Attention all Park Riders!

We have some exciting news for you! The **Zero Gravity Terrain Park** has expanded to accommodate more features and the addition of snowmaking to this popular attraction. Plus, the expansion will allow for better flow of traffic through the park. So head to Runaway and check it out!

Turkey for a Ticket goes Corporate!

Mark your calendars! The **3rd Annual Turkey for a Ticket Food Drive** is coming up on Friday, December 18, 2009. Help us stock Gallatin Valley Food Bank's shelves and receive free skiing in return. Plus we are now offering a new Corporate Drive. So gather your friends, family and co-workers and get involved! Here's how:

- Individual:
 - Donate a turkey or 20 cans of food = FREE Moonlight Basin Day Ticket good on December 18, 2009.
- Season Pass Holder:
 - Donate a Turkey or 20 cans of food = FREE Moonlight Basin Day Ticket good for the season. Blackout dates apply and limited to one ticket per season pass holder.
- Corporate:
 - Receive 1 FREE Moonlight Basin Day Ticket per 20 pounds donated. 80 pound minimum required. Must deliver the day of the event to receive free tickets. Tickets are good for December 18-25, 2009 or January 4-31, 2010.

Special Olympics comes to Moonlight Basin

Moonlight Basin is hosting Special Olympics Montana's first **Big Sky Area Winter Games** on February 22-23, 2010. In our continuous commitment to support community-wide programs, we are proud to be part of the first winter games for our region. Over 100 athletes and coaches from Big Sky Area and Yellowstone Valley Area are expected to compete in alpine skiing, snowshoeing and Nordic skiing events. All activities and events will be hosted in Moonlight Basin's Madison Village Base Area. Watch for more details as the planning unfolds!

"Moonlight Basin is excited to be involved with such an amazing organization and we feel privileged to host the Big Sky Winter Games. An event like this brings communities together and inspires others while supporting these athletes in their quest to compete in winter sports. Our employees are excited to get involved with Special Olympics and we are committed to making this an annual event for years to come."

- Greg Pack, General Manager, Moonlight Basin

SCHEDULE OF EVENTS – WINTER 2009/10

Moonlight Basin events offer fun for the entire family. You will find detailed descriptions for all of our December events and an overview of all other events to be held January through April 2010.

SPECIAL EVENTS in DECEMBER

Season Pass Holder Ski Day – December 11

An exclusive season pass holder day, Moonlight Basin's lifts will be ready to load Moonlight Basin and Biggest Skiing in America season pass holders to enjoy the day before opening for everyone else on December 12. *Weather permitting, terrain and lift access may vary.

Moonlight Basin Opening Day for 2009-10 Season – December 12*Weather permitting

Turkey for a Ticket Food Drive – December 18

Help us stock the Gallatin Valley Food Bank. Last year we collected over 7,000 lbs of food! Donate a frozen turkey or 20 cans of food and receive a free day ticket in return. Ticket is valid day of the event only. Season pass holders who donate will receive one ticket valid for the season (blackout dates apply).

Holiday Family Night with Moonlight – December 23

4:30pm-8pm, Madison Village Base Area

Join us for a pizza party, campfire s'mores and night sledding on Cup-a-jo. This Family Night has some extra Christmas fun - cookie decorating and one last chance to sit on Santa's lap and remind him how good you've been! Reservations made with the Mountain Concierge 406-995-7716.

Family Night with Moonlight – December 27, 30

4:30pm-8pm, Madison Village Base Area

Join us for a pizza party, campfire s'mores, night sledding on Cup-a-Jo, exciting crafts and games galore. A wonderful way to meet other Moonlight Basin families and get to know one another! Reservations made with the Mountain Concierge 406-995-7716.

Christmas Eve Service and Ski with Santa – December 24 and 25

Gather around the bonfire for Christmas carols and hot cider on the deck of the Moonlight Lodge at 5pm on December 24th. Then on Christmas Day, make some turns with Santa on the slopes of Moonlight Basin as he relaxes after a long night of work.

Owners Event – December 26, event venue and details to come.

A chance for Moonlight Basin homeowners to spend quality time together. Meet other families with common interests and share a toast to the holiday season.

New Year's Eve Dinner with the Timbers – December 31

Spend New Year's Eve at the Timbers Restaurant with a special menu in the grand and beautiful Moonlight Lodge.

SPECIAL EVENTS JANUARY – APRIL 2010

Montana Appreciation Day – January 8

Family Night with Moonlight – January 16, February 12, March 12, 19, 26

4:30pm-8pm, Madison Village Base Area

Join us for a pizza party, campfire s'mores, night sledding on Cupajo, exciting crafts and games galore. A wonderful way to meet other Moonlight Basin families and get to know one another! Reservations made with the Mountain Concierge 406-995-7716.

Moonlight Basin Avalanche Course – January 28-30 and March 4-6

Volcom Peanut Butter and Rail Jam – February 6

First Chair – season pass holder only event – February 13

Owners Social – February 13, Après Ski, event venue and details to come.

Meet your neighbors in a casual setting. Take this chance to make new connections, share interests or plan a ski date with new friends!

NEW this season! Special Olympics Montana – February 22-23

Keeping with our commitment to support community-wide programs, we are proud to host the first winter games for our region. All activities and events will be hosted in Moonlight Basin's Madison Village Base Area - stop by and cheer on the athletes!

6th Annual Howlin' at the Moon Snowshoe Shuffle – February 27

On the Snow BBQ – season pass holder only event – March 14

4th Annual Huck-A-Berry Jam – March 20

5th Annual Headwaters Spring Runoff – April 2-3

Easter Egg Hunt – April 4

Closing Day Live Music – April 12

WEEKLY PROGRAMS

First Tracks

December 22, 23, 28, 29, 30 ♦ January 15, 16, 22, 23

February 13, 14, 15, 16 ♦ March 2, 3, 9, 10, 16, 17, 23, 24, 30, 31

Moonlight Basin homeowners are invited to join our Resort General Manager and Mountain Operations Director to carve the first tracks of the day! This unique mountain experience is followed by a hearty breakfast in one of our ski-in ski-out accommodations. Reservations required – call the Mountain Concierge 406-995-7716.

“Ski With a Local” - Complimentary Moonlight Mountain Tour

Daily, starting December 13 through April 11, Tours at 10:30am and 1:30pm

If you are interested in finding the best gladed tree runs, the finest groomers, or knowing about our secret powder stashes – don't miss your chance to *Ski with a Local*. Even if you have been here many times before, our seasoned Mountain Ambassadors will provide you with a personalized tour of what makes Moonlight Basin special.

Yoga with Moonlight

7:30am, **Tuesdays and Saturdays** starting December 15, Moonlight Lodge

Start your day with stretching and relaxation in Moonlight's complimentary yoga class.

Guided Snowshoe Hike- NEW THIS SEASON

10am, **Tuesdays** starting December 22

Discover our trails and learn about Montana wildlife's winter behaviors with a guided snowshoe hike, led by our resident wildlife specialist, Marc Glines.

Search and Rescue Dog Demonstration

2pm, **Saturdays** starting December 19, Madison Village Base Area

Fun for all ages! Meet the Moonlight Basin Ski Patrol and avalanche dogs and take part in our interactive demonstration. *No demos February 6, March 20 or April 3 due to on mountain competitions.*

Wildlife Talk

12 noon, **Saturdays** starting December 19, Madison Village Base Area

Hands-on wildlife fun! Join our resident expert, Marc Glines for animal facts, wilderness activities and a special collection of artifacts.

Après Ski Music

3:30pm-5:30pm, **Saturdays** starting January 2, Headwaters Grille

Church in the Pines

9:30am, **Sundays** starting December 20, Madison Village Base Area

Start your Sunday morning with a non-denominational worship service around the bonfire.

Some of Moonlight Basin's events and programs have fees associated with participation. For pricing and more information on any of Moonlight's events and programs, please contact the Mountain Concierge at 406-995-7716 or visit our Event Calendar in the Activities & Events section of our website: moonlightbasin.com.

WINTER SEASON TIPS AND SUGGESTIONS FROM OWNER SERVICES

Avoid Ice Damning

It is highly recommended that you have your roof system monitored during the winter season. Moonlight Basin receives an average of 300 inches of snow each season. Due to the variable temperatures, the snow on roofs will go through melting and freezing patterns in a very short period of time. At times, snow is unable to melt sufficiently enough to slide off the roofs on its own, which may result in ice damning and can lead to leaks.

Snow Maintenance is Key

We highly recommend you hire a property manager, or ask your contractor to monitor your roof system and routinely push the snow off and remove icicles. If your roof drops snow onto your deck, parking or walking areas, please be careful. The snow loads can be extremely heavy and dangerous when they come down. These snow loads can also be detrimental to any deck/lawn furniture, trees, shrubs and landscaping that are directly in its path.

Keep Those Pipes Warm

In order to prevent pipes from freezing, it's recommended that you keep your heat on during the winter months. All exposed plumbing should also be checked on a regular basis during the winter months. Please consider hiring a property manager to monitor this for you if you will not be staying in your home over the winter.

HOW'S THE REAL ESTATE MARKET?

For those of you who have an interest in learning more about the real estate market, property values as well as recent sales in Moonlight and the greater Big Sky area, please call either Leesa or Tim Anderson at Montana Real Estate Company. Leesa and Tim will be happy to share their knowledge and the latest area updates and reports with you.

Moonlight Lodge office: 406-995-3700, Leesa's Cell: 406-580-3322 or via email: info@montanarealestate.com

CONNECT WITH US!

The Owner Services team would love to know your thoughts, ideas and questions. Please feel free to contact us by telephone: 800-830-1344 or via email: service@moonlightbasin.com . Our team is also available 24/7, 365 days a year to assist you.

We'd love to know when your next trip to Moonlight Basin is scheduled. The more we know about when Moonlight homeowners like to visit the Big Sky area, the better decisions we can make about prime dates for planning owner events and other resort programs. This information also helps us anticipate when we can expect increased visitation to the resort and plan accordingly. Please share your upcoming vacation dates with us by emailing service@moonlightbasin.com, subject line: We're Coming Home!