



Department of Justice

FOR IMMEDIATE RELEASE
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COLORADO SKI RESORT MERGER APPROVED WITH CONDITIONS TO KEEP PRICES LOWER FOR SKIERS

WASHINGTON, D.C. -- Approving a Colorado ski resort merger today, the Justice Department set conditions that will preserve lower prices for hundreds of thousands of skiers in one of America's most popular winter sports areas.

The Department said that Vail Resorts Inc. could go forward with its \$310 million acquisition of Ralston Resorts Inc. as long as Ralston's Arapahoe Basin Ski Resort is sold to a third party.

Without the divestiture, the deal likely would have resulted in higher prices to skiers who live in Colorado's Front Range and who ski at the resorts on day and overnight trips, the Department said. The Front Range is the area east of the Rocky Mountains including the Colorado cities of Denver, Fort Collins, Boulder, and Colorado Springs.

"Competition among ski resorts has meant discounts for Colorado Front Range skiers," said Joel I. Klein, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "Without selling off the Arapahoe Basin resort, this deal would have resulted in fewer and smaller discounts on lift tickets."

The Department's Antitrust Division and the Colorado Attorney General filed a civil suit in U.S. District Court in Denver to block Vail's original deal to acquire Ralcorp. At the same time, a proposed settlement was filed that, if entered by the court, would settle the suit.

The complaint alleges that the merger without the proposed divestiture would have lessened competition substantially in the Front Range skier market. Ralston Resorts accounts for more than 26 percent and Vail for about 12 percent of all Front Range skier days. Combining both resorts would have resulted in the merged firm having more than 38 percent of the Front Range market.

The complaint also alleges that Vail and Ralston compete through various lift ticket discounting programs aimed at the Front Range skier. This competition limits Vail and Ralston's ability to raise lift ticket prices or reduce the level of discounts. After the merger, the complaint alleges, this competition would be eliminated, creating an incentive for the merged company and the remaining ski resorts serving the Colorado Front Range skier to raise prices.

The proposed settlement requires the sale of Ralston's Arapahoe Basin ski resort to an entity capable of operating the resort as a long-term, viable competitor in the market. The divestiture will prevent Front Range skiers from paying higher lift ticket prices. Until the sale is accomplished, Arapahoe Basin must be maintained and operated at least at existing levels.

Vail Resorts, headquartered in Vail, Colorado, owns the Vail, Beaver Creek and Arrowhead Mountain ski resorts. During the 1995-96 ski season, Vail Resorts had revenues of more than \$140 million.

Ralston Resorts is headquartered in Dillon, Colorado. With Ralston Foods Inc., Ralston Resorts is a subsidiary of Ralcorp Holdings Inc. Ralston Resorts owns Breckenridge, Keystone and Arapahoe Basin ski resorts. Revenues during the 1995-96 ski season for all Ralston Resorts totaled more than \$135 million.

As required by the Tunney Act, the proposed settlement agreement will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit comments concerning the proposed settlement agreement during the 60-day

comment period to Craig W. Conrath, Chief, Merger Task Force, Antitrust Division, U.S. Department of Justice, 1401 H Street, N.W., Room 4000, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon finding that it serves the public interest.

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