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## Intrawest sale worth a fortune to executives

### They just need shareholders to okay the company's proposed sale

**Bruce Constantineau**

Vancouver Sun

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Intrawest Corp. chief executive Joe Houssian will reap a \$126-million US windfall next month if shareholders approve the company's proposed sale to Fortress Investment Group LLC of New York.

A shareholder information circular released Wednesday shows Intrawest executives and directors will receive a total of about \$159.8 million (all figures US), with Houssian getting nearly 80 per cent. The payouts cover the value of shares, options and restricted/deferred share units owned by company officers and directors.

The circular said Intrawest employees who are not senior officers or directors hold about 15 per cent of the outstanding share options, worth an estimated \$4.7 million.

Two-thirds of Intrawest shareholders must approve the \$2.9-billion sale of the Vancouver-based resort developer to the private U.S. firm at a meeting scheduled for Oct. 17. Shareholders will get \$35 a share if the deal goes ahead, a 32-per-cent premium over the stock price before the proposed sale was announced last month.

Houssian founded Intrawest in 1976 as a residential/commercial real estate company, and guided its evolution into North America's largest mountain resort operator -- with annual revenues of more than \$1.6 billion.

The information circular reveals Houssian owns nearly 1.9 million Intrawest shares, worth \$66.3 million under the Fortress deal. His share options are worth about \$16.7 million while his deferred/restricted share units are worth an estimated \$43 million.

Intrawest announced early this year it would look for ways to boost shareholder value after its largest shareholder -- Connecticut-based hedge fund Pirate Capital LLC -- complained share values were too low.

Pirate Capital owns more than 8.9 million Intrawest shares and supports the Fortress deal as it stands to make a \$73.3-million profit. The company paid \$239.2 million for its ownership position and will receive \$312.5 million if shareholders approve the sale.

In a letter to shareholders, Houssian said about 100 parties expressed an interest in pursuing various transactions with Intrawest, and it entered into confidentiality agreements with 65 potential partners or buyers. The circular said the Intrawest board considered a sale of Intrawest real estate assets only, but eventually chose the Fortress deal as the best option.

Intrawest and Fortress have agreed to a \$60-million termination fee payable if either side walks away from the deal. The transaction also includes severance packages of two or three years' base salary for senior Intrawest executives who might be terminated in the future.

Intrawest representative Tim McNulty said Houssian and other senior company officers won't discuss their future with a Fortress-owned organization until after the Oct. 17 shareholders meeting.

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#### PAYDAY JACKPOTS

Estimated payouts to senior Intrawest executives (all figures US):

- Joe Houssian, chairman, CEO, director \$126 million
- Dan Jarvis, chief corporate development officer \$11.1 million
- Hugh Smythe, president of mountain operations \$7.1 million
- Michael Coyle, chief strategy officer \$3.5 million
- Alex Wasilov, president, COO, director \$2.9 million
- John Currie, chief financial officer \$2.4 million
- James Gibbons, president of resort club group \$2.3 million

Note: Includes payments for shares, options and deferred or restricted share units

Source: Intrawest Corp. information circular

Ran with fact box "Payday jackpots", which has been appended to the end of the story.

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