

Vail Resorts, Inc.
Consolidated Financial Statements
(in thousands except per share amounts)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2003	2002	2003	2002
Net revenue:				
Mountain	211,710	193,243	435,313	368,620
Lodging	45,519	49,096	120,558	110,220
Real estate	11,888	4,322	73,866	54,354
Total net revenue	<u>269,117</u>	<u>246,661</u>	<u>629,737</u>	<u>533,194</u>
Operating expense:				
Mountain	118,450	101,520	307,737	249,520
Lodging	33,521	34,979	109,456	94,875
Real Estate	11,567	5,488	61,371	43,319
Depreciation & amortization	20,785	16,566	58,656	47,995
Total operating expense	<u>184,323</u>	<u>158,553</u>	<u>537,220</u>	<u>435,709</u>
Income from operations	84,794	88,108	92,517	97,485
Other income (expense)				
Mountain equity investment income	31	300	1,254	1,508
Lodging equity investment loss	(373)	-	(3,705)	-
Real estate equity investment income	881	204	4,721	2,673
Interest income	474	301	879	1,256
Interest expense	(12,867)	(9,644)	(37,613)	(27,870)
Gain on put option	-	-	1,371	-
Gain (loss) on disposal of fixed assets	(270)	35	(289)	(92)
Other income (expense):	(1)	(19)	20	(68)
Minority interest in income of consolidated joint ventures	<u>(2,577)</u>	<u>(3,423)</u>	<u>(2,615)</u>	<u>(3,380)</u>
Income before income taxes	70,092	75,862	56,540	71,512
Provision for income taxes	<u>(34,600)</u>	<u>(28,829)</u>	<u>(29,056)</u>	<u>(27,175)</u>
Income before cumulative effect of change in accounting principle	35,492	47,033	27,484	44,337
Cumulative effect of change in accounting principle, net of income taxes	-	-	-	(1,708)
Net income	<u>35,492</u>	<u>47,033</u>	<u>27,484</u>	<u>42,629</u>
Basic weighted average shares	35,188	35,145	35,180	35,138
Diluted weighted average shares	35,193	35,188	35,206	35,180
Per share amounts (basic):				
Income before cumulative effect of change in accounting principle	\$ 1.01	\$ 1.34	\$ 0.78	\$ 1.26
Cumulative effect of change in accounting principle, net of income taxes	-	-	-	(0.05)
Net income	<u>\$ 1.01</u>	<u>\$ 1.34</u>	<u>\$ 0.78</u>	<u>\$ 1.21</u>
Per share amounts (diluted):				
Income before cumulative effect of change in accounting principle	\$ 1.01	\$ 1.34	\$ 0.78	\$ 1.26
Cumulative effect of change in accounting principle, net of income taxes	-	-	-	(0.05)
Net income	<u>\$ 1.01</u>	<u>\$ 1.34</u>	<u>\$ 0.78</u>	<u>\$ 1.21</u>
Other Data:				
Mountain EBITDA	\$ 93,291	\$ 92,023	\$128,830	\$ 120,608
Lodging EBITDA	11,625	14,117	7,397	15,345
Resort EBITDA	104,916	106,140	136,227	135,953
Real estate EBITDA	\$ 1,202	\$ (962)	\$ 17,216	\$ 13,708

Vail Resorts, Inc.
Resort Revenue by Business Line and Skier Visits
(in thousands)

Business Line	Three Months Ended			Nine Months Ended		
	April 30,			April 30,		
	2003	2002	% Change	2003	2002	% Change
Lift tickets	\$ 105,174	\$ 95,349	10.3 %	\$ 196,089	\$ 162,046	21.0 %
Ski school	31,401	28,480	10.3 %	55,367	46,076	20.2 %
Dining	23,757	21,285	11.6 %	47,413	40,732	16.4 %
Retail/rental	36,817	33,722	9.2 %	94,443	83,155	13.6 %
Other	14,561	14,407	1.1 %	42,001	36,611	14.7 %
Total Mountain Revenue	211,710	193,243	9.6 %	435,313	368,620	18.1 %
Total Lodging Revenue	45,519	49,096	(7.3)%	120,558	110,220	9.4 %
Total Resort Revenue	\$ 257,229	\$ 242,339	6.1 %	\$ 555,871	\$ 478,840	16.1 %

Skier Visits	Three Months Ended			Nine Months Ended		
	April 30,			April 30,		
	2003	2002	% Change	2003	2002	% Change
Vail	873	864	1.0 %	1,611	1,536	4.9 %
Beaver Creek	404	395	2.3 %	718	658	9.1 %
Keystone	519	532	(2.4)%	1,039	1,069	(2.8)%
Breckenridge	776	808	(4.0)%	1,425	1,469	(3.0)%
Heavenly	533	-	100.0 %	935	-	100.0 %
Total Skier Visits	3,105	2,599	19.5 %	5,728	4,732	21.0 %

Key Balance Sheet Data:	As of April 30,	
	2003	2002
Real estate held for sale and investment	\$ 136,821	\$ 184,704
Total stockholders' equity	535,920	540,928
Total debt	520,289	454,920
Less: cash and cash equivalents	20,374	53,515
Net debt	\$ 499,915	\$ 401,405

Reconciliation of Non-GAAP Financial Measures

Resort, mountain and lodging EBITDA have been presented herein as measures of the Company's financial operating performance. EBITDA is not a measurement of financial performance under accounting principles generally accepted in the United States ("GAAP"), and it might not be comparable to similarly titled measures. EBITDA does not purport to represent cash provided by operating activities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company believes that EBITDA is an indicative measure of resort and lodging companies' operating performance, and it is generally used by investors to evaluate companies in the resort and lodging industries. In addition, because of the significance of long-lived assets to the operations of the Company and the level of the Company's indebtedness, the Company also believes that EBITDA is useful in measuring the Company's ability to fund capital expenditures and service debt. The Company uses EBITDA targets in determining management bonuses.

Presented below is a reconciliation of resort EBITDA to income from operations for the Company calculated in accordance with GAAP.

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2003	2002	2003	2002
Income from operations*	\$ 84,794	\$ 88,108	\$ 92,517	\$ 97,485
Adjustments to reconcile income from operations to resort EBITDA:				
Real estate revenue	(11,888)	(4,322)	(73,866)	(54,354)
Real estate expense	11,567	5,488	61,371	43,319
Depreciation and amortization	20,785	16,566	58,656	47,995
Mountain equity investment income	31	300	1,254	1,508
Lodging equity investment loss	(373)	--	(3,705)	--
Resort EBITDA	<u>\$104,916</u>	<u>\$106,140</u>	<u>\$136,227</u>	<u>\$135,953</u>

Presented below is a reconciliation of mountain EBITDA to income from operations for the Company calculated in accordance with GAAP.

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2003	2002	2003	2002
Income from operations*	\$ 84,794	\$ 88,108	\$ 92,517	\$ 97,485
Adjustments to reconcile income from operations to mountain EBITDA:				
Lodging revenue	(45,519)	(49,096)	(120,558)	(110,220)
Lodging expense	33,521	34,979	109,456	94,875
Real estate revenue	(11,888)	(4,322)	(73,866)	(54,354)
Real estate expense	11,567	5,488	61,371	43,319
Depreciation and amortization	20,785	16,566	58,656	47,995
Mountain equity investment income	31	300	1,254	1,508
Mountain EBITDA	<u>\$ 93,291</u>	<u>\$ 92,023</u>	<u>\$128,830</u>	<u>\$120,608</u>

Presented below is a reconciliation of lodging EBITDA to income from operations for the Company calculated in accordance with GAAP.

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2003	2002	2003	2002
Income from operations*	\$ 84,794	\$ 88,108	\$ 92,517	\$ 97,485
Adjustments to reconcile income from operations to lodging EBITDA:				
Mountain revenue	(211,710)	(193,243)	(435,313)	(368,620)
Mountain expense	118,450	101,520	307,737	249,520
Real estate revenue	(11,888)	(4,322)	(73,866)	(54,354)
Real estate expense	11,567	5,488	61,371	43,319
Depreciation and amortization	20,785	16,566	58,656	47,995
Lodging equity investment loss	(373)	--	(3,705)	--
Lodging EBITDA	<u>\$ 11,625</u>	<u>\$ 14,117</u>	<u>\$ 7,397</u>	<u>\$ 15,345</u>

Real estate EBITDA has been presented herein as a measure of the Company's financial operating performance for the real estate segment. Real estate EBITDA is calculated as real estate revenue less real estate expense plus real estate equity investment income. Real estate expense includes selling and holding costs, operating expenses and an allocation of the land, infrastructure,

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mountain improvement and other costs relating to property sold as well as an allocation of corporate administrative costs. Depreciation and amortization are excluded from real estate EBITDA as the Company has determined that the portion of those expenses allocable to real estate are not significant. Real estate EBITDA is not a measurement of financial performance under GAAP, and it might not be comparable to similarly titled measures. Real estate EBITDA does not purport to represent cash provided by operating activities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The Company uses real estate EBITDA targets in determining management bonuses.

Presented below is a reconciliation of real estate EBITDA to income from operations for the Company calculated in accordance with GAAP.

	Three Months Ended April 30,		Nine Months Ended April 30,	
	2003	2002	2003	2002
Income from operations*	\$ 84,794	\$ 88,108	\$ 92,517	\$ 97,485
Adjustments to reconcile income from operations to real estate EBITDA:				
Mountain revenue	(211,710)	(193,243)	(435,313)	(368,620)
Mountain expense	118,450	101,520	307,737	249,520
Lodging revenue	(45,519)	(49,096)	(120,558)	(110,220)
Lodging expense	33,521	34,979	109,456	94,875
Depreciation and amortization	20,785	16,566	58,656	47,995
Real estate equity investment income	881	204	4,721	2,673
Real estate EBITDA	<u>\$ 1,202</u>	<u>\$ (962)</u>	<u>\$ 17,216</u>	<u>\$ 13,708</u>

*Income from operations represents net income from continuing operations excluding interest expense, income tax expense and certain other non-operating gains and losses.