VAIL RESORTS

Extraordinary Resorts. Exceptional Experiences.

VAIL RESORTS ANNOUNCES FISCAL 2006 THIRD QUARTER RESULTS

- Record third quarter net income of $68.3 million, a 16.2% increase over third quarter last year
- Skier visits and effective ticket price up 6.0% and 6.5%, respectively, for the 2005/2006 ski season
- Record third quarter Resort Reported EBITDA, 12.4% higher than same period last year
- Record nine-months Resort Reported EBITDA, 15.9% higher than same period last year

VAIL, Colo. - June 7, 2006 - Vail Resorts, Inc. (NYSE: MTN) today announced financial results for the third quarter of fiscal 2006 ended April 30, 2006.

The Company uses the term "Reported EBITDA" and "Reported EBITDA excluding stock-based compensation" when reporting financial results in accordance with SEC rules regarding the use of non-GAAP financial measures. The Company defines Reported EBITDA as segment net revenues less segment specific operating expense plus segment equity investment income or loss.

Effective August 1, 2005, the Company adopted the fair value recognition provisions of SFAS 123R, Share-Based Payment, using the modified prospective method. As a result, the Company recorded total pre-tax stock-based compensation expense of $1.1 million in the three months ended April 30, 2006, as compared to $0.1 million under the provisions of APB 25, Accounting for Stock Issued to Employees, for the three months ended April 30, 2005. The Company recorded total pre-tax stock-based compensation expense of $4.7 million in the nine months ended April 30, 2006, as compared to $0.4 million for the nine months ended April 30, 2005.

THIRD QUARTER PERFORMANCE

Mountain revenue for the third quarter of fiscal 2006 was $294.8 million, a 14.8% increase from $256.8 million for the comparable period last year. Mountain expense increased $17.0 million, or 12.9%, to $149.4 million. Excluding stock-based compensation expense, Mountain expense increased $16.4 million, or 12.4%, to $148.7 million.

Lodging revenue for the quarter decreased by $16.8 million, or 29.8%, to $39.5 million. Lodging expense decreased $12.6 million, or 29.3%, to $30.5 million. Excluding stock-based compensation expense, Lodging expense decreased $12.8 million, or 29.7%, to $30.4 million. In fiscal 2005, the Company sold the assets constituting the Vail Marriott Mountain Resort & Spa ("Vail Marriott") and The Lodge at Rancho Mirage ("Rancho Mirage"). Additionally, in January 2006, the Company sold the assets constituting the Snake River Lodge & Spa ("SRL&S"). Consequently, results for the third quarter of fiscal 2006 do not reflect the operations of the sold assets. For the third quarter of fiscal 2005, the Lodging segment included revenue of $18.7 million and operating expense of $12.8 million related to these properties. In addition, the Company retained management contracts for all three properties. As a result, Lodging revenue includes incremental management fee revenue of $0.6 million related to retained management contracts for these properties for the third quarter of fiscal 2006. Excluding the impact of the sales of hotels, Lodging revenue (including the incremental management fees) increased $1.9 million, or 5.0%, in the third quarter as compared to the prior year's quarter while expenses increased $0.2 million, or 0.6% in the third quarter as compared to the prior year's quarter.

Resort revenue, the combination of Mountain and Lodging revenues, rose $21.2 million, or 6.8%, to $334.3 million. Resort expense increased 2.5% to $179.9 million, up $4.4 million. Excluding stock-based compensation expense, Resort expense increased $3.6 million, or 2.0%, to $179.1 million.

Real Estate revenue for the quarter decreased 50.3% to $7.1 million, and Real Estate expense decreased 29.7% to $11.4 million. Excluding stock-based compensation expense, Real Estate expense decreased $5.1 million, or 31.3%, to $11.1 million for the quarter.

Income from operations for the quarter improved $14.2 million, or 13.0%, to $123.2 million compared to $109.1 million for the same period last year.

Reported EBITDA for the Mountain segment grew $21.3 million, or 17.0%, to $146.1 million compared to $124.9 million for the comparable period last year. Reported EBITDA excluding stock-based compensation for the Mountain segment increased $21.9 million, or 17.5%, to $146.8 million compared to $124.9 million for the prior year fiscal quarter.

Reported EBITDA for the Lodging segment decreased $4.1 million, or 31.6%, from $13.1 million in the third quarter of last year to $9.0 million in the current year third quarter. Reported EBITDA excluding stock-based compensation for the Lodging segment decreased $4.0 million, or 30.4%, to $9.1 million compared to $13.1 million for the same period last year. As mentioned previously, the results for the third quarter of fiscal 2006 do not reflect the operations of the sold assets constituting the Vail Marriott, Rancho Mirage and SRL&S. For the third quarter of fiscal 2005, Lodging Reported EBITDA included revenue of $18.7 million and operating expense of $12.8 million relating to the Vail Marriott, Rancho Mirage and SRL&S. Lodging Reported EBITDA also includes incremental management fee revenue of $0.6 million related to retained management contracts for the Vail Marriott, Rancho Mirage and SRL&S for the third quarter of fiscal 2006.

Third quarter Resort Reported EBITDA rose $17.1 million to $155.1 million, a 12.4% improvement over the comparable period last year. Resort Reported EBITDA excluding stock-based compensation was $156.0 million, a $17.9 million, or 13.0%, improvement over the $138.1 million reported in the third fiscal quarter of last year.

Real Estate Reported EBITDA for the quarter decreased to a loss of $4.3 million, as compared to a loss of $1.9 million last year. Third quarter Real Estate Reported EBITDA excluding stock-based compensation decreased $2.1 million to a loss of $4.0 million from a loss of $1.9 million in the comparable period last year.

The Company reported third quarter net income of $68.3 million, or $1.75 per diluted share, compared to net income of $58.8 million, or $1.61 per diluted share, for the same period last year, an increase of 16.2% in net income. Excluding stock-based compensation expense required to be recorded pursuant to the adoption of SFAS 123R in fiscal 2006, the Company's net income for the third quarter of fiscal 2006 would have been $69.1 million, or $1.77 per diluted share compared to $58.8 million excluding stock-based compensation recorded pursuant to APB 25, or $1.61 per diluted share, for the same period last year, an increase of 17.4% in net income.

NINE MONTH PERFORMANCE

Mountain revenue for the nine months ended April 30, 2006 was $581.3 million, a 15.0% increase from $505.5 million for the comparable period last year. Mountain expense increased $43.2 million, or 13.1%, to $372.4 million. Excluding stock-based compensation expense, Mountain expense increased $40.7 million, or 12.4%, to $369.7 million.

Lodging revenue for the nine months ended April 30, 2006 decreased $31.8 million, or 21.9%, to $113.3 million compared to the same period last year. Lodging expense decreased $26.2 million, or 20.6%, to $101.1 million. Excluding stock-based compensation expense, Lodging expense decreased $27.1 million, or 21.3%, to $100.1 million. For the nine months ended April 30, 2005, the Lodging segment includes revenue of $42.6 million and operating expense of $35.0 million relating to the Vail Marriott, Rancho Mirage and SRL&S. For the nine months ended April 30, 2006, Lodging revenue includes revenue of $5.2 million and operating expense of $4.9 million related to SRL&S prior to its sale in January 2006. Lodging revenue includes incremental management fee revenue of $1.2 million for these properties for the nine months ended April 30, 2006. Excluding the impact of sales of hotels, for the nine months ended April 30, 2006, Lodging revenue (including the incremental management fees) increased $5.5 million, or 5.4%, compared to the prior year period while expenses increased $3.8 million, or 4.2%, compared to the prior year period.

Resort revenue rose $44.0 million, or 6.8%, to $694.6 million, and Resort expense increased 3.7% to $473.4 million, up $16.9 million. Excluding stock-based compensation expense, Resort expense increased $13.6 million, or 3.0%, to $469.8 million.

Real Estate revenue for the nine month period decreased $19.1 million, or 48.6%, to $20.2 million, and Real Estate expense decreased $9.1 million, or 27.7%, to $23.8 million. Excluding stock-based compensation expense, Real Estate expense decreased $10.1 million, or 30.7%, to $22.8 million for the first nine months of fiscal year 2006.

Income from operations for the nine months improved $22.3 million, or 17.4%, to $150.4 million compared to $128.1 million for the same period last year.

Reported EBITDA for the Mountain segment improved $33.7 million, or 18.9%, to $212.0 million compared to $178.3 million for the comparable period last year. Reported EBITDA excluding stock-based compensation for the Mountain segment increased $36.1 million, or 20.3%, to $214.6 million compared to $178.5 million for the first nine months of fiscal 2005.

Reported EBITDA for the Lodging segment decreased from $15.2 million for the nine month period last year to $12.3 million in the current year, a decline of 19.2%. Reported EBITDA excluding stock-based compensation for the Lodging segment decreased $2.0 million, or 13.1%, to $13.3 million compared to $15.3 million for the same period last year. For the nine months ended April 30, 2005, Lodging Reported EBITDA includes revenue of $42.6 million and operating expense of $35.0 million related to the Vail Marriott, Rancho Mirage and SRL&S, as well as equity investment loss of $2.7 million in fiscal 2005 related to the Company's 49% interest in the joint venture that owned the Ritz-Carlton, Bachelor Gulch ("BG Resort"), prior to its sale in December 2005. For the nine months ended April 30, 2006, Lodging EBITDA includes revenue of $5.2 million and operating expense of $4.9 million related to the SRL&S prior to its sale in January 2006. Lodging Reported EBITDA includes incremental management fee revenue of $1.2 million related to management contracts for the Vail Marriott, Rancho Mirage & SRL&S for the nine months ended April 30, 2006.

Resort Reported EBITDA rose $30.8 million to $224.2 million, a 15.9% improvement over the nine month period last year. Resort Reported EBITDA excluding stock-based compensation was $227.9 million, a $34.1 million, or 17.6%, improvement over the $193.7 million reported in the first nine months of the last fiscal year.

Real Estate Reported EBITDA for the nine months decreased $9.8 million to a loss of $3.5 million from a gain of $6.3 million for the same period last year. Real Estate Reported EBITDA excluding stock-based compensation for the first nine months of the year decreased $8.8 million to a loss of $2.5 million from a gain of $6.4 million for the comparable period last year.

The Company reported net income for the nine months of $77.0 million, or $2.01 per diluted share, compared to net income of $59.6 million, or $1.65 per diluted share, for the same period last year. Excluding stock-based compensation required to be recorded pursuant to the adoption of SFAS 123R in fiscal 2006, the Company's net income for the first nine months of fiscal 2006 would have been $80.0 million, or $2.08 per diluted share compared to $59.8 million excluding stock-based compensation recorded pursuant to APB 25, or $1.66 per diluted share, for the same period last year.

Robert Katz, Chief Executive Officer, commented, "I am obviously very pleased with our results for the third quarter. Skier visits at our five resorts were up 4.4% for the quarter, with year-over-year growth at all five resorts, and we experienced a 10.0% increase in effective ticket prices. All of this was achieved despite going up against strong comparisons in the third quarter of last year. For the entire ski season, skier visits were up 6.0% and our effective ticket price was up 6.5%. In addition, we saw commensurate increases in all of our ancillary businesses including ski school, dining and retail/rental. I am very pleased that we were able to flow a significant amount of revenue to the bottom line, given the predominantly fixed cost nature of our business and our constant attention to expense control. The results for this past ski season continue the terrific progress our Company has made over the past three years. While we clearly benefited from some early season snow, our strong performance is also based upon the realization of the benefits of many of the improvements we have made to our mountains and our focus on continuously enhancing the guest experience."

"I continue to look forward to the impact that many of our real estate projects will have on the guest experience at our resorts as well as the profitability they will contribute. Planning and design for our Peaks of Breckenridge development is currently underway and we are still anticipating a Christmas 2006 launch of our sales efforts. Construction of the Arrabelle at Vail Square is continuing and we are anticipating substantial completion in the fall of 2007. Additionally, one of the first major development projects of Vail's New Dawn, Gore Creek Place Townhomes, is still on track to be completed this summer," continued Katz.

Katz added, "We recently closed on the land-exchange with the USDA Forest Service as part of the Company's proposed "Front Door" project near the Vista Bahn chairlift at the base of Vail Mountain. The land exchange involved the exchange of approximately 493 acres of non-Federal land for approximately 5 acres of Federal lands, both within the White River National Forest in Eagle County, Colorado. We are pleased to announce that we commenced a pre-marketing process for The Lodge at Vail Chalets, part of the Front Door project, which resulted in the execution of contracts on nine of the thirteen chalets, representing aggregate gross sales proceeds for the nine chalets upon closing of $110.5 million, at an average price of approximately $2400 per square foot. We have also recently signed a guaranteed maximum price contract with a general contractor and are beginning construction on the project this summer. We currently estimate that operating income, before provision for taxes and allocated corporate or Vail Resorts Development Company overhead, for this project will range from $57 to $67 million and will be realized upon closing on the chalets, expected in the summer of 2008. We also plan to make cash investments in resort assets related to the Front Door project, which will include a new skier services building, retail venues, a private club, parking garage with loading docks and new suites and a spa at The Lodge at Vail. All of these amenities will be at the base of the Vista Bahn chairlift in Vail Village, greatly enhancing the resort experience at our nation's most visited ski resort. We currently estimate the total cost of these amenities at $60 to $65 million, net of estimated cash proceeds from the sale of private club memberships. All of these estimates on the Front Door project are based upon our current expectations of future sales revenues, our most recent construction costs estimates and how the costs relate to both the real estate and resort projects."

Katz concluded, "Based on the strength of the results we announced today, we would like to take this opportunity to increase the previously announced full-year fiscal 2006 guidance. Based on our current estimates, we now expect full-year fiscal 2006 Resort Reported EBITDA to range between $189 million and $194 million and Resort Reported EBITDA excluding stock-based compensation to range between $194 million and $199 million. We are not changing our guidance for Real Estate Reported EBITDA and continue to expect it to range between $4 million and $9 million while Real Estate Reported EBITDA excluding stock-based compensation will range between $5 million and $10 million. The Company now expects net income for the year to range from $42 million to $48 million, and net income excluding stock-based compensation to range from $46 million to $52 million."

CONFERENCE CALL

For further discussion of the contents of this press release, please listen to our live webcast today at 11:00 am EST, available on www.vailresorts.com. In order to access the non-GAAP financial information that will be referenced on the call, click on the Regulation G Compliance section under the Investor Relations tab on www.vailresorts.com.

Vail Resorts, Inc. is the premier mountain resort operator in North America. The Company's subsidiaries operate the mountain resorts of Vail, Beaver Creek, Breckenridge and Keystone in Colorado, Heavenly Resort in California and Nevada and the Grand Teton Lodge Company in Jackson Hole, Wyoming. The Company's subsidiary, RockResorts, a luxury resort hotel company, manages casually elegant properties across the United States. The Vail Resorts corporate website is www.vailresorts.com and the consumer websites are www.snow.com and www.rockresorts.com. Vail Resorts, Inc. is a publicly held company traded on the New York Stock Exchange (NYSE: MTN).

Statements in this press release, other than statements of historical information, are forward looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Such risks and uncertainties include but are not limited to: economic downturns; terrorist acts upon the United States; threat of or actual war; our ability to obtain financing on terms acceptable to us to finance our real estate investments, capital expenditures and growth strategy; our ability to develop our resort and real estate operations; competition in our Mountain and Lodging businesses; failure to commence or complete the planned real estate development projects; failure to achieve the anticipated short and long-term financial benefits from the planned real estate development projects; implications arising from new Financial Accounting Standards Board ("FASB")/governmental legislation, rulings or interpretations; termination of existing hotel management contracts; our reliance on government permits or approval for our use of federal land or to make operational improvements; our ability to integrate and successfully operate future acquisitions; expenses or adverse consequences of current or future legal claims; shortages or rising costs in construction materials; adverse changes in the real estate market; unfavorable weather conditions; and our ability to efficiently complete the relocation of the Company's corporate and administrative operations. All forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Investors are also directed to other risks discussed in documents filed by the Company with the Securities and Exchange Commission.

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