

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended October 31, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from to

Commission File Number: 001-09614

**Vail Resorts, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

**51-0291762**

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

**390 Interlocken Crescent**

**Broomfield, Colorado**

**80021**

(Address of Principal Executive Offices)

(Zip Code)

**(303) 404-1800**

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of December 3, 2008, 36,719,865 shares of the registrant's common stock were outstanding.

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**PART I FINANCIAL INFORMATION**

**Item 1. Financial Statements -- Unaudited**

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**Vail Resorts, Inc.**  
**Consolidated Condensed Balance Sheets**  
(In thousands, except share and per share amounts)

	October 31, 2008 (unaudited)	July 31, 2008	October 31, 2007 (unaudited)
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 102,668	\$ 162,345	\$ 166,044
Restricted cash	12,453	58,437	42,876
Trade receivables, net	44,468	50,185	24,954
Inventories, net	67,718	49,708	63,701
Other current assets	41,988	38,220	46,615
Total current assets	269,295	358,895	344,190
Property, plant and equipment, net (Note 5)	1,077,760	1,056,837	917,344
Real estate held for sale and investment	256,323	249,305	415,411
Goodwill, net	142,282	142,282	141,699
Intangible assets, net	72,463	72,530	73,243
Other assets	47,062	46,105	43,034
Total assets	\$ 1,865,185	\$ 1,925,954	\$ 1,934,921
<b>Liabilities and Stockholders' Equity</b>			
Current liabilities:			
Accounts payable and accrued liabilities (Note 5)	\$ 327,516	\$ 294,182	\$ 360,352
Income taxes payable	49,784	57,474	34,708
Long-term debt due within one year (Note 4)	354	15,355	76,944
Total current liabilities	377,654	367,011	472,004
Long-term debt (Note 4)	491,778	541,350	534,527
Other long-term liabilities (Note 5)	223,381	183,643	168,131
Deferred income taxes	57,063	75,279	54,354
Commitments and contingencies (Note 8)			
Minority interest in net assets of consolidated subsidiaries	27,198	29,915	24,533
Stockholders' equity:			
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding	--	--	--
Common stock, \$0.01 par value, 100,000,000 shares authorized, 40,000,502 (unaudited), 39,926,496 and 39,864,167 (unaudited) shares issued, respectively	400	399	399
Additional paid-in capital	547,043	545,773	538,009
Retained earnings	273,541	308,045	180,508
Treasury stock, at cost; 3,282,508 (unaudited), 3,004,108 and 906,004 (unaudited) shares, respectively (Note 10)	(132,873)	(125,461)	(37,544)
Total stockholders' equity	688,111	728,756	681,372
Total liabilities and stockholders' equity	\$ 1,865,185	\$ 1,925,954	\$ 1,934,921

The accompanying Notes are an integral part of these consolidated condensed financial statements.

**Vail Resorts, Inc.**  
**Consolidated Condensed Statements of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2008</b>	<b>2007</b>
Net revenue:		
Mountain	\$ 40,778	\$ 42,536
Lodging	45,253	43,317
Real estate	66,750	12,034
Total net revenue	152,781	97,887
Segment operating expense:		
Mountain	81,223	80,947
Lodging	44,898	41,236
Real estate	51,377	6,913
Total segment operating expense	177,498	129,096
Other operating expense:		
Depreciation and amortization	(25,078)	(20,761)
Loss on disposal of fixed assets, net	(180)	(234)
Loss from operations	(49,975)	(52,204)
Mountain equity investment income, net	1,015	1,969
Investment income	643	3,218
Interest expense, net	(7,947)	(7,644)
Contract dispute credit, net (Note 8)	--	11,920
Minority interest in loss of consolidated subsidiaries, net	2,351	2,063
Loss before benefit from income taxes	(53,913)	(40,678)
Benefit from income taxes	19,409	16,068
Net loss	\$ (34,504)	\$ (24,610)
Per share amounts (Note 3):		
Basic net loss per share	\$ (0.93)	\$ (0.63)
Diluted net loss per share	\$ (0.93)	\$ (0.63)

The accompanying Notes are an integral part of these consolidated condensed financial statements.

**Vail Resorts, Inc.**  
**Consolidated Condensed Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2008</b>	<b>2007</b>
Cash flows from operating activities:		
Net loss	\$ (34,504)	\$ (24,610)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	25,078	20,761
Real estate cost of sales	40,127	698
Stock-based compensation expense	2,567	2,246
Deferred income taxes, net	(19,188)	(18,654)
Minority interest in loss of consolidated subsidiaries, net	(2,351)	(2,063)
Other non-cash income, net	(1,807)	(2,146)
Changes in assets and liabilities:		
Restricted cash	45,984	11,874
Accounts receivable, net	6,616	15,170
Inventories, net	(18,010)	(15,637)
Investments in real estate	(50,774)	(64,330)
Accounts payable and accrued liabilities	40,063	47,630
Deferred real estate deposits	(11,149)	18,738
Private club deferred initiation fees and deposits	34,637	1,761
Other assets and liabilities, net	(6,370)	(10,813)
Net cash provided by (used in) operating activities	50,919	(19,375)
Cash flows from investing activities:		
Capital expenditures	(43,384)	(52,290)
Other investing activities, net	(2,582)	523
Net cash used in investing activities	(45,966)	(51,767)
Cash flows from financing activities:		
Repurchases of common stock	(7,412)	(11,698)
Proceeds from borrowings under Non-Recourse Real Estate Financings	9,013	17,586
Payments of Non-Recourse Real Estate Financings	(58,407)	--
Proceeds from borrowings under other long-term debt	20,640	26,614
Payments of other long-term debt	(35,808)	(26,840)
Other financing activities, net	7,344	705
Net cash (used in) provided by financing activities	(64,630)	6,367
Net decrease in cash and cash equivalents	(59,677)	(64,775)
Cash and cash equivalents:		
Beginning of period	162,345	230,819
End of period	\$ 102,668	\$ 166,044
Cash paid for interest, net of amounts capitalized	\$ 15,776	\$ 11,960
Taxes paid, net	\$ 8,882	\$ 2,123

The accompanying Notes are an integral part of these consolidated condensed financial statements.

**Vail Resorts, Inc.**  
**Notes to Consolidated Condensed Financial Statements**  
**(Unaudited)**

**1. Organization and Business**

Vail Resorts, Inc. (“Vail Resorts” or the “Parent Company”) is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the “Company”) currently operate in three business segments: Mountain, Lodging and Real Estate. In the Mountain segment, the Company owns and operates five world-class ski resort properties at the Vail, Breckenridge, Keystone and Beaver Creek mountain resorts in Colorado and the Heavenly Mountain Resort in the Lake Tahoe area of California and Nevada, as well as ancillary businesses, primarily including ski school, dining and retail/rental operations. These resorts operate primarily on Federal land under the terms of Special Use Permits granted by the USDA Forest Service (the “Forest Service”). The Company holds a 69.3% interest in SSI Venture, LLC (“SSV”), a retail/rental company. In the Lodging segment, the Company owns and/or manages a collection of luxury hotels under its RockResorts International, LLC (“RockResorts”) brand, as well as other strategic lodging properties and a large number of condominiums located in proximity to the Company’s ski resorts, the Grand Teton Lodge Company (“GTLC”), which operates three destination resorts at Grand Teton National Park (under a National Park Service concessionaire contract), and golf courses. Vail Resorts Development Company (“VRDC”), a wholly-owned subsidiary, conducts the operations of the Company’s Real Estate segment, which owns and develops real estate in and around the Company’s resort communities. The Company’s mountain business and its lodging properties at or around the Company’s ski resorts are seasonal in nature with peak operating seasons from mid-November through mid-April. The Company’s operations at GTLC and its golf courses generally operate from mid-May through mid-October. The Company also has non-majority owned investments in various other entities, some of which are consolidated (see Note 6, Variable Interest Entities).

In the opinion of the Company, the accompanying Consolidated Condensed Financial Statements reflect all adjustments necessary to state fairly the Company’s financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. Results for interim periods are not indicative of the results for the entire year. The accompanying Consolidated Condensed Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the year ended July 31, 2008. Certain information and footnote disclosures, including significant accounting policies, normally included in fiscal year financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. The July 31, 2008 Consolidated Condensed Balance Sheet was derived from audited financial statements.

**2. Summary of Significant Accounting Policies**

*Use of Estimates*-- The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Reclassification of Book Overdrafts*-- Book overdrafts represent checks issued that had not been presented for payment to the banks and are classified as accounts payable in the Company’s Consolidated Condensed Balance Sheets. The Company typically funds these overdrafts through normal collections of funds or transfers from other bank balances. For the three months ended October 31, 2007, the Company revised its presentation of changes in book overdrafts from a financing activity to an operating activity in its Consolidated Condensed Statement of Cash Flows to conform to its current year presentation. In the Company’s Annual Report on Form 10-K for the year ended July 31, 2008, the Company also presented changes in book overdrafts as an operating activity. The effect of this change increased cash used in operating activities for the three months ended October 31, 2007 from \$17.3 million (as previously disclosed in the prior year’s Quarterly Report on Form 10-Q) to \$19.4 million with a corresponding increase in the cash flows provided by financing activities for the three months ended October 31, 2007 from \$4.3 million (as previously disclosed in the prior year’s Quarterly Report on Form 10-Q) to \$6.4 million.

*New Accounting Pronouncements*-- In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements” (“SFAS 157”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but rather provides guidance on how to measure fair value by providing a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The Company adopted SFAS 157 beginning August 1, 2008 (see Note 7, Fair Value Measurements, for more information on the adoption of SFAS 157).

In February 2008, the FASB issued Staff Position 157-2, “Effective Date of FASB Statement No. 157” (“FSP 157-2”). This FSP delays the effective date of SFAS 157 for all nonfinancial assets and liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 (the Company’s fiscal year ending July 31, 2010) and interim periods within the fiscal year of adoption. The Company has deferred the application of SFAS 157 for nonfinancial assets and liabilities as prescribed by FSP 157-2. The Company is currently evaluating the impacts, if any, the adoption of the provisions of SFAS 157 for nonfinancial assets and liabilities will have on the Company’s financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”). SFAS 159 provides the Company the irrevocable option to carry many financial assets and liabilities at fair value, with changes in fair value recognized in earnings. The requirements of SFAS 159 became effective for the Company beginning August 1, 2008; however, the Company did not elect the fair value measurement option for any of its financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141R, “Business Combinations” (“SFAS 141R”), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in an acquiree, including the recognition and measurement of goodwill acquired in a business combination. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations consummated after July 31, 2009 (the Company’s fiscal year ending July 31, 2010).

In December 2007, the FASB issued SFAS No. 160, “Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51” (“SFAS 160”), which will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity within the balance sheet. Currently, noncontrolling interests (minority interests) are reported as a liability in the Company’s

consolidated balance sheet and the related income (loss) attributable to minority interests is reflected as an expense (credit) in arriving at net income. Upon adoption of SFAS 160, the Company will be required to report its minority interests as a separate component of stockholders' equity and present net income allocable to the minority interests along with net income attributable to the stockholders of the Company separately in its consolidated statement of operations. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. The requirements of SFAS 160 are effective for the Company beginning August 1, 2009 (the Company's fiscal year ending July 31, 2010).

### 3. Net Loss Per Common Share

SFAS No. 128, "Earnings Per Share" ("SFAS 128"), establishes standards for computing and presenting earnings per share ("EPS"). SFAS 128 requires the dual presentation of basic and diluted EPS on the face of the consolidated condensed statements of operations and requires a reconciliation of numerators (net income/loss) and denominators (weighted-average shares outstanding) for both basic and diluted EPS in the footnotes. Basic EPS excludes dilution and is computed by dividing net income/loss available to holders of common stock by the weighted-average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, resulting in the issuance of shares of common stock that would then share in the earnings of the Company. Presented below is basic and diluted EPS for the three months ended October 31, 2008 and 2007 (in thousands, except per share amounts):

	Three Months Ended October 31,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
<b>Net loss per common share:</b>				
Net loss	\$ (34,504 )	\$ (34,504 )	\$ (24,610 )	\$ (24,610 )
Weighted-average shares outstanding	36,922	36,922	38,892	38,892
Effect of dilutive securities	--	--	--	--
<b>Total shares</b>	<b>36,922</b>	<b>36,922</b>	<b>38,892</b>	<b>38,892</b>
<b>Net loss per common share</b>	<b>\$ (0.93 )</b>	<b>\$ (0.93 )</b>	<b>\$ (0.63 )</b>	<b>\$ (0.63 )</b>

The number of shares issuable on the exercise of share based awards that were excluded from the calculation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive totaled 0.8 million and 1.0 million (maximum number of vested and unvested share based awards) for the three months ended October 31, 2008 and 2007, respectively.

### 4. Long-Term Debt

Long-term debt as of October 31, 2008, July 31, 2008 and October 31, 2007 is summarized as follows (in thousands):

	Maturity (a)	October 31, 2008	July 31, 2008	October 31, 2007
Credit Facility Revolver	2012	\$ --	\$ --	\$ --
SSV Facility	2011	--	--	--
Industrial Development Bonds (b)	2011-2020	42,700	57,700	57,700
Employee Housing Bonds	2027-2039	52,575	52,575	52,575
Non-Recourse Real Estate Financings (c)	--	--	49,394	104,468
6.75% Senior Subordinated Notes ("6.75% Notes")	2014	390,000	390,000	390,000
Other	2009-2029	6,857	7,036	6,728
<b>Total debt</b>		<b>492,132</b>	<b>556,705</b>	<b>611,471</b>
Less: Current maturities (d)		354	15,355	76,944
<b>Long-term debt</b>		<b>\$ 491,778</b>	<b>\$ 541,350</b>	<b>\$ 534,527</b>

(a) Maturities are based on the Company's July 31 fiscal year end.

(b) The Company has outstanding \$42.7 million of industrial development bonds (collectively, the "Industrial Development Bonds"), of which \$41.2 million were issued by Eagle County, Colorado and mature, subject to prior redemption, on August 1, 2019. The Series 1991 Sports Facilities Refunding Revenue Bonds, issued by Summit County, Colorado, have an aggregate outstanding principal amount of \$1.5 million and mature, subject to prior redemption, on September 1, 2010. On August 29, 2008, \$15.0 million of borrowings under the Series 1990 Sports Facilities Refunding Revenue Bonds, issued by Summit County, Colorado were paid in full at maturity.

(c) Non-Recourse Real Estate Financings borrowings under the original \$123.0 million construction agreement for The Chalets at The Lodge at Vail, LLC ("Chalets") were paid in full during the three months ended October 31, 2008. As of July 31, 2008 Non-Recourse Real Estate Financings included borrowings of \$49.4 million under the construction agreement for the Chalets. As of October 31, 2007 Non-Recourse Real Estate Financings consisted of borrowings under the original \$175.0 million construction agreement for Arrabelle at Vail Square, LLC ("Arrabelle") of \$61.6 million and under the construction agreement for the Chalets of \$42.9 million.

(d) Current maturities represent principal payments due in the next 12 months.

Aggregate maturities for debt outstanding as of October 31, 2008 reflected by fiscal year are as follows (in thousands):

2009	\$	171
2010		349
2011		1,831
2012		305
2013		319

Thereafter		489,157
Total debt	\$	492,132

The Company incurred gross interest expense of \$9.7 million and \$11.1 million for the three months ended October 31, 2008 and 2007, respectively, of which \$0.8 million and \$0.6 million was amortization of deferred financing costs. The Company capitalized \$1.7 million and \$3.5 million of interest during the three months ended October 31, 2008 and 2007, respectively.

## 5. Supplementary Balance Sheet Information

The composition of property, plant and equipment follows (in thousands):

	October 31, 2008	July 31, 2008	October 31, 2007
Land and land improvements	\$ 266,194	\$ 265,123	\$ 249,834
Buildings and building improvements	729,211	685,393	555,784
Machinery and equipment	459,544	457,825	428,976
Furniture and fixtures	152,735	149,251	111,239
Software	40,359	39,605	33,706
Vehicles	29,588	28,829	26,950
Construction in progress	72,744	80,601	106,736
Gross property, plant and equipment	1,750,375	1,706,627	1,513,225
Accumulated depreciation	(672,615)	(649,790)	(595,881)
Property, plant and equipment, net	\$ 1,077,760	\$ 1,056,837	\$ 917,344

The composition of accounts payable and accrued liabilities follows (in thousands):

	October 31, 2008	July 31, 2008	October 31, 2007
Trade payables	\$ 73,348	\$ 53,187	\$ 96,896
Real estate development payables	57,001	52,574	35,322
Deferred revenue	82,343	45,805	69,568
Deferred real estate and other deposits	46,582	58,421	83,576
Accrued salaries, wages and deferred compensation	16,052	22,397	18,405
Accrued benefits	22,303	22,777	22,997
Accrued interest	6,722	14,552	6,919
Liabilities to complete real estate projects, short term	2,821	4,199	4,817
Other accruals	20,344	20,270	21,852
Total accounts payable and accrued liabilities	\$ 327,516	\$ 294,182	\$ 360,352

The composition of other long-term liabilities follows (in thousands):

	October 31, 2008	July 31, 2008	October 31, 2007
Private club deferred initiation fee revenue	\$ 150,747	\$ 92,066	\$ 93,234
Deferred real estate deposits	45,856	45,775	42,657
Private club initiation deposits	5,453	29,881	18,745
Other long-term liabilities	21,325	15,921	13,495
Total other long-term liabilities	\$ 223,381	\$ 183,643	\$ 168,131

## 6. Variable Interest Entities

The Company is the primary beneficiary of four employee housing entities (collectively, the "Employee Housing Entities"), Breckenridge Terrace, LLC, The Tarnes at BC, LLC ("Tarnes"), BC Housing LLC and Tenderfoot Seasonal Housing, LLC, which are Variable Interest Entities ("VIEs"), and has consolidated them in its Consolidated Condensed Financial Statements. As a group, as of October 31, 2008, the Employee Housing Entities had total assets of \$38.0 million (primarily recorded in property, plant and equipment, net) and total liabilities of \$69.7 million (primarily recorded in long-term debt as "Employee Housing Bonds"). All of the assets (\$7.9 million as of October 31, 2008) of Tarnes serve as collateral for Tarnes' Tranche B Employee Housing Bonds. The Company has issued under its Credit Facility \$38.3 million letters of credit related to the Tranche A Employee Housing Bonds and \$12.6 million letters of credit related to the Tranche B Employee Housing Bonds. The letters of credit would be triggered in the event that one of the entities defaults on required payments. The letters of credit have no default provisions.

The Company is the primary beneficiary of Avon Partners II, LLC ("APII"), which is a VIE. APII owns commercial space and the Company currently leases substantially all of that space. APII had total assets of \$5.5 million (primarily recorded in property, plant and equipment, net) and no debt as of October 31, 2008.

The Company, through various lodging subsidiaries, manages hotels in which the Company has no ownership interest in the entities that own such hotels. These entities were formed by unrelated third parties to acquire, own, operate and realize the value in resort hotel properties. The Company managed the day-to-day operations of six hotel properties as of October 31, 2008. The Company has determined that the entities that own the hotel properties are VIEs, and the management contracts are significant variable interests in these VIEs. The Company has also determined that it is not the primary beneficiary of these entities and, accordingly, is not required to consolidate any of these entities. Based upon the latest information provided by these third party entities, these VIEs had estimated total assets of approximately \$246.1 million and total liabilities of approximately \$147.2 million. The Company's maximum exposure to loss as a result of its involvement with these VIEs is limited to a \$2.2 million note receivable including accrued interest from one of the third parties and the net book value of the intangible asset associated with a management agreement in the amount of \$0.7 million as of October 31, 2008.

## 7. Fair Value Measurements

SFAS 157 establishes how reporting entities should measure fair value for measurement and disclosure purposes. The Standard does not require any new fair value measurements but rather establishes a common definition of fair value applicable to all assets and liabilities measured at fair value. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy established by SFAS 157 prioritizes the inputs into valuation techniques used to measure fair value. Accordingly, the Company uses valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value. The three levels of the hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities;

Level 2: Inputs include quoted prices for similar assets and liabilities in active and inactive markets or that are observable for the asset or liability either directly or indirectly; and

Level 3: Unobservable inputs which are supported by little or no market activity.

The table below summarizes the Company's financial assets and liabilities measured at fair value in accordance with SFAS 157 as of October 31, 2008 (all other financial assets and liabilities applicable to SFAS 157 are immaterial) (in thousands):

Description	Balance at October 31, 2008	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Cash equivalents	\$ 55,855	\$ 48,855	\$ 7,000	\$ --

The Company's cash equivalents include money market funds, time deposits and U.S. government debt securities which are measured using Level 1 and Level 2 inputs utilizing quoted market prices or pricing models whereby all significant inputs are either observable or corroborated by observable market data.

## 8. Commitments and Contingencies

### Metropolitan Districts

The Company credit-enhances \$8.5 million of bonds issued by Holland Creek Metropolitan District ("HCMD") through an \$8.6 million letter of credit issued against the Company's Credit Facility. HCMD's bonds were issued and used to build infrastructure associated with the Company's Red Sky Ranch residential development. The Company has agreed to pay capital improvement fees to Red Sky Ranch Metropolitan District ("RSRMD") until RSRMD's revenue streams from property taxes are sufficient to meet debt service requirements under HCMD's bonds, and the Company has recorded a liability of \$1.5 million, \$1.6 million and \$1.0 million, primarily within "other long-term liabilities" in the accompanying Consolidated Condensed Balance Sheets, as of October 31, 2008, July 31, 2008 and October 31, 2007, respectively, with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates that it will make capital improvement fee payments under this arrangement through the year ending July 31, 2016.

### Guarantees

As of October 31, 2008, the Company had various other guarantees, primarily in the form of letters of credit in the amount of \$94.6 million, consisting primarily of \$51.0 million in support of the Employee Housing Bonds, \$36.2 million of construction and development related guarantees and \$6.1 million for workers' compensation and general liability deductibles related to construction and development activities.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business which include certain indemnifications within the scope of FASB Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45") under which it could be required to make payments to third parties upon the occurrence or non-occurrence of certain future events. These indemnities include indemnities to licensees in connection with the licensees' use of the Company's trademarks and logos, indemnities for liabilities associated with the infringement of other parties' technology and software products, indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract workers, the Company's use of trustees, indemnities related to the Company's use of public lands and environmental indemnifications. The duration of these indemnities generally is indefinite and generally do not limit the future payments the Company could be obligated to make.

As permitted under applicable law, the Company and certain of its subsidiaries indemnify their directors and officers over their lifetimes for certain events or occurrences while the officer or director is, or was, serving the Company or its subsidiaries in such a capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that should enable the Company to recover a portion of any future amounts paid.

Unless otherwise noted, the Company has not recorded any significant liabilities for the letters of credit, indemnities and other guarantees noted above in the accompanying Consolidated Condensed Financial Statements, either because the Company has recorded on its Consolidated Condensed Balance Sheets the underlying liability associated with the guarantee, the guarantee or indemnification existed prior to January 1, 2003, the guarantee is with respect to the Company's own performance and is therefore not subject to the measurement requirements of FIN 45, or because the Company has calculated the fair value of the indemnification or guarantee to be immaterial based upon the current facts and circumstances that would trigger a payment under the indemnification clause. In addition, with respect to certain indemnifications it is not possible to determine the maximum potential amount of liability under these guarantees due to the unique set of facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company under these obligations have not been material.

As noted above, the Company makes certain indemnifications to licensees in connection with their use of the Company's trademarks and logos. The Company does not record any liabilities with respect to these indemnifications.

### Commitments

In the ordinary course of obtaining necessary zoning and other approvals for the Company's potential real estate development projects, the Company may contingently commit to the completion of certain infrastructure, improvements and other costs related to the projects. Fulfillment of such commitments is required only if the Company moves forward with the development project. The determination whether to complete a development project is entirely at the Company's discretion, and is generally contingent upon, among other considerations, receipt of satisfactory zoning and other approvals and the current status of the Company's analysis of the economic viability of the project, including the costs associated with the contingent commitments. The Company currently has obligations, recorded as liabilities in the accompanying Consolidated Condensed Balance Sheet, to complete or fund certain improvements with respect to real estate developments; the Company has estimated such costs to be approximately \$3.4 million as of October 31, 2008, and anticipates completion of the majority of these commitments within the next two years.

#### Self Insurance

The Company is self-insured for claims under its health benefit plans and for workers' compensation claims, subject to a stop loss policy. The self-insurance liability related to workers' compensation is determined actuarially based on claims filed. The self-insurance liability related to claims under the Company's health benefit plans is determined based on analysis of actual claims. The amounts related to these claims are included as a component of accrued benefits in accounts payable and accrued liabilities (see Note 5, Supplementary Balance Sheet Information).

#### Legal

The Company is a party to various lawsuits arising in the ordinary course of business, including Resort (Mountain and Lodging) related cases and contractual and commercial litigation that arises from time to time in connection with the Company's real estate operations. Management believes the Company has adequate insurance coverage or has accrued for loss contingencies for all known matters that are deemed to be probable losses and estimable. As of October 31, 2008, July 31, 2008 and October 31, 2007 the accrual for the above loss contingencies was not material individually and in the aggregate.

#### Cheeca Lodge & Spa Contract Dispute

On October 19, 2007, RockResorts received payment of the final settlement from Cheeca Holdings, LLC, related to the disputed contract termination of the formerly managed RockResorts Cheeca Lodge & Spa property, in the amount of \$13.5 million, of which \$11.9 million (net of final attorney's fees) is recorded in "contract dispute credit, net" in the Consolidated Condensed Statement of Operations for the three months ended October 31, 2007.

### 9. Segment Information

The Company has three reportable segments: Mountain, Lodging and Real Estate. The Mountain segment includes the operations of the Company's ski resorts and related ancillary activities. The Lodging segment includes the operations of all of the Company's owned hotels, RockResorts, GTLC, condominium management and golf operations. The Resort segment is the combination of the Mountain and Lodging segments. The Real Estate segment owns and develops real estate in and around the Company's resort communities. The Company's reportable segments, although integral to the success of the others, offer distinctly different products and services and require different types of management focus. As such, these segments are managed separately.

The Company reports its segment results using Reported EBITDA (defined as segment net revenue less segment operating expenses, plus or minus segment equity investment income or loss), which is a non-GAAP financial measure. SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" requires the Company to report segment results in a manner consistent with management's internal reporting of operating results to the chief operating decision maker (Chief Executive Officer) for purposes of evaluating segment performance.

Reported EBITDA is not a measure of financial performance under GAAP. Items excluded from Reported EBITDA are significant components in understanding and assessing financial performance. Reported EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income (loss), net change in cash and cash equivalents or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Reported EBITDA is not a measurement determined in accordance with GAAP and thus is susceptible to varying calculations, Reported EBITDA as presented may not be comparable to other similarly titled measures of other companies.

The Company utilizes Reported EBITDA in evaluating performance of the Company and in allocating resources to its segments. Mountain Reported EBITDA consists of Mountain net revenue less Mountain operating expense plus Mountain equity investment income. Lodging Reported EBITDA consists of Lodging net revenue less Lodging operating expense. Real Estate Reported EBITDA consists of Real Estate net revenue less Real Estate operating expense. All segment expenses include an allocation of corporate administrative expense. Assets are not allocated between segments, or used to evaluate performance, except as shown in the table below.

Following is key financial information by reportable segment which is used by management in evaluating performance and allocating resources (in thousands):

	<b>Three Months Ended October 31,</b>	
	<b>2008</b>	<b>2007</b>
Net revenue:		
Lift tickets	\$       --	\$       --
Ski school	--	--
Dining	3,929	4,762
Retail/rental	22,426	23,540
Other	14,423	14,234
<b>Total Mountain net revenue</b>	<b>40,778</b>	<b>42,536</b>
Lodging	45,253	43,317
<b>Resort</b>	<b>86,031</b>	<b>85,853</b>
Real estate	66,750	12,034
<b>Total net revenue</b>	<b>\$ 152,781</b>	<b>\$ 97,887</b>
Segment operating expense:		
Mountain	\$ 81,223	\$ 80,947
Lodging	44,898	41,236

Resort	126,121	122,183
Real estate	51,377	6,913
<b>Total segment operating expense</b>	<b>\$ 177,498</b>	<b>\$ 129,096</b>
Mountain equity investment income, net	\$ 1,015	\$ 1,969
<b>Reported EBITDA:</b>		
Mountain	\$ (39,430)	\$ (36,442)
Lodging	355	2,081
Resort	(39,075)	(34,361)
Real estate	15,373	5,121
<b>Total Reported EBITDA</b>	<b>\$ (23,702)</b>	<b>\$ (29,240)</b>
<b>Reconciliation to net loss:</b>		
Total Reported EBITDA	\$ (23,702)	\$ (29,240)
Depreciation and amortization	(25,078)	(20,761)
Loss on disposal of fixed assets, net	(180)	(234)
Investment income	643	3,218
Interest expense, net	(7,947)	(7,644)
Contract dispute credit, net	--	11,920
Minority interest in loss of consolidated subsidiaries, net	2,351	2,063
Loss before benefit from income taxes	(53,913)	(40,678)
Benefit from income taxes	19,409	16,068
<b>Net loss</b>	<b>\$ (34,504)</b>	<b>\$ (24,610)</b>
Real estate held for sale and investment	\$ 256,323	\$ 415,411

## 10. Stock Repurchase Plan

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company's common stock repurchase authorization by an additional 3,000,000 shares. During the three months ended October 31, 2008, the Company repurchased 278,400 shares of common stock at a cost of \$7.4 million. Since inception of this stock repurchase plan through October 31, 2008, the Company has repurchased 3,282,508 shares at a cost of approximately \$132.9 million. As of October 31, 2008, 2,717,492 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee share award plans.

## 11. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 6.75% Notes (see Note 4, Long-Term Debt) are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by substantially all of the Company's consolidated subsidiaries (collectively, and excluding Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for Eagle Park Reservoir Company, Gros Ventre Utility Company, Mountain Thunder, Inc., SSV, Larkspur Restaurant & Bar, LLC, Arrabelle, Gore Creek Place, LLC, Chalets and certain other insignificant entities (together, the "Non-Guarantor Subsidiaries"). APII and the Employee Housing Entities are included with the Non-Guarantor Subsidiaries for purposes of the consolidated financial information, but are not considered subsidiaries under the indenture governing the 6.75% Notes.

Presented below is the consolidated financial information of the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Financial information for the Non-Guarantor Subsidiaries is presented in the column titled "Other Subsidiaries." Balance sheet data is presented as of October 31, 2008, July 31, 2008 and October 31, 2007. Statement of operations and condensed statement of cash flows data are presented for the three months ended October 31, 2008 and 2007.

Investments in subsidiaries are accounted for by the Parent Company and Guarantor Subsidiaries using the equity method of accounting. Net income (loss) of Guarantor and Non-Guarantor Subsidiaries is, therefore, reflected in the Parent Company's and Guarantor Subsidiaries' investments in and advances to (from) subsidiaries. Net income (loss) of the Guarantor and Non-Guarantor Subsidiaries is reflected in Guarantor Subsidiaries and Parent Company as equity in consolidated subsidiaries. The elimination entries eliminate investments in Other Subsidiaries and intercompany balances and transactions for consolidated reporting purposes.

**Supplemental Condensed Consolidating Balance Sheet**  
**As of October 31, 2008**  
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
<b>Current assets:</b>					
Cash and cash equivalents	\$ --	\$ 92,806	\$ 9,862	\$ --	\$ 102,668
Restricted cash	--	12,193	260	--	12,453
Trade receivables, net	--	43,662	806	--	44,468
Inventories, net	--	10,965	56,753	--	67,718
Other current assets	16,115	21,622	4,251	--	41,988
<b>Total current assets</b>	<b>16,115</b>	<b>181,248</b>	<b>71,932</b>	<b>--</b>	<b>269,295</b>
Property, plant and equipment, net	--	828,390	249,370	--	1,077,760
Real estate held for sale and investment	--	204,323	52,000	--	256,323
Goodwill, net	--	123,034	19,248	--	142,282
Intangible assets, net	--	56,584	15,879	--	72,463
Other assets	3,758	36,570	6,734	--	47,062
Investments in subsidiaries and advances to (from) parent	1,174,116	713,098	(114,512)	(1,772,702)	--
<b>Total assets</b>	<b>\$ 1,193,989</b>	<b>\$ 2,143,247</b>	<b>\$ 300,651</b>	<b>\$(1,772,702)</b>	<b>\$ 1,865,185</b>
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,889	\$ 224,520	\$ 97,107	\$ --	\$ 327,516
Income taxes payable	49,784	--	--	--	49,784
Long-term debt due within one year	--	11	343	--	354
<b>Total current liabilities</b>	<b>55,673</b>	<b>224,531</b>	<b>97,450</b>	<b>--</b>	<b>377,654</b>
Long-term debt	390,000	42,721	59,057	--	491,778
Other long-term liabilities	3,142	217,436	2,803	--	223,381
Deferred income taxes	57,063	--	--	--	57,063
Minority interest in net assets of consolidated subsidiaries	--	--	--	27,198	27,198
<b>Total stockholders' equity</b>	<b>688,111</b>	<b>1,658,559</b>	<b>141,341</b>	<b>(1,799,900)</b>	<b>688,111</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,193,989</b>	<b>\$ 2,143,247</b>	<b>\$ 300,651</b>	<b>\$(1,772,702)</b>	<b>\$ 1,865,185</b>

**Supplemental Condensed Consolidating Balance Sheet**  
**As of July 31, 2008**  
(in thousands)

	<b>Parent Company</b>	<b>100% Owned Guarantor Subsidiaries</b>	<b>Other Subsidiaries</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
<b>Current assets:</b>					
Cash and cash equivalents	\$ --	\$ 156,782	\$ 5,563	\$ --	\$ 162,345
Restricted cash	--	10,526	47,911	--	58,437
Trade receivables, net	--	47,953	2,232	--	50,185
Inventories, net	--	11,786	37,922	--	49,708
Other current assets	15,142	19,205	3,873	--	38,220
<b>Total current assets</b>	<b>15,142</b>	<b>246,252</b>	<b>97,501</b>	<b>--</b>	<b>358,895</b>
Property, plant and equipment, net	--	806,696	250,141	--	1,056,837
Real estate held for sale and investment	--	204,260	45,045	--	249,305
Goodwill, net	--	123,034	19,248	--	142,282
Intangible assets, net	--	56,650	15,880	--	72,530
Other assets	3,936	34,922	7,247	--	46,105
Investments in subsidiaries and advances to (from) parent	1,248,019	599,199	(61,968)	(1,785,250)	--
<b>Total assets</b>	<b>\$ 1,267,097</b>	<b>\$ 2,071,013</b>	<b>\$ 373,094</b>	<b>\$ (1,785,250)</b>	<b>\$ 1,925,954</b>
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 12,446	\$ 196,360	\$ 85,376	\$ --	\$ 294,182
Income taxes payable	57,474	--	--	--	57,474
Long-term debt due within one year	--	15,022	333	--	15,355
<b>Total current liabilities</b>	<b>69,920</b>	<b>211,382</b>	<b>85,709</b>	<b>--</b>	<b>367,011</b>
Long-term debt	390,000	42,722	108,628	--	541,350
Other long-term liabilities	3,142	149,557	30,944	--	183,643
Deferred income taxes	75,279	--	--	--	75,279
Minority interest in net assets of consolidated subsidiaries	--	--	--	29,915	29,915
<b>Total stockholders' equity</b>	<b>728,756</b>	<b>1,667,352</b>	<b>147,813</b>	<b>(1,815,165)</b>	<b>728,756</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,267,097</b>	<b>\$ 2,071,013</b>	<b>\$ 373,094</b>	<b>\$ (1,785,250)</b>	<b>\$ 1,925,954</b>

**Supplemental Condensed Consolidating Balance Sheet**  
**As of October 31, 2007**  
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
<b>Current assets:</b>					
Cash and cash equivalents	\$ --	\$ 160,983	\$ 5,061	\$ --	\$ 166,044
Restricted cash	--	14,008	28,868	--	42,876
Trade receivables, net	--	23,705	1,249	--	24,954
Inventories, net	--	9,604	54,097	--	63,701
Other current assets	15,851	20,278	10,486	--	46,615
<b>Total current assets</b>	<b>15,851</b>	<b>228,578</b>	<b>99,761</b>	<b>--</b>	<b>344,190</b>
Property, plant and equipment, net	--	795,610	121,734	--	917,344
Real estate held for sale and investment	--	91,358	324,053	--	415,411
Goodwill, net	--	123,033	18,666	--	141,699
Intangible assets, net	--	56,845	16,398	--	73,243
Other assets	4,469	26,672	11,893	--	43,034
Investments in subsidiaries and advances to (from) parent	1,147,857	368,633	(123,167)	(1,393,323)	--
<b>Total assets</b>	<b>\$ 1,168,177</b>	<b>\$ 1,690,729</b>	<b>\$ 469,338</b>	<b>\$(1,393,323)</b>	<b>\$ 1,934,921</b>
<b>Current liabilities:</b>					
Accounts payable and accrued liabilities	\$ 5,655	\$ 200,895	\$ 153,802	\$ --	\$ 360,352
Income taxes payable	34,708	-	-	--	34,708
Long-term debt due within one year	--	15,050	61,894	--	76,944
<b>Total current liabilities</b>	<b>40,363</b>	<b>215,945</b>	<b>215,696</b>	<b>--</b>	<b>472,004</b>
Long-term debt	390,000	42,712	101,815	--	534,527
Other long-term liabilities	2,088	102,485	63,558	--	168,131
Deferred income taxes	54,354	--	--	--	54,354
Minority interest in net assets of consolidated subsidiaries	--	--	--	24,533	24,533
<b>Total stockholders' equity</b>	<b>681,372</b>	<b>1,329,587</b>	<b>88,269</b>	<b>(1,417,856)</b>	<b>681,372</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,168,177</b>	<b>\$ 1,690,729</b>	<b>\$ 469,338</b>	<b>\$(1,393,323)</b>	<b>\$ 1,934,921</b>

**Supplemental Condensed Consolidating Statement of Operations**  
**For the three months ended October 31, 2008**  
(in thousands)

	<b>Parent Company</b>	<b>100% Owned Guarantor Subsidiaries</b>	<b>Other Subsidiaries</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
Total net revenue	\$ --	\$ 117,168	\$ 38,838	\$ (3,225)	\$ 152,781
Total operating expense	169	162,157	43,617	(3,187)	202,756
(Loss) income from operations	(169)	(44,989)	(4,779)	(38)	(49,975)
Equity investment income, net	--	1,015	--	--	1,015
Other (expense) income, net	(6,761)	468	(1,049)	38	(7,304)
Minority interest in loss of consolidated subsidiaries, net	--	--	--	2,351	2,351
Loss before income taxes	(6,930)	(43,506)	(5,828)	2,351	(53,913)
Benefit (provision) from income taxes	2,494	16,918	(3)	--	19,409
Net loss before equity in (loss) income of consolidated subsidiaries	(4,436)	(26,588)	(5,831)	2,351	(34,504)
Equity in (loss) income of consolidated subsidiaries	(30,068)	5,863	--	24,205	--
Net (loss) income	\$ (34,504)	\$ (20,725)	\$ (5,831)	\$ 26,556	\$ (34,504)

**Supplemental Condensed Consolidating Statement of Operations**  
**For the three months ended October 31, 2007**  
(in thousands)

	<b>Parent Company</b>	<b>100% Owned Guarantor Subsidiaries</b>	<b>Other Subsidiaries</b>	<b>Eliminating Entries</b>	<b>Consolidated</b>
Total net revenue	\$ --	\$ 74,771	\$ 25,936	\$ (2,820)	\$ 97,887
Total operating expense	(193)	118,267	34,799	(2,782)	150,091
Income (loss) from operations	193	(43,496)	(8,863)	(38)	(52,204)
Equity investment income, net	--	1,969	--	--	1,969
Other (expense) income, net	(6,760)	15,508	(1,292)	38	7,494
Minority interest in loss of consolidated subsidiaries, net	--	--	--	2,063	2,063
Loss before income taxes	(6,567)	(26,019)	(10,155)	2,063	(40,678)
Benefit from income taxes	2,594	13,474	--	--	16,068
Net loss before equity in (loss) income of consolidated subsidiaries	(3,973)	(12,545)	(10,155)	2,063	(24,610)
Equity in (loss) income of consolidated subsidiaries	(20,637)	--	--	20,637	--
Net (loss) income	\$ (24,610)	\$ (12,545)	\$ (10,155)	\$ 22,700	\$ (24,610)

**Supplemental Condensed Consolidating Statement of Cash Flows**  
**For the three months ended October 31, 2008**  
(in thousands)

	<b>Parent Company</b>	<b>100% Owned Guarantor Subsidiaries</b>	<b>Other Subsidiaries</b>	<b>Consolidated</b>
Net cash (used in) provided by operating activities	\$ (36,215)	\$ 43,155	\$ 43,979	\$ 50,919
Cash flows from investing activities:				
Capital expenditures	--	(38,399)	(4,985)	(43,384)
Other investing activities, net	--	(2,665)	83	(2,582)
Net cash used in investing activities	--	(41,064)	(4,902)	(45,966)
Cash flows from financing activities:				
Repurchases of common stock	(7,412)	--	--	(7,412)
Proceeds from borrowings under Non-Recourse Real Estate Financings	--	--	9,013	9,013
Payments of Non-Recourse Real Estate Financings	--	--	(58,407)	(58,407)
Proceeds from borrowings under other long-term debt	--	--	20,640	20,640
Payments of other long-term debt	--	(15,000)	(20,808)	(35,808)
Other financing activities, net	(207)	3,572	3,979	7,344
Advances from (to) affiliates	43,834	(54,639)	10,805	--
Net cash provided by (used in) financing activities	36,215	(66,067)	(34,778)	(64,630)
Net (decrease) increase in cash and cash equivalents	--	(63,976)	4,299	(59,677)
Cash and cash equivalents:				
Beginning of period	--	156,782	5,563	162,345
End of period	\$ --	\$ 92,806	\$ 9,862	\$ 102,668

**Supplemental Condensed Consolidating Statement of Cash Flows**  
**For the three months ended October 31, 2007**  
(in thousands)

	<b>Parent Company</b>	<b>100% Owned Guarantor Subsidiaries</b>	<b>Other Subsidiaries</b>	<b>Consolidated</b>
Net cash (used in) provided by operating activities	\$ (30,154)	\$ 18,810	\$ (8,031)	\$ (19,375)
Cash flows from investing activities:				
Capital expenditures	--	(29,499)	(22,791)	(52,290)
Other investing activities, net	--	187	336	523
Net cash used in investing activities	--	(29,312)	(22,455)	(51,767)
Cash flows from financing activities:				
Repurchases of common stock	(11,698)	--	--	(11,698)
Net (payments) proceeds from borrowings under long-term debt	--	(17,266)	34,626	17,360
Other financing activities, net	2,285	2,366	(3,946)	705
Advances (to) from affiliates	39,567	(39,567)	--	--
Net cash provided by (used in) financing activities	30,154	(54,467)	30,680	6,367
Net decrease in cash and cash equivalents	--	(64,969)	194	(64,775)
Cash and cash equivalents:				
Beginning of period	--	225,952	4,867	230,819
End of period	\$ --	\$ 160,983	\$ 5,061	\$ 166,044

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended July 31, 2008 ("Form 10-K") and the Consolidated Condensed Financial Statements as of October 31, 2008 and 2007 and for the three months then ended, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding the financial position, results of operations and cash flows of the Company. To the extent that the following Management's Discussion and Analysis contains statements which are not of a historical nature, such statements are forward-looking statements which involve risks and uncertainties. These risks include, but are not limited to those discussed in this Form 10-Q and in the Company's other filings with the Securities and Exchange Commission ("SEC"), including the risks described in Item 1A, "Risk Factors" of Part I of the Form 10-K.

Management's Discussion and Analysis includes discussion of financial performance within each of the Company's segments. The Company has chosen to specifically include Reported EBITDA (defined as segment net revenue less segment operating expense, plus or minus segment equity investment income or loss) and Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents), in the following discussion because management considers these measurements to be significant indications of the Company's financial performance and available capital resources. Reported EBITDA and Net Debt are not measures of financial performance or liquidity under accounting principles generally accepted in the United States of America ("GAAP"). The Company utilizes Reported EBITDA in evaluating performance of the Company and in allocating resources to its segments. Refer to the end of the Results of Operations section for a reconciliation of Reported EBITDA to net loss. Management also believes that Net Debt is an important measurement as it is an indicator of the Company's ability to obtain additional capital resources for its future cash needs. Refer to the end of the Results of Operations section for a reconciliation of Net Debt.

Items excluded from Reported EBITDA and Net Debt are significant components in understanding and assessing financial performance or liquidity. Reported EBITDA and Net Debt should not be considered in isolation or as an alternative to, or substitute for, net income (loss), net change in cash and cash equivalents or other financial statement data presented in the Consolidated Condensed Financial Statements as indicators of financial performance or liquidity. Because Reported EBITDA and Net Debt are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, Reported EBITDA and Net Debt as presented may not be comparable to other similarly titled measures of other companies.

### OVERVIEW

The Company's operations are grouped into three integrated and interdependent segments: Mountain, Lodging and Real Estate. The Mountain segment is comprised of the operations of five ski resort properties as well as ancillary businesses, primarily including ski school, dining and retail/rental operations. Mountain segment revenue is seasonal in nature, the majority of which is earned in the Company's second and third fiscal quarters. Operations within the Lodging segment include (i) ownership/management of a group of nine luxury hotels through the RockResorts International, LLC ("RockResorts") brand, including five proximate to the Company's ski resorts; (ii) the ownership/management of non-RockResorts branded hotels and condominiums proximate to the Company's ski resorts; (iii) Grand Teton Lodge Company ("GTLC"); and (iv) golf courses. The Resort segment is the combination of the Mountain and Lodging segments. The Real Estate segment owns and develops real estate in and around the Company's resort communities.

The Company's first fiscal quarter is a seasonally low period as the Company's ski operations are generally not open for business until mid-November, which falls in the Company's second fiscal quarter. Additionally, many of the Company's lodging properties experience similar seasonal trends. As a result, the Company generally incurs significant losses in the Resort segment during the first fiscal quarter.

Revenue of the Mountain segment during the first fiscal quarter is primarily generated from summer and group related visitation at the Company's five mountain resorts, as well as SSI Venture, LLC's ("SSV") retail operations.

Revenue of the Lodging segment during the Company's first fiscal quarter is generated primarily by the operations of GTLC (as GTLC's peak operating season occurs during the summer months), as well as golf operations and seasonally low operations from the Company's other owned and managed properties. In addition, the Company's lodging properties benefit from group business in early fall. Performance of the lodging properties at or around the Company's ski resorts are closely aligned with the performance of the Mountain segment, particularly with respect to visitation by out-of-state and international ("Destination") guests. Revenue generated through management fees is based upon the revenue of managed individual hotel properties within the lodging portfolio, and to the extent that these managed properties are not proximate to ski resorts, the seasonality of those hotels more closely resembles the seasonality and trends within their geographical region and the overall travel industry.

The Company's Real Estate segment primarily engages in both the vertical development of projects and to a lesser degree the sale of land to third-party developers, which latter activity generally includes the retention of some involvement and control in the infrastructure, development, oversight and design of the projects and a contingent revenue structure based on the ultimate sale of the developed units. The Company attempts to mitigate the risk of vertical development by utilizing guaranteed maximum price construction contracts (although certain construction costs may not be covered by contractual limitations), pre-selling a portion of the project, which generally requires significant non-refundable deposits, and obtaining non-recourse financing for certain projects. The Company's real estate development projects also may result in the creation of certain resort assets that provide additional benefit to the Resort segment. The Company's Real Estate revenue and associated expense fluctuate based upon the timing of closings and the type of real estate being sold, thus increasing the volatility of Real Estate operating results between periods. In the near-term, the majority of Real Estate revenue is expected to be generated from vertical development projects that are currently under construction, in which revenue and related cost of sales will be recorded at the time of real estate closings.

### Recent Trends, Risks and Uncertainties

Together with those risk factors identified in the Company's Form 10-K, the Company's management has identified the following important factors (as well as risks and uncertainties associated with such factors) that could impact the Company's future financial performance or condition:

- The economic downturn currently affecting the U.S. and global economy is expected to continue to have a negative impact on overall trends in the travel and leisure industries. Consequently, visitation to the Company's resorts and/or the amount the Company's guests spend at its resorts is being negatively impacted by the weaker U.S. and global economy, in addition to lowered demand for the Company's real estate projects. Currently the Company is experiencing a significant decline in reservations as compared to the same period in the prior year from destination guests. However, the Company cannot predict the ultimate impact this will have on its visitation and results of operations for the 2008/2009 ski season, depending upon whether these booking trends continue, worsen or improve within the macroeconomic environment. Additionally, a large portion of the

- Mountain segment operating expenses are fixed costs (with the exception of certain variable expenses including forest service fees, other resort related fees, credit card fees, retail/rental operations, ski school labor and dining operations) which could impact the Company's results of operations and cash flows if there is a significant decline in skier visitation.
- The timing and amount of snowfall can have an impact on skier visits. To mitigate this impact, as well as to lock in more lift ticket revenue in general, the Company focuses efforts on sales of season passes prior to the beginning of the ski season. Additionally, the Company has invested in snowmaking upgrades in an effort to address the inconsistency of early season snowfall where possible. Season pass revenue, although primarily collected prior to the ski season, is recognized in the Consolidated Condensed Statements of Operations throughout the ski season. Deferred revenue related to season pass sales (including the Epic Season Pass, as discussed below) was \$66.0 million and \$55.2 million as of October 31, 2008 and 2007, respectively.
  - In March 2008, the Company announced a new season pass product (the "Epic Season Pass") for the upcoming 2008/2009 ski season, which offers unrestricted and unlimited access to the Company's five ski resorts. The Epic Season Pass is being marketed towards the Company's Destination guests although it is available to in-state and local ("In-State") guests and must be purchased on or before December 1, 2008, prior to the vast majority of the ski season. As such, the Company expects an increase in season pass revenue for the 2008/2009 ski season; however, the Company cannot predict the overall impact the Epic Season Pass will have on overall lift revenue and effective ticket price ("ETP").
  - Real Estate Reported EBITDA is highly dependent on, among other things, the timing of closings on real estate under contract, which determines when revenue and associated cost of sales is recognized. Changes to the anticipated timing of closing on one or more real estate projects, or unit closings within a real estate project, could materially impact Real Estate Reported EBITDA for a particular quarter or fiscal year. Additionally, the magnitude of real estate projects currently under development or contemplated could result in significant fluctuations in Real Estate Reported EBITDA between periods. For example, the Company closed on 39 of the 45 units at Crystal Peak Lodge during the three months ended October 31, 2008 and expects to close on the majority of the remaining condominium units during the year ending July 31, 2009. The Company closed on one of the 13 Lodge at Vail Chalets ("Chalets") during the three months ended October 31, 2008, which is in addition to the five Chalets that closed in the year ended July 31, 2008 and expects to close on the remaining seven Chalets upon final completion during the year ending July 31, 2009. Also, the Company expects to close in the year ending July 31, 2009 one unit at The Arrabelle at Vail Square ("Arrabelle") upon final completion and has another unit available for sale. The Company has entered into definitive sales contracts with a value of approximately \$108 million related to the above projects yet to be closed.
  - The Company has several other real estate projects across its resorts under development and in the planning stages. While the current instability in the capital markets and slowdown in the national real estate market have not, to date, materially impacted the Company's Real Estate segment operating results, the Company does have elevated risk associated with the selling and/or closing of its real estate under development as a result of the current economic climate. These risks surrounding the Company's real estate developments are partially mitigated by the fact that the Company's projects include a relatively low number of units situated at the base of its resorts, which are unique due to the relatively low supply of developable land. Additionally, the Company's real estate projects must meet the Company's pre-sale requirements, which generally include substantial non-refundable deposits, before significant development begins; however, there is no guarantee that a sustained downward trend in the capital and real estate markets would not materially impact the Company's real estate development activities or operating results. In addition to the expected completion of the Arrabelle, Chalets and Crystal Peak Lodge development projects during the year ending July 31, 2009, the Company is also moving forward with the development of One Ski Hill Place located at the base of Peak 8 in Breckenridge and The Ritz-Carlton Residences, Vail. The Company expects to incur between \$320 million to \$340 million of remaining development costs subsequent to October 31, 2008 on the Arrabelle, Chalets, Crystal Peak Lodge, One Ski Hill Place and The Ritz-Carlton Residences, Vail projects.
  - The Company had \$102.7 million in cash and cash equivalents as of October 31, 2008 (the first fiscal quarter historically is a seasonal low point for cash and cash equivalents on hand given that the first fiscal quarter and prior year fiscal fourth quarter have essentially no ski operations), with no borrowings under the revolver component of its Credit Facility and expects to generate additional cash from operations, including future closures on real estate vertical development projects during the 2009 fiscal year. In addition to building or preserving excess cash, especially considering the current economic environment, the Company continuously evaluates other options on how to utilize its excess cash, including any combination of the following strategic options: self-fund real estate under development; continue recent levels of investment in resort assets; pursue strategic acquisitions; pay off outstanding debt; repurchase additional common stock of the Company (see Note 10, Stock Repurchase Plan, of the Notes to Consolidated Condensed Financial Statements for more information regarding the Company's stock repurchase plan); and/or other options to return value to stockholders. The Company's debt is long-term in nature and the Company believes its debt has favorable interest rates. In determining its uses of excess cash, the Company has some constraints as a result of the Company's Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005, as amended, between The Vail Corporation (a wholly-owned subsidiary of the Company), Bank of America, N.A. as administrative agent and the Lenders party thereto (the "Credit Agreement") underlying the Company's Credit Facility and the Indenture, dated as of January 29, 2004 among the Company, the guarantors therein and the Bank of New York as Trustee ("Indenture"), governing the 6.75% Senior Subordinated Notes due 2014 ("6.75% Notes"), which limit the Company's ability to pay dividends, repurchase stock and pay off certain of its debt, including its 6.75% Notes.
  - The U.S. stock and credit markets have recently experienced significant volatility which has led to a significant decline in market value of companies in the travel and leisure industry, including the Company. However, we currently do not believe that the recent decline in the Company's market capitalization is a triggering event requiring an interim impairment test with regards to the Company's goodwill and indefinite-lived intangible assets. The Company has \$214.7 million of goodwill and indefinite-lived intangible assets for which the Company currently plans on performing its annual impairment test during its fiscal fourth quarter 2009, unless circumstances materially change, necessitating an interim impairment analysis. The Company cannot predict the outcome of this annual test and whether the result will require the Company to record a non-cash impairment charge.
  - On November 1, 2008, the Company closed its acquisition of the resort ground transportation business, Colorado Mountain Express ("CME"), for a total consideration of \$38.3 million, as well as \$0.9 million to reimburse the seller for certain new capital expenditures as provided for in the purchase agreement. The operating results of CME will be reported within the Lodging segment beginning with the three and six months ending January 31, 2009.

## RESULTS OF OPERATIONS

### Summary

Due to the seasonality of the Company's operations, the Company normally incurs net losses during the first fiscal quarter, as shown in the summary operating results below (in thousands):

	Three Months Ended October 31,	
	2008	2007
Mountain Reported EBITDA	\$ (39,430)	\$ (36,442)
Lodging Reported EBITDA	355	2,081

Resort Reported EBITDA	(39,075)	(34,361)
Real Estate Reported EBITDA	15,373	5,121
<b>Total Reported EBITDA</b>	<b>(23,702)</b>	<b>(29,240)</b>
Loss before benefit from income taxes	(53,913)	(40,678)
Net loss	\$ (34,504)	\$ (24,610)

The loss before benefit from income taxes increased \$13.2 million for the three months ended October 31, 2008 as compared to the same period in the prior year, despite an improvement in Total Reported EBITDA of \$5.5 million, primarily due to a prior year \$11.9 million contract dispute credit, net and a \$4.3 million increase in depreciation and amortization. A further discussion of segment results and other items can be found below.

### Mountain Segment

Mountain segment operating results for the three months ended October 31, 2008 and 2007 are presented by category as follows (in thousands):

	Three Months Ended October 31,		Percentage Increase (Decrease)	
	2008	2007		
Lift tickets	\$ --	\$ --	--	%
Ski school	--	--	--	%
Dining	3,929	4,762	(17.5)	%
Retail/rental	22,426	23,540	(4.7)	%
Other	14,423	14,234	1.3	%
<b>Total Mountain net revenue</b>	<b>40,778</b>	<b>42,536</b>	<b>(4.1)</b>	<b>%</b>
Total Mountain operating expense	81,223	80,947	0.3	%
Mountain equity investment income, net	1,015	1,969	(48.5)	%
<b>Total Mountain Reported EBITDA</b>	<b>\$ (39,430)</b>	<b>\$ (36,442)</b>	<b>(8.2)</b>	<b>%</b>

Total Mountain Reported EBITDA includes \$1.2 million and \$1.1 million of stock-based compensation expense for the three months ended October 31, 2008 and 2007, respectively.

The Company's first fiscal quarter historically results in negative Mountain Reported EBITDA, as the Company's ski resorts generally do not open for ski operations until the Company's second fiscal quarter. The first fiscal quarter consists primarily of fixed expenses plus summer business and retail/rental operations.

Total Mountain net revenue decreased primarily as a result of a decrease of \$1.1 million in retail/rental revenue negatively impacted primarily by lower sales volumes primarily in the Colorado Front Range. Dining revenue for the three months ended October 31, 2008 was negatively impacted by temporary closures of Keystone on-mountain dining facilities due to construction of the new Keystone gondola. Other revenue was also negatively impacted by temporary closure of the summer on-mountain activities in Breckenridge, including the alpine slide, due to real estate construction activities at the base area of Breckenridge.

Mountain operating expense in the three months ended October 31, 2008 was relatively flat compared to prior year, however, the three months ended October 31, 2007 included \$2.3 million of legal costs associated with The Canyons ski resort ("The Canyons") litigation. Excluding The Canyons litigation expense, expenses would have increased by 3.3% for the three months ended October 31, 2008, compared to the three months ended October 31, 2007, which was primarily due to higher repairs and maintenance and allocated corporate costs, partially offset by lower variable expenses associated with the reduced retail/rental and dining revenues.

Mountain equity investment income, net, which represents the Company's share of income from its retail brokerage joint venture, was unfavorably impacted by an overall decline in real estate closings compared to the same period in the prior year from both commercial projects and residential sales.

### Lodging Segment

Lodging segment operating results for the three months ended October 31, 2008 and 2007 are presented by category as follows (in thousands except average daily rates ("ADR") and revenue per available room ("RevPAR")):

	Three Months Ended October 31,		Percentage Increase (Decrease)	
	2008	2007		
Total Lodging net revenue	\$ 45,253	\$ 43,317	4.5	%
Total Lodging operating expense	44,898	41,236	8.9	%
<b>Total Lodging Reported EBITDA</b>	<b>\$ 355</b>	<b>\$ 2,081</b>	<b>(82.9)</b>	<b>%</b>
ADR	\$ 167.45	\$ 157.91	6.0	%
RevPAR	\$ 63.95	\$ 63.97	0.0	%

Total Lodging Reported EBITDA includes \$0.4 million and \$0.3 million of stock-based compensation expense for the three months ended October 31, 2008 and 2007, respectively.

Total Lodging segment net revenue for the three months ended October 31, 2008 increased by \$1.9 million as compared to the three months ended October 31, 2007. Total Lodging segment net revenue for the three months ended October 31, 2008 includes revenue generated from The Arrabelle at Vail Square hotel ("The Arrabelle Hotel"), which opened in January 2008. The increase in revenue was also driven by an increase in overall ADR of 6.0% as compared to the three months ended October 31, 2007, which was partially offset by fewer available rooms and lower occupancy, primarily as a result of a decline in conference and group room nights, as compared to the three months ended October 31, 2007.

Operating expense increased in the three months ended October 31, 2008 as compared to the three months ended October 31, 2007 due to operating expenses associated with The Arrabelle Hotel in addition to increased expenses at GTLC and allocated corporate costs, partially offset by the start-up and pre-opening costs associated with The Arrabelle Hotel in the prior year's quarter.

### **Real Estate Segment**

Real Estate segment operating results for the three months ended October 31, 2008 and 2007 are presented by category as follows (in thousands):

	<b>Three Months Ended</b>		<b>Percentage Increase</b>	
	<b>October 31,</b>			
	<b>2008</b>	<b>2007</b>		
Total Real Estate net revenue	\$ 66,750	\$ 12,034	454.7	%
Total Real Estate operating expense	51,377	6,913	643.2	%
Total Real Estate Reported EBITDA	\$ 15,373	\$ 5,121	200.2	%

Real Estate Reported EBITDA includes \$0.9 million and \$0.6 million of stock-based compensation expense for the three months ended October 31, 2008 and 2007, respectively.

The Company's Real Estate operating revenue is primarily determined by the timing of closings and the mix of real estate sold in any given period. Different types of projects have different revenue and expense volumes and margins; therefore, as the real estate inventory mix changes it can greatly impact Real Estate segment net revenue, operating expense and Real Estate Reported EBITDA.

Real Estate segment net revenue for the three months ended October 31, 2008 was driven primarily by the closing on 39 of the 45 residences at Crystal Peak Lodge at Breckenridge (\$51.2 million) and the closing on one of the 13 units at Chalets (\$14.4 million). Operating expense for the three months ended October 31, 2008 included cost of sales of \$44.3 million (including sales commissions) commensurate with revenue recognized, as well as general and administrative costs of approximately \$7.1 million. General and administrative costs are primarily comprised of marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and benefits associated with the expanded real estate infrastructure to support the increased vertical development and allocated corporate costs.

Real Estate segment net revenue for the three months ended October 31, 2007 was driven primarily by contingent gains on development parcel sales that closed in previous periods. Operating expense for the three months ended October 31, 2007 primarily consisted of marketing expenses for the major real estate projects under development, overhead costs such as labor and benefits and allocated corporate costs.

### **Other Items**

In addition to segment operating results, the following material items contributed to the Company's overall financial position.

*Depreciation and amortization.* Depreciation and amortization expense for the three months ended October 31, 2008 increased primarily as a result of placing in service significant resort assets, which included The Arrabelle Hotel, a new skier services building and a private club associated with the Chalets project and an increase in the fixed asset base due to a higher level of capital expenditures.

*Investment income.* The Company invests excess cash in highly liquid investments, as permitted under the Credit Agreement underlying the Credit Facility and the Indenture relating to the 6.75% Notes. The decrease in investment income for the three months ended October 31, 2008 compared to the three months ended October 31, 2007 is primarily due to a reduction in the average interest earned on investments and a decrease in average invested cash during the period as a result of significant share repurchases over the past year, higher capital improvements and construction costs related to vertical real estate development.

*Interest expense, net.* The Company's primary sources of interest expense are the 6.75% Notes, its Credit Facility, including unused commitment fees and letter of credit fees, the outstanding \$42.7 million of industrial development bonds and the series of bonds issued to finance the construction of employee housing facilities. Interest expense increased \$0.3 million for the three months ended October 31, 2008 compared to the three months ended October 31, 2007, primarily due to a decrease in capitalized interest associated with ongoing real estate and related resort development partially offset by a reduction in average debt outstanding and a reduction in the average variable borrowing rate of the employee housing bonds.

*Contract dispute credit, net.* On October 19, 2007, RockResorts received payment of the final settlement from Cheeca Holdings, LLC ("Cheeca"), related to the disputed contract termination of the formerly managed RockResorts Cheeca Lodge & Spa property, in the amount of \$13.5 million, of which \$11.9 million (net of final attorney's fees) is recorded in "contract dispute credit, net" in the Consolidated Condensed Statement of Operations for the three months ended October 31, 2007.

*Income taxes.* The effective tax rate for the three months ended October 31, 2008 and 2007 was 36.0% and 39.5%, respectively. The income tax benefit recorded in the three months ended October 31, 2007 reflects the reversal of a previously recorded liability in the amount of \$0.7 million associated with unrecognized tax benefits that were determined to be realizable due to a settlement reached with state tax authorities. The interim period effective tax rate is primarily driven by the amount of anticipated pre-tax book income for the full fiscal year and an estimate of the amount of non-deductible items for tax purposes.

The Internal Revenue Service ("IRS") has completed its examination of the Company's tax returns for tax years 2001 through 2003 and has issued a report of its findings. The examiner's primary finding is the disallowance of the Company's position to remove the restrictions under Section 382 of the Internal Revenue Code of approximately \$73.8 million of net operating losses ("NOL") carryforwards. These restricted NOL carryforwards relate to fresh start accounting from the Company's reorganization in 1992. The Company has appealed the examiner's disallowance of these NOL carryforwards to the Office of Appeals. However, if the Company is unsuccessful in its appeals process, it will not negatively impact the Company's financial position or results of operations.

### **Reconciliation of Non-GAAP measures**

The following table reconciles from segment Reported EBITDA to net loss (in thousands):

	<b>Three Months Ended</b>	
	<b>October 31,</b>	
	<b>2008</b>	<b>2007</b>
Mountain Reported EBITDA	\$ (39,430)	\$ (36,442)
Lodging Reported EBITDA	355	2,081
Resort Reported EBITDA	(39,075)	(34,361)
Real Estate Reported EBITDA	15,373	5,121
Total Reported EBITDA	(23,702)	(29,240)
Depreciation and amortization	(25,078)	(20,761)
Loss on disposal of fixed assets	(180)	(234)
Investment income	643	3,218
Interest expense, net	(7,947)	(7,644)
Contract dispute credit, net	--	11,920
Minority interest in loss of consolidated subsidiaries, net	2,351	2,063
Loss before benefit from income taxes	(53,913)	(40,678)
Benefit from income taxes	19,409	16,068
Net loss	\$ (34,504)	\$ (24,610)

The following table reconciles Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) (in thousands):

	<b>October 31,</b>	
	<b>2008</b>	<b>2007</b>
Long-term debt	\$ 491,778	\$ 534,527
Long-term debt due within one year	354	76,944
Total debt	492,132	611,471
Less: cash and cash equivalents	102,668	166,044
Net debt	\$ 389,464	\$ 445,427

## LIQUIDITY AND CAPITAL RESOURCES

### Significant Sources of Cash

Historically, the Company's first fiscal quarter end is seasonally low for cash and cash equivalents on hand given that the first and the prior year's fourth fiscal quarters have essentially no ski operations and the Company is incurring fixed costs as well as incurring Resort capital expenditures and investments in real estate. In total, the Company used \$59.7 million and \$64.8 million of cash in the three months ended October 31, 2008 and October 31, 2007, respectively. The Company generated \$50.9 million of cash from operating activities during the three months ended October 31, 2008, compared to using \$19.4 million for the three months ended October 31, 2007. The three months ended October 31, 2008 were positively impacted by an increase in Real Estate Reported EBITDA adjusted for real estate cost of sales less investments in real estate in the amount of \$63.2 million, increased private club deferred initiation fees and deposits of \$32.9 million primarily related to the collection of the final installments related to the Vail Mountain Club initiation deposits and a reduction in restricted cash balances of \$34.1 million which became available for general purpose use. These increases were partially offset by a decrease in real estate deposits of \$29.9 million which were applied to real estate sales. Additionally, the three months ended October 31, 2007 included the receipt of the Cheeca settlement which resulted in a net increase of \$11.9 million in cash. Cash used in investing activities for the three months ended October 31, 2008 decreased by \$5.8 million compared to the three months ended October 31, 2007 due to decreased resort capital expenditures of \$8.9 million. Net cash used by financing activities for the three months ended October 31, 2008 increased by \$71.0 million compared to the three months ended October 31, 2007 primarily resulting from the \$58.4 million pay off of the Non-Recourse Real Estate Financing and the repayment of \$15.0 million borrowings under the Series 1990 Sports Facilities Refunding Bonds Revenue Bonds, both in the current year first fiscal quarter.

In addition to the Company's \$102.7 million of cash and cash equivalents at October 31, 2008, the Company has available \$306.2 million under its Credit Facility (which represents the total commitment of \$400.0 million less certain letters of credit outstanding of \$93.8 million). As of October 31, 2008 and 2007, total long-term debt (including long-term debt due within one year) was \$492.1 million and \$611.5 million, respectively, with the decrease at October 31, 2008 being primarily due to the pay off of the Non-Recourse Real Estate Financings related to the Company's vertical development projects. Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) decreased from \$445.4 million as of October 31, 2007 to \$389.5 million as of October 31, 2008 due primarily to the pay off of the Company's Non-Recourse Real Estate Financings partially offset by the decrease in cash and cash equivalents. The Company believes it is in a good position to take advantage of potential strategic options as further discussed below, as the Company has significant cash and cash equivalents on hand and no revolver borrowings under its Credit Facility.

The Company expects that its liquidity needs in the near term will be met by continued utilization of operating cash flows (including cash to be generated from anticipated real estate closings) and borrowings, if necessary, under the Credit Facility. In order to provide additional flexibility for the Company's liquidity needs, the Company finalized in March 2008 an agreement with the lenders in its Credit Facility to utilize an accordion feature to expand commitments under the existing facility by \$100.0 million (for a total borrowing capacity of \$400.0 million), at the same terms existing in the current facility. The Company believes the Credit Facility, which matures in 2012, including the expanded commitments would provide added flexibility especially when evaluating future financing needs for its real estate projects given the current state of the non-recourse financing available in the capital markets, and is priced favorably, with any new borrowings currently being priced at LIBOR plus 0.50%.

In addition to building or preserving excess cash, the Company continuously evaluates other options on how to utilize its excess cash, including any combination of the following strategic options: self-fund real estate under development, continue recent levels of investment in resort assets, pursue strategic acquisitions, pay off outstanding debt, repurchase additional common stock of the Company and/or other options to return value to stockholders. The Company's debt generally has favorable fixed interest rates and is long-term in nature. The Company's Credit Facility and the Indenture limit the Company's ability to make investments or distributions, including the payment of dividends and/or the repurchase of the Company's common stock, and the pay off of certain of its debt, including its 6.75% Notes.

### Significant Uses of Cash

The Company's cash needs typically include providing for operating expenditures, debt service requirements and capital expenditures for both assets to be used in operations and real estate development projects. In addition, the Company expects it will incur a significant increase in cash income tax payments due to the prior utilization of all NOL carryforwards (subject to the appeal of the IRS ruling described above). Subsequent to October 31, 2008, the Company completed its acquisition of CME which required a cash payment of approximately \$38.3 million, as well as \$0.9 million to reimburse the seller for certain new capital expenditures.

The Company expects to spend approximately \$250 million to \$270 million in calendar year 2008 for real estate development projects, including the construction of associated resort-related depreciable assets, of which \$210 million was spent as of October 31, 2008, leaving approximately \$40 million to \$60 million to spend in the remainder of calendar year 2008. The Company has entered into contracts with third parties to provide construction-related services to the Company throughout the course of construction for these projects; commitments for future services to be performed over the next several years under such current contracts total approximately \$266 million. The primary projects are expected to include continued construction and development costs, as well as planning and infrastructure costs associated with planned development projects in and around each of the Company's resorts. The Company currently estimates to spend approximately \$230 million to \$250 million in calendar year 2009 for real estate development projects, including the construction of associated resort-related depreciable assets. In addition to utilizing project-specific financing and cash on hand as appropriate, the Company also pre-sells units requiring deposits in a proposed development prior to committing to the completion of the development.

The Company has historically invested significant cash in capital expenditures for its resort operations, and expects to continue to invest significant cash in the future. The Company evaluates additional capital improvements based on expected strategic impacts and/or expected return on investment. The Company currently anticipates it will spend approximately \$106 million to \$110 million of resort capital expenditures for calendar year 2008 excluding resort depreciable assets arising from real estate activities noted above, of which \$83 million was spent as of October 31, 2008, leaving approximately \$23 million to \$27 million to spend in the remainder of calendar year 2008. This overall resort capital investment will allow the Company to maintain its high quality standards and make incremental discretionary improvements at the Company's five ski resorts and throughout its owned hotels. Included in these capital expenditures are approximately \$40 million to \$42 million which are necessary to maintain appearance and level of service appropriate to the Company's world-class resort operations, including routine replacement of snow grooming equipment and rental fleet equipment. Discretionary expenditures for calendar 2008 include the completed replacement of a previously existing gondola with a new state-of-the-art eight passenger Keystone River Run gondola in River Run Village (which was operational November 2008); completion of an on-mountain ski school building following the new Buckaroo Express gondola installed in 2007 at Beaver Creek; full renovation of The Osprey at Beaver Creek (formerly known as the Inn at Beaver Creek), including substantial upgrades to create a unique ultra-luxury RockResorts branded hotel; new snowmaking equipment at Peak 7 in Breckenridge; start of a Jackson Lake Lodge room remodel in Grand Teton National Park; and upgrades to the Company's central reservations, marketing database and e-commerce booking systems, among other projects. The Company has not finalized its specific resort capital plan for calendar year 2009, although it is currently anticipated that such plan will continue at the same level of expenditures to maintain appearance and level of service, but the Company will evaluate total discretionary expenditures based on the current economic environment. The Company currently plans to utilize cash flow from operations and cash on hand to provide the cash necessary to execute its capital plan.

Principal payments on the vast majority of the Company's long-term debt (\$489.2 million of the total \$492.1 million debt outstanding as of October 31, 2008) are not due until fiscal 2014 and beyond.

The Company's debt service requirements can be impacted by changing interest rates as the Company had \$52.6 million of variable-rate debt outstanding as of October 31, 2008. A 100-basis point change in LIBOR would cause the Company's annual interest payments to change by approximately \$0.5 million. The fluctuation in the Company's debt service requirements, in addition to interest rate changes, may be impacted by future borrowings under its Credit Facility or other alternative financing arrangements, including non-recourse real estate financings, it may enter into. The Company's long term liquidity needs are dependent upon operating results that impact the borrowing capacity under the Credit Facility, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. The Company can respond to liquidity impacts of changes in the business and economic environment by managing its capital expenditures and real estate development activities.

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company's common stock repurchase authorization by an additional 3,000,000 shares. During the three months ended October 31, 2008, the Company repurchased 278,400 shares of common stock at a cost of \$7.4 million. Since inception of this stock repurchase plan, the Company has repurchased 3,282,508 shares at a cost of approximately \$132.9 million, through October 31, 2008. As of October 31, 2008, 2,717,492 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee share award plans. Acquisitions under the stock repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The timing as well as the number of shares that may be repurchased under the program will depend on a number of factors including the Company's future financial performance, the Company's available cash resources and competing uses for cash that may arise in the future, the restrictions in the Credit Facility and in the Indenture, prevailing prices of the Company's common stock and the number of shares that become available for sale at prices that the Company believes are attractive. The stock repurchase program may be discontinued at any time and is not expected to have a significant impact on the Company's capitalization.

### ***Covenants and Limitations***

The Company must abide by certain restrictive financial covenants under its Credit Facility and the Indenture. The most restrictive of those covenants include the following Credit Facility covenants: Net Funded Debt to Adjusted EBITDA ratio, Minimum Net Worth and the Interest Coverage ratio (each as defined in the Credit Agreement). In addition, the Company's financing arrangements, including the Indenture, limit its ability to incur certain indebtedness, make certain restricted payments, enter into certain investments, make certain affiliate transfers and may limit its ability to enter into certain mergers, consolidations or sales of assets. The Company's borrowing availability under the Credit Facility is primarily determined by the Net Funded Debt to Adjusted EBITDA ratio as defined in the Credit Agreement.

The Company was in compliance with all restrictive financial covenants in its debt instruments as of October 31, 2008. The Company expects it will meet all applicable financial maintenance covenants in its Credit Agreement, including the Net Funded Debt to Adjusted EBITDA ratio throughout the year ending July 31, 2009. However, there can be no assurance that the Company will meet such financial covenants. If such covenants are not met, the Company would be required to seek a waiver or amendment from the banks participating in the Credit Facility. While the Company anticipates that it would obtain such waiver or amendment, if any were necessary, there can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on the liquidity of the Company.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Company does not have off balance sheet transactions that are expected to have a material effect on the Company's financial condition, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

## **FORWARD-LOOKING STATEMENTS**

Except for any historical information contained herein, the matters discussed in this Form 10-Q contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information available as of the date hereof, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our contemplated future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will” and similar terms and phrases, including references to assumptions. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from our forward-looking statements include, but are not limited to:

- *downturn in general economic conditions, including adverse effects on the overall travel and leisure related industries;*
- *terrorist acts upon the United States;*
- *threat of or actual war;*
- *unfavorable weather conditions;*
- *our ability to obtain financing on terms acceptable to us to finance our real estate investments, capital expenditures and growth strategy;*
- *our ability to continue to grow our resort and real estate operations;*
- *competition in our mountain and lodging businesses;*
- *our ability to hire and retain a sufficient seasonal workforce;*
- *our ability to successfully initiate and/or complete real estate development projects and achieve the anticipated financial benefits from such projects;*
- *adverse changes in real estate markets;*
- *implications arising from new Financial Accounting Standards Board (“FASB”)/governmental legislation, rulings or interpretations;*
- *our reliance on government permits or approvals for our use of Federal land or to make operational improvements;*
- *our ability to integrate and successfully operate future acquisitions; and*
- *adverse consequences of current or future legal claims.*

All forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this Form 10-Q, including investors and prospective investors, are cautioned not to place undue reliance on such forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements that the Company makes for a number of reasons including those described in this Form 10-Q and in Part I, Item 1A, “Risk Factors” of the Form 10-K. All forward-looking statements are made only as of the date hereof. Except as may be required by law, the Company does not intend to update these forward-looking statements, even if new information, future events or other circumstances have made them incorrect or misleading.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

*Interest Rate Risk.* The Company's exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At October 31, 2008, the Company had \$52.6 million of variable rate indebtedness, representing 10.7% of the Company's total debt outstanding, at an average interest rate during the three months ended October 31, 2008 of 6.2%. Based on variable-rate borrowings outstanding as of October 31, 2008, a 100-basis point (or 1.0%) change in LIBOR would have caused the Company's annual interest payments to change by \$0.5 million. The Company's market risk exposure fluctuates based on changes in underlying interest rates.

## **ITEM 4. CONTROLS AND PROCEDURES.**

### **Disclosure Controls and Procedures**

Management of the Company, under the supervision and with participation of the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), have evaluated the effectiveness of the Company's disclosure controls and procedures as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Act”) as of the end of the period covered by this report on Form 10-Q.

Based upon their evaluation of the Company's disclosure controls and procedures, the CEO and the CFO concluded that the disclosure controls are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

The Company, including its CEO and CFO, does not expect that the Company's internal controls and procedures will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

### **Changes in Internal Control over Financial Reporting**

There were no changes in the Company's internal control over financial reporting during the period covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS.**

## The Canyons Ski Resort Litigation

During the fourth quarter of the fiscal year ended July 31, 2007, the Company entered into an agreement with Peninsula Advisors, LLC (“Peninsula”) for the negotiation and mutual acquisition of The Canyons and the land underlying The Canyons. On July 15, 2007, American Skiing Company (“ASC”) entered into an agreement to sell The Canyons to Talisker Corporation and Talisker Canyons Finance Company, LLC (together “Talisker”). On July 27, 2007, the Company filed a complaint in the District Court in Colorado against Peninsula and Talisker claiming, among other things, breach of contract by Peninsula and intentional interference with contractual relations and prospective business relations by Talisker and seeking damages, specific performance and injunctive relief. On October 19, 2007, the Company’s request for a preliminary injunction to prevent the closing of the acquisition by Talisker of The Canyons from ASC was denied. On November 8, 2007, Talisker filed an answer to the Company’s complaint along with three counterclaims. On November 12, 2007, Peninsula filed a motion to dismiss and for partial summary judgment. The Company believes that these counter claims and motions are without merit. These motions are set for hearing on December 12, 2008. The Company is unable to predict the ultimate outcome of the above described actions.

### ITEM 1A. RISK FACTORS.

There have been no material changes from risk factors previously disclosed in Item 1A to Part I of the Company’s Form 10-K.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

#### *Repurchase of equity securities*

The following table summarizes the purchase of the Company’s equity securities during the first quarter of the year ending July 31, 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
August 1, 2008 – August 31, 2008	--	\$ --	--	2,995,892
September 1, 2008 – September 30, 2008	--	--	--	2,995,892
October 1, 2008 – October 31, 2008	278,400	26.63	278,400	2,717,492
Total	278,400	\$ 26.63	278,400	

- (1) On March 9, 2006, the Company’s Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and subsequently on July 16, 2008 approved an increase of the Company’s common stock repurchase authorization by an additional 3,000,000 shares. Acquisitions under the share repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The stock repurchase program may be discontinued at any time.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

### ITEM 5. OTHER INFORMATION.

None.

### ITEM 6. EXHIBITS.

The following exhibits are either filed herewith or, if so indicated, incorporated by reference to the documents indicated in parentheses, which have previously been filed with the Securities and Exchange Commission.

Exhibit Number	Description	Sequentially Numbered Page
3.1	Amended and Restated Certificate of Incorporation of Vail Resorts, Inc., dated January 5, 2005. (Incorporated by reference to Exhibit 3.1 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2005.)	
3.2	Amended and Restated By-Laws. (Incorporated by reference to Exhibit 3.2 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(a)	Indenture, dated as of January 29, 2004, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee (Including Exhibit A, Form of Global Note). (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed on February 2, 2004.)	
4.1(b)	Supplemental Indenture, dated as of March 10, 2006 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 10.34 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
4.1(c)	Form of Global Note. (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed February 2, 2004.)	
4.1(d)	Supplemental Indenture, dated as of April 26, 2007 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 4.1(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(e)	Supplemental Indenture, dated as of July 11, 2008 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc.,	

as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)

10.1	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Resorts, Inc., and Robert A. Katz.	16
10.2	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Resorts, Inc., and Jeffrey W. Jones.	36
10.3	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Keith Fernandez.	52
10.4	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and John McD. Garnsey.	68
10.5	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Blaise Carrig.	84
10.6	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Stanley D. Brown.	100
10.7	Vail Resorts, Inc. Management Incentive Plan.	116
10.8	Form of Indemnification Agreement.	125
31.1	Certifications of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	143
31.2	Certifications of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	145
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	147

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 9, 2008

Vail Resorts, Inc.

By:

/s/ Jeffrey W. Jones

Jeffrey W. Jones

Senior Executive Vice President and  
Chief Financial Officer  
(Duly Authorized Officer)

Date: December 9, 2008

Vail Resorts, Inc.

By:

/s/ Mark L. Schoppet

Mark L. Schoppet

Vice President, Controller and  
Chief Accounting Officer

## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL RESORTS, INC., a Delaware corporation (the "Company") and Robert A. Katz ("Executive").

Whereas the parties had previously entered into that certain Employment Agreement, dated February 28, 2006 (the "Original Agreement"), but now desire to make certain updates to the terms contained in that Original Agreement as required to comply with law and as otherwise agreed herein and in order to accomplish the foregoing to enter into this replacement Agreement.

The parties hereto agree as follows:

1. Employment.

(a) The Company hereby employs Executive to serve as the Chief Executive Officer of the Company on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Board of Directors of the Company (the "Board"). Executive shall also serve as a member of the Board and the Executive Committee of the Board.

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the Board, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Eight Hundred and Forty-Three Thousand Five Hundred Dollars (\$843,500.00) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus award will be One Hundred Percent (100%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the Board and assessed by the Compensation Committee. The value of any award under the MIP ("MIP Award") made to Executive shall be payable in the form of cash as to Fifty Percent (50%) of the MIP Award and in the form of Restricted Stock Units ("RSUs") with a value equal to the remaining Fifty Percent (50%) of the MIP Award. The RSUs shall be issued subject to the terms of the VRI Amended and Restated 2002 Long Term Incentive and Share Award Plan (the "Equity Compensation Plan") and the agreement provided pursuant thereto, using the Company's standard valuation methodology and vesting in increments of 1/3 per year over a three year period, such vesting to commence on the first anniversary of the grant date of such RSUs. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive two hundred sixteen (216) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(d) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in all of the private clubs owned and operated by the Company from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally or as specifically approved by the Compensation Committee. Executive shall participate in the Executive Perquisite Fund (under the terms as of the date hereof) in the amount of \$70,000 per annum.

(e) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(f) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

(g) LT Grant. So long as Executive shall be employed by the Company on March 1, 2009 (and has not received any notice of termination for any reason as of or prior to that date), Executive shall be granted (the "March 2009 Grant") a long term incentive award having a grant value of \$4,800,000, of which (1) \$1,000,000 (using the Company's standard valuation methodology) shall be pursuant to a grant of Restricted Stock Units ("RSUs"), and (2) \$3,800,000 (using the Company's standard valuation methodology) shall be pursuant to a grant of Share Appreciation Rights ("SARs"), each of which (x) shall be subject to the terms of the VRI Amended and Restated 2002 Long Term Incentive and Share Award Plan (or such successor equity compensation plan) and the agreements provided pursuant thereto, and (y) shall vest in full on September 30, 2011; provided, however, that this provision shall be of no effect in the event that a Change in Control, as defined below, has been completed on or before March 1, 2009, and only if the effect of such Change in Control is to extinguish, exchange or convert the common stock of the Company concurrent with the Change in Control being effected. Notwithstanding the terms of any other agreement or plan, none of the vesting of the RSUs or SARs issued pursuant to the March 2009 Grant shall accelerate in the event of a duly completed Change in Control which has been publicly announced or completed prior to September 1, 2009 but rather shall vest pursuant to (y) above.

### 3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 ("Employment Commencement Date"). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-current term, either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for "Cause". For purposes of this Agreement, "Cause" shall mean (i) any conduct related to the Company involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company's Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties and Executive shall not have remedied such breach within 30 days after receiving written notice from the Board specifying the details thereof. In the event of a termination for Cause, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the "Mutual Release"), Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company's fiscal year through the effective date of such termination, which pro-rated bonus shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive's target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company's senior executives generally (the "Pro-Rated Bonus"), and (iii) twenty-four (24) months of Executive's then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs. In addition, provided that the Mutual Release has been executed, all unvested shares or portions of any equity grant not yet vested (including RSUs, SARs, stock options or any other form of equity or long-term incentive) made by the Company to Executive concurrent with or subsequent to the execution of the Original Agreement under any equity compensation plan of the Company ("Unvested Equity Grants") shall automatically become fully vested upon termination pursuant to this Section 3(c).

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for "Good Reason" by giving the Company written notice of such termination. For purposes of this Agreement, "Good Reason" shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive's then current Base Salary, (iii) Executive is directed to relocate Executive's principal office more than 30 miles from Interlocken Business Park without Executive's consent, (iv) the Company has effected a material diminution in Executive's reporting responsibilities, authority, or duties as in effect immediately prior to such change, and/or (v) the occurrence of a Change in Control (as defined below); provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (A) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition; (B) the Company has been given at least 30 days after receiving such notice to cure such condition (other than if Good Reason is due to a Change in Control); and (C) Executive actually terminates employment within six months following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive's then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) Twenty-Four (24) months of Executive's then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs. In addition, provided that the Mutual Release has been executed, all Unvested Equity Grants shall automatically become fully vested upon termination pursuant to this Section 3(d).

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days' prior written notice. In such event, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes "Totally and Permanently Disabled" (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive's then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive's then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company's Short-Term Disability Plan, through the earlier of (y)

the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive's long-term disability insurance payments commence. In addition, provided that the Mutual Release has been executed, all Unvested Equity Grants shall automatically become fully vested upon termination pursuant to this Section 3(f).

(g) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive's personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive's personal representative shall be entitled to receive (i) Executive's then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus. In addition, provided that the Mutual Release has been executed, all Unvested Equity Grants shall automatically become fully vested upon termination pursuant to this Section 3(g).

(h) Other Benefits. Upon Executive's termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year's COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive's date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive's employment.

(i) Termination in Connection with a Change in Control. In the event of a termination of Executive's employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a Change in Control of the Company and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twenty-four (24) months of Executive's then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year, payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of all Unvested Equity Grants. For purposes of this Agreement, "Change in Control" shall mean an event or series of events by which: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 35% or more of the equity securities of the Company entitled to vote for members of the Board or equivalent governing body of the Company on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of the Company cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of the Company entitled to vote for members of the Board or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) the Company sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(j) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of two (2) years beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, except with the prior written consent of the Board, directly or indirectly own, manage, operate, join, control, finance or participate in the ownership, management, operation, control or financing of, or be connected as an officer, director, employee, partner, principal, agent, representative, consultant or otherwise with, or use or permit his name to be used in connection with, any business or enterprise that is engaged in a "Competing Enterprise," which is defined as an entity whose operations are conducted within the ski industry in North America or in the real estate development, lodging or hospitality industries in the State of Colorado. Notwithstanding the foregoing, Executive may participate, own, finance, manage, obtain employment or otherwise be connected with a larger regional, national or international business or enterprise (a "New Employer") which owns or operates a Competing Enterprise as a brand, branch, division, subsidiary or affiliate provided that (i) the Competing Enterprise accounts for less than 10% of the New Employer's annual revenues and annual net income on both a historical or pro forma basis for the New Employer's most recently completed fiscal year, and (ii) Executive's duties for the New Employer are not primarily related to the conduct of such Competing Enterprise.

The foregoing restrictions shall not be construed to prohibit the ownership by Executive of less than five percent (5%) of any class of securities of any corporation which is engaged in any of the foregoing businesses having a class of securities registered pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), provided that such ownership represents a passive investment and that neither Executive nor any group of persons including Executive in any way, either directly or indirectly, manages or exercises control of any such corporation, guarantees any of its financial obligations, otherwise takes any part in its business (other than exercising his rights as a shareholder), or seeks to do any of the foregoing.

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of two (2) years thereafter, Executive will not, directly or indirectly solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves as a result of or in his capacity as CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), "Company Inventions" means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive's employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company's business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company's property or time; or (iv) access to the Company's confidential information. Executive hereby assigns to the Company Executive's entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with the Company, and that are protectable by copyright, are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive's employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive's capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive including the Original Agreement which is replaced in its entirety. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes.

All disputes relating to or arising from this Agreement and/or Executive's employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by the Judicial Arbitrator Group ("JAG") in Denver, Colorado in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAG arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAG arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAG to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAG arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys' fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Colorado law shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

Robert A. Katz  
615 Highland Avenue  
Boulder, CO, 80302

Vail Resorts, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. Excise Tax.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment, award, benefit or distribution (including, without limitation, the acceleration of any payment, award, distribution or benefit), by the Company or its subsidiaries to or for the benefit of Executive (whether pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 17) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code or any corresponding provisions of state or local tax law, or any interest or penalties are incurred by Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as, the "Excise Tax"), then Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by Executive of all taxes (including any Excise Tax, income tax or employment tax) imposed upon the Gross-Up Payment and any interest or penalties imposed with respect to such taxes, Executive retains from the Gross-Up Payment an amount equal to the excess, if any, of (i) the Excise Tax imposed upon the Payments, and (ii) the Excise Tax, if any, that would have been imposed on the Payments if the Executive had not served as a non-employee director of the Company prior to the Effective Date (and, therefore, Executive's non-employee director compensation had not been taken into account in the Excise Tax computation). The payment of a Gross-Up Payment under this Section 17(a) shall not be conditioned upon Executive's termination of employment. Notwithstanding the foregoing provisions of this Section 17, if it shall be determined that Executive is entitled to a Gross-Up Payment, but that the portion of the Payments that would be treated as "parachute payments" under Section 280G of the Code does not exceed the Safe Harbor Amount (as defined in the following sentence) by more than \$100,000, then no Gross-up Payment shall be made to Executive and the amounts payable under this Agreement shall be reduced so that the Payments, in the aggregate, are reduced to the Safe Harbor Amount. The "Safe Harbor Amount" is the greatest amount of payments in the nature of compensation that are contingent on a Change in Control for purposes of Section 280G of the Code that could be paid to Executive without giving rise to any Excise Tax. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the cash payments under Section 3. For purposes of reducing the payments to the Safe Harbor Amount, only amounts payable under this Agreement (and no other Payments) shall be reduced. If the reduction of the amounts payable under this Agreement would not result in a reduction of the Payments to the Safe Harbor Amount, no amounts payable under this Agreement shall be reduced pursuant to this Section 17(a).

(b) Subject to the provisions of Section 17(c), all determinations required to be made under this Section 17, including the determination of whether a Gross-Up Payment is required and of the amount of any such Gross-Up Payment, shall be made by the Company's independent auditors or such

other accounting firm agreed by the parties hereto (the "Accounting Firm"), which shall provide detailed supporting calculations to the Company within 15 business days after the receipt of notice from the Company that Executive has received a Payment, or such earlier time as is requested by the Company, provided that any determination that an Excise Tax is payable by Executive shall be made on the basis of substantial authority. The Company will promptly provide copies of such supporting calculations to Executive. The Initial Gross-Up Payment, if any, as determined pursuant to this Section 17(b), shall be paid to Executive (or for the benefit of the Executive to the extent of the Company's withholding obligation with respect to applicable taxes) no later than the later of (i) the due date for the payment of any Excise Tax, and (ii) the receipt of the Accounting Firm's determination. If the Accounting firm determines that no Excise Tax is payable by Executive, it shall furnish the Company with a written opinion that substantial authority exists for Executive not to report any Excise Tax on his Federal income tax return and, as a result, the Company is not required to withhold Excise Tax from payments to Executive. The Company will promptly provide a copy of any such opinion to Executive. Any determination by the Accounting Firm meeting the requirements of this Section 17(b) shall be binding upon the Company and Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 17(c) and Executive thereafter is required to make a payment of Excise Tax, the Accounting Firm shall determine the amount of the Underpayment, if any, that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of Executive. The fees and disbursements of the Accounting Firm shall be paid by the Company.

(c) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as soon as practicable but not later than ten business days after Executive receives written notice of such claim and shall apprise the Company of the nature of such claim and the date on which such Claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30-day period following the date on which it gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such period that it desires to contest such claim, Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim,

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(iii) cooperate with the Company in good faith in order effectively to contest such claim, and

(iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold Executive harmless, on an after-tax basis, for any Excise Tax, income tax or employment tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 17(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive on an interest-free basis and shall indemnify and hold Executive harmless, on an after-tax basis, from any Excise Tax, income tax or employment tax, including interest or penalties with respect thereto, imposed with respect to such advance (except that if such a loan would not be permitted under applicable law, the Company may not direct Executive to pay the claim and sue for a refund); and further provided that any extension of the statute of limitations relating to the payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 17(c), Executive becomes entitled to receive any refund with respect to such claim, Executive shall (subject to the Company's complying with the requirements to Section 17(c)) promptly pay the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by Executive of an amount advanced by the Company pursuant to Section 17(c), a determination is made that Executive shall not be entitled to any refund with respect to such claim and the Company does not notify Executive in writing of its intent to contest such denial of refund prior to the expiration of 30 days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of the Gross-Up Payment required to be paid.

18. No Duty to Mitigate.

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

19. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

20. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

21. Construction.

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

22. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

*[Signature Page to follow.]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL RESORTS, INC.

By: /s/ Jeffrey W. Jones

Name: Jeffrey W. Jones

Title: Senior Executive Vice President and Chief Financial Officer

EXECUTIVE:

/s/ Robert A. Katz

Robert A. Katz

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**MUTUAL RELEASE**

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by \_\_\_\_\_ ("Employee"), on the one hand and Vail Resorts, Inc. ("VRI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VRI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him, his spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VRI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VRI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VRI hereby releases and discharges Employee, his spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VRI ever had or may have at any time through the Release Date. VRI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VRI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VRI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VRI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VRI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts, Inc., 390 Interlocken Crescent, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

ROBERT A. KATZ

VAIL RESORTS, INC.

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL RESORTS, INC., a Delaware corporation (the "Company and Jeffrey W. Jones ("Executive").

Whereas the parties had previously entered into that certain Amended and Restated Employment Agreement, dated September 29, 2004 (the "Original Agreement"), as amended by that First Amendment to Amended and Restated Employment Agreement ("First Amendment"), but now desire to make certain updates to the terms contained in that Original Agreement as required to comply with law and as otherwise agreed to herein and in order to accomplish the foregoing to enter into this replacement Agreement.

The parties hereto agree as follows:

1. Employment.

(a) The Company hereby employs Executive to serve as Senior Executive Vice President and Chief Financial Officer on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Chief Executive Officer (the "CEO and the Board of Directors of the Company (the "Board"). Executive shall also serve as a member of the Board.

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the CEO and the Board, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Four Hundred Fifty Five Thousand Two Hundred Seventy One Dollars (\$455,271.00) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the CEO and the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, after consultation with and upon recommendation of the CEO, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus will be Sixty Percent (60%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the CEO, and the Companies' performance in light of objectives established by the Compensation Committee. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive Two Hundred Sixteen (216) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(d) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in such of the private clubs owned and operated by the Company as designated by the CEO from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally (e.g., season ski passes, executive perquisite fund).

(e) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(f) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

(h) Long Term Incentive Compensation. Executive shall be entitled to receive certain long term compensation as set forth in the First Amendment, all in accordance with the terms and conditions set forth therein which shall be incorporated herein with full force and effect.

3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 (“Employment Commencement Date”). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-current term, either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for “Cause”. For purposes of this Agreement, “Cause” shall mean (i) any conduct involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company’s Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties and Executive shall not have remedied such breach within 30 days after receiving written notice from the Board specifying the details thereof. In the event of a termination for Cause, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the “Mutual Release”), Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company’s fiscal year through the effective date of such termination, which shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive’s target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company’s senior executives generally (the “Pro-Rated Bonus”), and (iii) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs.

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for “Good Reason” by giving the Company written notice of such termination. For purposes of this Agreement, “Good Reason” shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive’s then current Base Salary, (iii) Executive is directed to relocate Executive’s principal office more than 30 miles from Interlocken Business Park without Executive’s consent, and/or (iv) the Company has effected a material diminution in Executive’s reporting title, responsibilities, authority, or duties as in effect immediately prior to such change, which shall also be deemed to have occurred, in the case of a Change in Control, as defined below, if the Company is no longer listed on a public trading exchange; provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (a) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition executive was aware or reasonably should have been; (B) the Company has been given at least 30 days after receiving such notice to cure such condition; and (C) Executive actually terminates employment within [six months] following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive’s then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs.

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days’ prior written notice. In such event, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes “Totally and Permanently Disabled” (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive’s then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company’s Short-Term Disability Plan, through the earlier of (y) the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive’s long-term disability insurance payments commence.

(h) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive’s personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive’s personal representative shall be entitled to receive (i) Executive’s then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus.

(i) Other Benefits. Upon Executive’s termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year’s COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive’s date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive’s employment.

(j) Termination in Connection with a Change in Control. In the event of a termination of Executive’s employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a Change in Control of the Company and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release,

Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twelve (12) months of Executive's then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year, payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards (including, but not limited to performance share options) held by Executive whether granted to Executive pursuant to this Agreement or otherwise. For purposes of this Agreement, "Change in Control" shall mean an event or series of events by which: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 35% or more of the equity securities of the Company entitled to vote for members of the Board or equivalent governing body of the Company on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of the Company cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of the Company entitled to vote for members of the Board or equivalent governing body of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) the Company sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(k) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of one (1) year beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, without the prior written consent of the CEO, directly or indirectly, become associated, either as owner, employee, officer, director, independent contractor, agent, partner, advisor or in any other capacity calling for the rendition of personal services ("New Capacity"), with any individual, partnership, corporation, or other organization ("New Enterprise") doing business in North America whose business or enterprise is ski resort ownership or operation or doing business in the State of Colorado whose business or enterprise is real estate development, lodging or hospitality ("Competing Business"); provided, however, that the foregoing shall not preclude Executive from (i) engaging in such New Capacity where (A) such Competing Business accounts for less than 10% of the New Enterprise's annual revenues and annual net income on both a historical or pro forma basis for its most recently completed fiscal year, or (B) Executive's duties for the New Enterprise are not primarily related to the conduct of such Competing Business, or (ii) having passive investments in less than five percent (5%) of the outstanding capital stock of a competitive corporation that is listed on a national securities exchange or regularly traded in the over-the-counter market or that have been approved in writing by the CEO. Executive acknowledges that this Agreement is a contract for the protection of trade secrets within the meaning of Colorado Revised Statutes § 8-2-113(2)(b) and that Executive is an executive or manager, or professional staff to an executive or manager, within the meaning of Colorado Revised Statutes § 8-2-113(2)(d). Executive acknowledges that Executive has had a full and fair opportunity to consult with counsel of Executive's own choosing concerning the meaning and legal effect of this Section 4(a).

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of one year thereafter, Executive will not, directly or indirectly, solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

#### 5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves at the direction of the CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

#### 6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), "Company Inventions" means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive's employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company's business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company's property or time; or (iv) access to the Company's confidential information. Executive hereby assigns to the Company Executive's entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with the Company, and that are protectable by copyright, are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive's employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive's capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Company. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive including the Original Agreement which is replaced in its entirety; provided, however, that the terms of the First Amendment shall remain in full force and effect and the obligations thereunder shall be executed in accordance with their terms. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes.

All disputes relating to or arising from this Agreement and/or Executive's employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by the Judicial Arbitrator Group ("JAG") in Denver, Colorado in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAG arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAG arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAG to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAG arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys' fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Colorado law shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

Jeffrey W. Jones  
9022 Jason Court  
Boulder, CO 80303

Vail Resorts, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. No Duty to Mitigate.

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

18. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

19. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

20. Construction.

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

21. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

*[Signature Page to follow.]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL RESORTS, INC.

By: /s/ Robert A. Katz

Name: Robert A. Katz

Title: Chief Executive Officer

EXECUTIVE:

/s/ Jeffrey W. Jones

Jeffrey W. Jones

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MUTUAL RELEASE

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by Jeffrey W. Jones ("Employee"), on the one hand and Vail Resorts, Inc. ("VRI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VRI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him/herself, his/her spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VRI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his/her spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VRI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VRI hereby releases and discharges Employee, his/her spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VRI ever had or may have at any time through the Release Date. VRI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VRI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VRI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VRI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VRI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts Management Company, 390 Interlocken Crescent, Suite 1000, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

JEFFREY W. JONES

VAIL RESORTS, INC.

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL HOLDINGS, INC., a Colorado corporation (the "Company"), a wholly-owned subsidiary of VAIL RESORTS, INC., a Delaware corporation ("VRI"), and Keith Fernandez ("Executive").

Whereas the parties had previously entered into that certain Amended and Restated Employment Agreement, dated May 4, 2006, as amended by that Amendment to Employment Agreement, dated August 6, 2007 (the "Original Agreement"), but now desire to make certain updated to the terms contained in that Original Agreement as required to comply with law and as otherwise agreed to herein and in order to accomplish the foregoing to enter into this replacement Agreement.

The parties hereto agree as follows:

1. Employment.

(a) The Company hereby employs Executive to serve as President and Chief Operating Officer of Vail Resorts Development Company on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Chief Executive Officer (the "CEO").

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the CEO, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Four Hundred Twenty Thousand Dollars (\$420,000) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the CEO and the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, after consultation with and upon recommendation of the CEO, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus will be Fifty Percent (50%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the CEO, and the Companies' performance in light of objectives established by the Compensation Committee. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Long Term Incentive Compensation. Each year, commencing on or about October 2008 or such other date as determined by the Compensation Committee, Executive shall receive an equity grant, in such form as determined by the Compensation Committee, under and subject to the terms of the VRI Amended and Restated 2002 Long Term Incentive and Share Award Plan or any successor plan and the agreement provided pursuant thereto, in a value of \$450,000 (using VRI's standard valuation methodology), as such value and terms, including the period of vesting, may be adjusted by the Compensation Committee in its sole discretion.

(d) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive Two Hundred Sixteen (216) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(e) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in such of the private clubs owned and operated by the Company as designated by the CEO from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally (e.g., season ski passes, executive perquisite fund).

(f) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(g) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 ("Employment Commencement Date"). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-current term, either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for "Cause". For purposes of this Agreement, "Cause" shall mean (i) any conduct involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company's Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties. In the event of a termination for Cause, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the "Mutual Release"), Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company's fiscal year through the effective date of such termination, which pro-rated bonus shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive's target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company's senior executives generally (the "Pro-Rated Bonus"), and (iii) twelve (12) months of Executive's then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs.

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for "Good Reason" by giving the Company written notice of such termination. For purposes of this Agreement, "Good Reason" shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive's then current Base Salary, (iii) Executive is directed to relocate Executive's principal office more than 50 miles from Interlocken Business Park without Executive's consent, and/or (iv) the Company has effected a material diminution in Executive's reporting responsibilities, authority, or duties as in effect immediately prior to such change; provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (a) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition; (B) the Company has been given at least 30 days after receiving such notice to cure such condition; and (C) Executive actually terminates employment within six months following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive's then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) twelve (12) months of Executive's then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs.

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days' prior written notice. In such event, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes "Totally and Permanently Disabled" (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive's then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive's then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company's Short-Term Disability Plan, through the earlier of (y) the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive's long-term disability insurance payments commence.

(g) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive's personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive's personal representative shall be entitled to receive (i) Executive's then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus.

(h) Other Benefits. Upon Executive's termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year's COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive's date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive's employment.

(i) Termination in Connection with a Change in Control. In the event of a termination of Executive's employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a

Change in Control of VRI and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twelve (12) months of Executive's then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year, payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards (including, but not limited to performance share options) held by Executive whether granted to Executive pursuant to this Agreement or otherwise. For purposes of this Agreement, "Change in Control" shall mean an event or series of events by which: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 35% or more of the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of VRI cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) VRI sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(j) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of one (1) year beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, without the prior written consent of the CEO, directly or indirectly, become associated, either as owner, employee, officer, director, independent contractor, agent, partner, advisor or in any other capacity calling for the rendition of personal services ("New Capacity"), with any individual, partnership, corporation, or other organization doing business in the State of Colorado ("New Enterprise") whose business or enterprise is resort real estate development ("Competing Business"); provided, however, that the foregoing shall not preclude Executive from (i) engaging in such New Capacity where (A) such Competing Business account for less than 10% of the New Enterprise's annual revenues and annual net income on both a historical or pro forma basis for its most recently completed fiscal year, or (B) Executive's duties for the New Enterprise are not primarily related to the conduct of such Competing Business, or (ii) having passive investments in less than five percent (5%) of the outstanding capital stock of a competitive corporation that is listed on a national securities exchange or regularly traded in the over-the-counter market or that have been approved in writing by the CEO. Executive acknowledges that this Agreement is a contract for the protection of trade secrets within the meaning of Colorado Revised Statutes § 8-2-113(2)(b) and that Executive is an executive or manager, or professional staff to an executive or manager, within the meaning of Colorado Revised Statutes § 8-2-113(2)(d). Executive acknowledges that Executive has had a full and fair opportunity to consult with counsel of Executive's own choosing concerning the meaning and legal effect of this Section 4(a).

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of one year thereafter, Executive will not, directly or indirectly, solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

#### 5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves at the direction of the CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

#### 6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), "Company Inventions" means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive's employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company's business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company's property or time; or (iv) access to the Company's confidential information. Executive hereby assigns to the Company Executive's entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with the Company, and that are protectable by copyright, are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive's employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive's capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of VRI. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive including the Original Agreement which is replaced in its entirety. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes.

All disputes relating to or arising from this Agreement and/or Executive's employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by the Judicial Arbitrator Group ("JAG") in Denver, Colorado in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAG arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAG arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAG to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAG arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys' fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Colorado law shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

Keith Fernandez  
4421 Augusta Drive  
Broomfield, CO 80020

Vail Holdings, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. No Duty to Mitigate.

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

18. Binding Effect

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

19. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

20. Construction.

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

21. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

[Signature Page to follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL HOLDINGS, INC.

By: /s/ Robert A. Katz

Name: Robert A. Katz

Title: Chief Executive Officer

EXECUTIVE:

/s/ Keith Fernandez

Keith Fernandez

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**MUTUAL RELEASE**

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by Keith Fernandez ("Employee"), on the one hand and Vail Holdings, Inc., ("VHI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VHI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him/herself, his/her spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VHI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his/her spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VHI hereby releases and discharges Employee, his/her spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VHI ever had or may have at any time through the Release Date. VHI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VHI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VHI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VHI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts Management Company, 390 Interlocken Crescent, Suite 1000, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

KEITH FERNANDEZ

VAIL HOLDINGS, INC.

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL HOLDINGS, INC., a Colorado corporation (the "Company"), a wholly-owned subsidiary of VAIL RESORTS, INC., a Delaware corporation ("VRI"), and John McD. Garnsey ("Executive").

The parties hereto agree as follows:

### 1. Employment.

(a) The Company hereby employs Executive to serve as President - Vail Resorts Hospitality on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Chief Executive Officer (the "CEO").

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the CEO and the Board, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

### 2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Three Hundred Thirty Five Thousand Dollars (\$335,000) per year increasing, effective August 1, 2009, to Three Hundred Sixty-Five Thousand Dollars (\$365,000) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the CEO and the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, after consultation with and upon recommendation of the CEO, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus will be Fifty Percent (50%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the CEO, and the Companies' performance in light of objectives established by the Compensation Committee. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive Two Hundred Sixteen (216) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(d) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in such of the private clubs owned and operated by the Company as designated by the CEO from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally (*e.g.*, season ski passes, executive perquisite fund).

(e) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(f) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

### 3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 ("Employment Commencement Date"). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-current term,

either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for “Cause”. For purposes of this Agreement, “Cause” shall mean (i) any conduct involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company’s Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties. In the event of a termination for Cause, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the “Mutual Release”), Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company’s fiscal year through the effective date of such termination, which pro-rated bonus shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive’s target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company’s senior executives generally (the “Pro-Rated Bonus”), and (iii) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs.

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for “Good Reason” by giving the Company written notice of such termination. For purposes of this Agreement, “Good Reason” shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive’s then current Base Salary, (iii) Executive is directed to relocate Executive’s principal office more than 50 miles from Interlocken Business Park without Executive’s consent, and/or (iv) the Company has effected a material diminution in Executive’s reporting responsibilities, authority, or duties as in effect immediately prior to such change; provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (a) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition; (B) the Company has been given at least 30 days after receiving such notice to cure such condition; and (C) Executive actually terminates employment within six months following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive’s then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs.

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days’ prior written notice. In such event, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes “Totally and Permanently Disabled” (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive’s then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company’s Short-Term Disability Plan, through the earlier of (y) the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive’s long-term disability insurance payments commence.

(g) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive’s personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive’s personal representative shall be entitled to receive (i) Executive’s then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus.

(h) Other Benefits. Upon Executive’s termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year’s COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive’s date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive’s employment.

(i) Termination in Connection with a Change in Control. In the event of a termination of Executive’s employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a Change in Control of VRI and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twelve (12) months of Executive’s then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year, payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards (including, but not limited to performance share options) held by Executive whether granted to Executive pursuant to this Agreement or otherwise. For purposes of this Agreement, “Change in Control” shall mean an event or series of events by which: (A) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the

Exchange Act), directly or indirectly, of 35% or more of the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of VRI cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) VRI sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(k) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of one (1) year beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, without the prior written consent of the CEO, directly or indirectly, become associated, either as owner, employee, officer, director, independent contractor, agent, partner, advisor or in any other capacity calling for the rendition of personal services ("New Capacity"), with any individual, partnership, corporation, or other organization doing business in the State of Colorado ("New Enterprise") whose business or enterprise is lodging or hospitality ("Competing Business"); provided, however, that the foregoing shall not preclude Executive from (i) engaging in such New Capacity where (A) such Competing Business account for less than 10% of the New Enterprise's annual revenues and annual net income on both a historical or pro forma basis for its most recently completed fiscal year, or (B) Executive's duties for the New Enterprise are not primarily related to the conduct of such Competing Business, or (ii) having passive investments in less than five percent (5%) of the outstanding capital stock of a competitive corporation that is listed on a national securities exchange or regularly traded in the over-the-counter market or that have been approved in writing by the CEO. Executive acknowledges that this Agreement is a contract for the protection of trade secrets within the meaning of Colorado Revised Statutes § 8-2-113(2)(b) and that Executive is an executive or manager, or professional staff to an executive or manager, within the meaning of Colorado Revised Statutes § 8-2-113(2)(d). Executive acknowledges that Executive has had a full and fair opportunity to consult with counsel of Executive's own choosing concerning the meaning and legal effect of this Section 4(a).

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of one year thereafter, Executive will not, directly or indirectly, solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

#### 5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves at the direction of the CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

#### 6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), “Company Inventions” means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive’s employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company’s business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company’s property or time; or (iv) access to the Company’s confidential information. Executive hereby assigns to the Company Executive’s entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive’s employment with the Company, and that are protectable by copyright, are “works made for hire,” as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be “works made for hire,” Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive’s employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive’s capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of VRI. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes

All disputes relating to or arising from this Agreement and/or Executive’s employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by the Judicial Arbitrator Group (“JAG”) in Denver, Colorado in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAG arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAG arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAG to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAG arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys’ fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Colorado law shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

John McD. Garnsey  
21500 Highway Six  
Eagle, CO 81631

Vail Holdings, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. No Duty to Mitigate

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

18. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

19. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

20. Construction.

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

21. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

[Signature Page to follow.]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL HOLDINGS, INC.

By: /s/ Robert A. Katz

Name: Robert A. Katz

Title: Chief Executive Officer

EXECUTIVE:

/s/ John McD. Garnsey

John McD. Garnsey

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**MUTUAL RELEASE**

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by John McD. Garnsey ("Employee"), on the one hand and Vail Holdings, Inc., ("VHI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VHI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him/herself, his/her spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VHI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his/her spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VHI hereby releases and discharges Employee, his/her spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VHI ever had or may have at any time through the Release Date. VHI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VHI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VHI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VHI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts Management Company, 390 Interlocken Crescent, Suite 1000, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

JOHN MCD. GARNSEY

VAIL HOLDINGS, INC.

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL HOLDINGS, INC., a Colorado corporation (the "Company"), a wholly-owned subsidiary of VAIL RESORTS, INC., a Delaware corporation ("VRI"), and Blaise Carrig ("Executive").

Whereas the parties had previously entered into that certain Employment Agreement, dated July 23, 2002 (the "Original Agreement"), as supplemented by that certain Addendum, dated as of September 1, 2002 (the "Addendum"), but now desire to make certain updates to the terms contained in that Original Agreement as required to comply with law and as otherwise agreed herein and in order to accomplish the foregoing enter into this replacement Agreement.

The parties hereto agree as follows:

1. Employment.

(a) The Company hereby employs Executive to serve as Co- President, Mountain Division, and Chief Operating Officer, Heavenly on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Chief Executive Officer (the "CEO").

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the CEO and the Board, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Three Hundred Sixty-Five Thousand Dollars (\$365,000) per year increasing, effective August 1, 2009, to Three Hundred Eighty-Five Thousand Dollars (\$385,000) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the CEO and the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, after consultation with and upon recommendation of the CEO, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus will be Fifty Percent (50%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the CEO, and the Companies' performance in light of objectives established by the Compensation Committee. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive One Hundred Eighty Four (184) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(d) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in such of the private clubs owned and operated by the Company as designated by the CEO from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally (e.g., season ski passes, executive perquisite fund).

(e) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(f) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

(g) Residence. The Company and Executive previously reached certain agreements regarding Executive's primary residence as set forth in the Addendum, which shall remain in full force and effect without modification hereunder.

### 3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 ("Employment Commencement Date"). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-current term, either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for "Cause". For purposes of this Agreement, "Cause" shall mean (i) any conduct involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company's Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties. In the event of a termination for Cause, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the "Mutual Release"), Executive shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company's fiscal year through the effective date of such termination, which pro-rated bonus shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive's target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company's senior executives generally (the "Pro-Rated Bonus"), and (iii) twelve (12) months of Executive's then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs.

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for "Good Reason" by giving the Company written notice of such termination. For purposes of this Agreement, "Good Reason" shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive's then current Base Salary, (iii) Executive is directed to relocate Executive's principal office more than 50 miles from Heavenly's executive offices in Stateline, Nevada without Executive's consent, and/or (iv) the Company has effected a material diminution in Executive's reporting responsibilities, authority, or duties as in effect immediately prior to such change; provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (a) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition; (B) the Company has been given at least 30 days after receiving such notice to cure such condition; and (C) Executive actually terminates employment within six months following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive's then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) twelve (12) months of Executive's then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs.

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days' prior written notice. In such event, Executive shall be entitled to receive only Executive's then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes "Totally and Permanently Disabled" (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive's then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive's then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company's Short-Term Disability Plan, through the earlier of (y) the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive's long-term disability insurance payments commence.

(g) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive's personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive's personal representative shall be entitled to receive (i) Executive's then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus.

(h) Other Benefits. Upon Executive's termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year's COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive's date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive's employment.

(i) Termination in Connection with a Change in Control. In the event of a termination of Executive's employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a Change in Control of VRI and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive

shall be entitled to receive (i) Executive's then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twelve (12) months of Executive's then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year], payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards (including, but not limited to performance share options) held by Executive whether granted to Executive pursuant to this Agreement or otherwise. For purposes of this Agreement, "Change in Control" shall mean an event or series of events by which: (A) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of 35% or more of the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of VRI cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) VRI sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(j) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of one (1) year beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, without the prior written consent of the CEO, directly or indirectly, become associated, either as owner, employee, officer, director, independent contractor, agent, partner, advisor or in any other capacity calling for the rendition of personal services ("New Capacity"), with any individual, partnership, corporation, or other organization ("New Enterprise") doing business in North America whose business or enterprise is ski resort ownership or operation ("Competing Business"); provided, however, that the foregoing shall not preclude Executive from (i) engaging in such New Capacity where (A) such Competing Business accounts for less than 10% of the New Enterprise's annual revenues and annual net income on both a historical or pro forma basis for its most recently completed fiscal year, or (B) Executive's duties for the New Enterprise are not primarily related to the conduct of such Competing Business, or (ii) having passive investments in less than five percent (5%) of the outstanding capital stock of a competitive corporation that is listed on a national securities exchange or regularly traded in the over-the-counter market or that have been approved in writing by the CEO. Executive acknowledges that this Agreement is a contract for the protection of trade secrets within the meaning of Colorado Revised Statutes § 8-2-113(2)(b) and that Executive is an executive or manager, or professional staff to an executive or manager, within the meaning of Colorado Revised Statutes § 8-2-113(2)(d). Executive acknowledges that Executive has had a full and fair opportunity to consult with counsel of Executive's own choosing concerning the meaning and legal effect of this Section 4(a).

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of one year thereafter, Executive will not, directly or indirectly, solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

#### 5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves at the direction of the CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

#### 6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), "Company Inventions" means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive's employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company's business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company's property or time; or (iv) access to the Company's confidential information. Executive hereby assigns to the Company Executive's entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with the Company, and that are protectable by copyright, are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive's employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive's capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of VRI. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive, including the Original Agreement which is replaced in its entirety; provided, however, that the terms of the Addendum shall remain in full force and effect. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes.

All disputes relating to or arising from this Agreement and/or Executive's employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by JAMS in San Francisco, California in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAMS arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAMS arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAMS to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAMS arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys' fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Nevada shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

Blaise Carrig  
558 Green Acres Drive  
Gardnerville, NV 89460

Vail Holdings, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. No Duty to Mitigate.

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

18. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

19. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

20. Construction

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

21. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

[Signature Page to follow.]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL HOLDINGS, INC.

By: /s/ Robert A. Katz

Name: Robert A. Katz

Title: Chief Executive Officer

EXECUTIVE:

/s/ Blaise Carrig

Blaise Carrig

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**MUTUAL RELEASE**

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by Blaise Carrig ("Employee"), on the one hand and Vail Holdings, Inc., ("VHI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VHI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him/herself, his/her spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VHI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his/her spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VHI hereby releases and discharges Employee, his/her spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VHI ever had or may have at any time through the Release Date. VHI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VHI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VHI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VHI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts Management Company, 390 Interlocken Crescent, Suite 1000, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

BLAISE CARRIG

VAIL HOLDINGS, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into October 15, 2008 by and between VAIL HOLDINGS, INC., a Colorado corporation (the "Company"), a wholly-owned subsidiary of VAIL RESORTS, INC., a Delaware corporation ("VRI"), and Stanley D. Brown ("Executive").

The parties hereto agree as follows:

### 1. Employment.

(a) The Company hereby employs Executive to serve as President - Vail Resorts Hospitality on the terms and conditions set forth herein. In such capacity, Executive shall have the responsibilities normally associated with such position, subject to the direction and supervision of the Chief Executive Officer (the "CEO").

(b) Executive accepts employment hereunder and agrees that, during the term of Executive's employment, Executive will observe and comply with the policies and rules of the Company and devote substantially all Executive's time during normal business hours and best efforts to the performance of Executive's duties hereunder, which duties shall be performed in an efficient and competent manner and to the best of Executive's ability. Executive further agrees that, during the term of this Agreement, Executive will not, without the prior written consent of the CEO and the Board, directly or indirectly engage in any manner in any business or other endeavor, either as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of Executive's personal services. This restriction shall not preclude Executive from having passive investments, and devoting reasonable time to the supervision thereof (so long as such does not create a conflict of interest or interfere with Executive's obligations hereunder), in any business or enterprise that is not in competition with any business or enterprise of the Company or any of its parents, subsidiaries or affiliates (collectively, the "Companies"). This Agreement shall not limit Executive's community or charitable activities so long as such activities do not impair or interfere with Executive's performance of the services contemplated by this Agreement.

### 2. Compensation.

For all services rendered by Executive to or on behalf of the Companies, the Company shall provide or cause to be provided to Executive, subject to making any and all withholdings and deductions required of the Company or its affiliates by law with all other income tax consequences being borne by Executive, the following:

(a) Base Salary. Executive shall receive a base salary of Three Hundred Thirty Five Thousand Dollars (\$335,000) per year increasing, effective August 1, 2009, to Three Hundred Sixty-Five Thousand Dollars (\$365,000) per year (the "Base Salary"), payable in accordance with the normal payroll practices of the Company, and net of mandatory time off deductions and other applicable withholding and deductions. Executive's Base Salary shall be reviewed annually by the CEO and the Compensation Committee of the Board (the "Compensation Committee"). Any increases in such Base Salary shall be at the discretion of the Compensation Committee, after consultation with and upon recommendation of the CEO, and Executive acknowledges that the Compensation Committee is not obligated to grant any increases. The Base Salary shall not be lowered during the term of this Agreement without Executive's written consent.

(b) Vail Resorts Management Incentive Plan for Corporate Executives. Executive shall be entitled to participate in the Management Incentive Plan for Corporate Executives (the "MIP") on the same terms as may be applicable to other senior executives of the Company and subject to the terms of the MIP. Under the MIP, Executive's target annual bonus will be Fifty Percent (50%) of Executive's Base Salary based upon Executive's performance in light of objectives established by the CEO, and the Companies' performance in light of objectives established by the Compensation Committee. Any awards under the MIP are at the discretion of the Compensation Committee.

(c) Benefits; Paid Time Off. Executive shall be eligible to participate in the benefit plans and perks and on the same terms as may be extended generally to other senior executives of the Companies and to the extent Executive is eligible under the terms of the applicable plan. Executive shall also receive Two Hundred Sixteen (216) hours of paid time off, which amount shall include hours for paid holidays, as well as be required to take such hours of mandatory-time-off in accordance with the Company's policies and procedures.

(d) Clubs and Other Privileges. Executive shall, subject to applicable rules in effect from time to time, be entitled during the term of employment to the benefits of membership in such of the private clubs owned and operated by the Company as designated by the CEO from time to time (collectively "Clubs") as part of the Company's quality evaluation program and subject to completion of bi-annual feedback surveys; provided that Executive shall not actually be a member of such Clubs and in no event shall Executive be entitled to any claim of reimbursement for any initiation or similar fees. Executive shall be solely responsible for the payment of any and all charges incurred at such Clubs, but may utilize Executive's annual allowance provided pursuant to Executive Perquisite Fund (as may be in effect from time to time) to pay such charges, excepting only the payment of regular dues, which Executive shall not be obligated to pay. In addition, Executive shall receive all other benefits and perquisites on the same terms afforded from time to time to senior executives generally (*e.g.*, season ski passes, executive perquisite fund).

(e) Expense Reimbursement. Executive shall have a travel and entertainment budget that is reasonable in light of Executive's position and responsibilities and shall be reimbursed for all reasonable business-related travel and entertainment expenses incurred by Executive thereunder upon submission of appropriate documentation thereof in compliance with applicable Company policies.

(f) Legal Expenses. The Company shall reimburse Executive's reasonable documented legal fees and expenses (not to exceed \$10,000) incurred in the review and negotiation of this Agreement.

### 3. Term and Termination.

(a) Term. The effective date of this Agreement shall be October 15, 2008 ("Employment Commencement Date"). Unless terminated earlier, the term of this Agreement shall be for the period commencing with the Employment Commencement Date and continuing through October 15, 2011 and shall thereafter be automatically renewed for successive one-year periods unless, no later than 60 days before the expiration of the then-

current term, either Executive or the Company gives the other written notice of non-renewal, in which case this Agreement shall expire upon the conclusion of the then-current initial or renewal term.

(b) Termination for Cause. The Company may terminate this Agreement at any time for “Cause”. For purposes of this Agreement, “Cause” shall mean (i) any conduct involving gross negligence, gross mismanagement, or the unauthorized disclosure of confidential information or trade secrets; (ii) dishonesty or a violation of the Company’s Code of Ethics and Business Conduct that has or reasonably could be expected to result in a detrimental impact on the reputation, goodwill or business position of any of the Companies; (iii) gross obstruction of business operations or illegal or disreputable conduct by Executive that impairs or reasonably could be expected to impair the reputation, goodwill or business position of any of the Companies, and any acts that violate any policy of the Company relating to discrimination or harassment; (iv) commission of a felony or a crime involving moral turpitude or the entrance of a plea of guilty or nolo contendere to a felony or a crime involving moral turpitude; or (v) any action involving a material breach of the terms of the Agreement including material inattention to or material neglect of duties. In the event of a termination for Cause, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of such termination. Further, Executive acknowledges that in the event of such a termination for Cause, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(c) Termination Without Cause. The Company may terminate this Agreement at any time without Cause, by giving Executive written notice specifying the effective date of such termination. In the event of a termination without Cause and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) a written release in connection with such termination substantially in the form attached hereto as Annex I (the “Mutual Release”), Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the effective date of such termination, (ii) a pro-rated bonus for the portion of the Company’s fiscal year through the effective date of such termination, which pro-rated bonus shall be based on applying the level of achievement of the performance targets (with respect to both Executive and the Companies) to Executive’s target bonus for the year of such termination payable in a lump sum at the same time as bonuses are paid to the Company’s senior executives generally (the “Pro-Rated Bonus”), and (iii) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. For the purposes of this section, any written notice of non-renewal given by the Company pursuant to Section 3(a) of this Agreement shall be deemed termination without Cause. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination without Cause occurs.

(d) Termination By Executive For Good Reason. Executive shall be entitled to terminate this Agreement at any time for “Good Reason” by giving the Company written notice of such termination. For purposes of this Agreement, “Good Reason” shall mean (i) the Company has breached its obligations hereunder in any material respect, (ii) the Company has decreased Executive’s then current Base Salary, (iii) Executive is directed to relocate Executive’s principal office more than 50 miles from Interlocken Business Park without Executive’s consent, and/or (iv) the Company has effected a material diminution in Executive’s reporting responsibilities, authority, or duties as in effect immediately prior to such change; provided, however, that Executive shall not have the right to terminate this Agreement for Good Reason unless: (a) Executive has provided notice to the Company of any of the foregoing conditions within 90 days of the initial existence of the condition; (B) the Company has been given at least 30 days after receiving such notice to cure such condition; and (C) Executive actually terminates employment within six months following the initial existence of the condition. In such event, provided that Executive and the Company have executed (and, if applicable, thereafter not revoked) the Mutual Release, Executive shall be entitled to receive (w) Executive’s then current Base Salary through the effective date of such termination, (x) a Pro-Rated Bonus, (y) twelve (12) months of Executive’s then current Base Salary payable in a lump sum. Any payment to Executive made pursuant hereto shall be paid to Executive no later than the date that is two and a half months following the calendar year in which such termination for Good Reason occurs.

(e) Termination By Executive Without Good Reason. Executive may also terminate this Agreement at any time without Good Reason by giving the Company at least thirty (30) days’ prior written notice. In such event, Executive shall be entitled to receive only Executive’s then-current Base Salary through the date of termination. Further, Executive acknowledges that in the event of such a termination without Good Reason, Executive shall not be entitled to receive any bonus payment for the year of termination or subsequent years under the MIP or any other incentive compensation plan in which Executive is then participating.

(f) Termination Due To Disability. In the event that Executive becomes “Totally and Permanently Disabled” (as reasonably determined by the Board acting in good faith), the Company shall have the right to terminate this Agreement upon written notice to Executive; provided, however, that in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the date of such termination, (ii) a Pro-Rated Bonus, and (iii) Executive’s then-current Base Salary, net of short term disability payments remitted to Executive by the Company pursuant to the Company’s Short-Term Disability Plan, through the earlier of (y) the scheduled expiration date of this Agreement (but in no event less than twelve (12) months from the date of disability) or (z) the date on which Executive’s long-term disability insurance payments commence.

(g) Termination Due To Death. This Agreement shall be deemed automatically terminated upon the death of Executive. In such event, provided Executive’s personal representative and the Company execute a release substantially in the form of the Mutual Release, Executive’s personal representative shall be entitled to receive (i) Executive’s then-current Base Salary through such date of termination, and (ii) a Pro-Rated Bonus.

(h) Other Benefits. Upon Executive’s termination pursuant to Sections 3(c) or (d), and, in the event that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, the Company agrees to pay Executive, in lump sum, one year’s COBRA premiums for continuation of health and dental coverage in existence at the time of such termination, as determined as of Executive’s date of termination. This payment will be remitted to Executive at the same time that Executive is paid pursuant to Sections 3(c) and (d). Except as expressly set forth in this Section 3, Executive shall not be entitled to receive any compensation or other benefits in connection with the termination of Executive’s employment.

(i) Termination in Connection with a Change in Control. In the event of a termination of Executive’s employment by the Company without Cause or by Executive for Good Reason or notice by the Company of non-renewal of this Agreement, all within 365 days of a consummation of a Change in Control of VRI and provided that Executive and the Company execute (and, if applicable, thereafter not revoke) the Mutual Release, Executive shall be entitled to receive (i) Executive’s then-current Base Salary through the effective date of such termination or non-renewal, (ii) a Pro-Rated Bonus, (iii) a lump sum payment equal to twelve (12) months of Executive’s then current Base Salary plus an amount equal to the cash bonus paid to Executive in the prior calendar year, payable no later than the date that is two and a half months following the calendar year in which such termination or non-renewal occurs, and (iv) to the extent not already vested, full vesting of any RSUs, SARs or other equity awards (including, but not limited to performance share options) held by Executive whether granted to Executive pursuant to this Agreement or otherwise. For purposes of this Agreement, “Change in Control” shall mean an event or series of events by which: (A) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the

Exchange Act), directly or indirectly, of 35% or more of the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis; or (B) during any period of twenty four (24) consecutive months, a majority of the members of the Board or other equivalent governing body of VRI cease to be composed of individuals (1) who were members of that Board or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body, or (3) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board); or (C) any person or two or more persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of VRI entitled to vote for members of the Board or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities; or (D) VRI sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to, another "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act).

(k) Provisions of Agreement that Survive Termination. No termination of this Agreement shall affect any of the rights and obligations of the parties hereto under Sections 4, 5, 6 and 7, and such rights and obligations shall survive such termination in accordance with the terms of such sections.

#### 4. Restrictive Covenants.

(a) The provisions of this Section 4 shall apply for a period of one (1) year beginning with the date of termination of Executive's employment hereunder for any reason. During such period, Executive will not, without the prior written consent of the CEO, directly or indirectly, become associated, either as owner, employee, officer, director, independent contractor, agent, partner, advisor or in any other capacity calling for the rendition of personal services ("New Capacity"), with any individual, partnership, corporation, or other organization doing business in the State of Colorado ("New Enterprise") whose business or enterprise is lodging or hospitality ("Competing Business"); provided, however, that the foregoing shall not preclude Executive from (i) engaging in such New Capacity where (A) such Competing Business account for less than 10% of the New Enterprise's annual revenues and annual net income on both a historical or pro forma basis for its most recently completed fiscal year, or (B) Executive's duties for the New Enterprise are not primarily related to the conduct of such Competing Business, or (ii) having passive investments in less than five percent (5%) of the outstanding capital stock of a competitive corporation that is listed on a national securities exchange or regularly traded in the over-the-counter market or that have been approved in writing by the CEO. Executive acknowledges that this Agreement is a contract for the protection of trade secrets within the meaning of Colorado Revised Statutes § 8-2-113(2)(b) and that Executive is an executive or manager, or professional staff to an executive or manager, within the meaning of Colorado Revised Statutes § 8-2-113(2)(d). Executive acknowledges that Executive has had a full and fair opportunity to consult with counsel of Executive's own choosing concerning the meaning and legal effect of this Section 4(a).

(b) Further, Executive covenants and agrees that, during Executive's employment hereunder and for the period of one year thereafter, Executive will not, directly or indirectly, solicit for another business or enterprise, or otherwise interfere with the Company's relationship with, any person who is a Grade 27 managerial or higher level employee of any of the Companies at the time of Executive's termination.

(c) Executive acknowledges that the restrictions, prohibitions and other provisions hereof, are reasonable, fair and equitable in terms of duration, scope and geographic area; are necessary to protect the legitimate business interests of the Company; and are a material inducement to the Company to enter into this Agreement.

(d) In the event Executive breaches any provision of Section 4, in addition to any other remedies that the Company may have at law or in equity, Executive shall promptly reimburse the Company for any severance payments received from, or payable by, the Company. In addition, the Company shall be entitled in its sole discretion to offset all or any portion of the amount of any unpaid reimbursements against any amount owed by the Company to Executive.

#### 5. Document Return; Resignations.

(a) Upon termination of Executive's employment hereunder for any reason, or upon the Company's earlier request, Executive agrees that Executive shall promptly surrender to the Company all letters, papers, documents, instruments, records, books, products, data and work product stored on electronic storage media, and any other materials owned by any of the Companies or used by Executive in the performance of Executive's duties under this Agreement.

(b) Upon termination of Executive hereunder for any reason, Executive agrees that Executive shall be deemed to have resigned from all officer, director, management or board positions to which Executive may have been elected or appointed by reason of Executive's employment or involvement with the Company, specifically including but not limited to the Board, the boards of any of the Companies and any other boards, districts, homeowner and/or industry associations in which Executive serves at the direction of the CEO (collectively, the "Associations"). Executive agrees to promptly execute and deliver to the Company or its designee any other document, including without limitation a letter of resignation, reasonably requested by the Company to effectuate the purposes of this Section 5(b). If the Company is unable, after reasonable effort, to secure Executive's signature on any document that the Company deems to be necessary to effectuate the purposes of this Section 5(b), Executive hereby designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney-in-fact, to act for and on Executive's behalf to execute, verify and submit to any appropriate third party any such document, which shall thereafter have the same legal force and effect as if executed by Executive.

#### 6. Confidentiality and Assignment of Intellectual Property.

(a) During Executive's employment with the Company, and at all times following the termination of Executive's employment hereunder for any reason, Executive shall not use for Executive's own benefit or for the benefit of any subsequent employer, or disclose, directly or indirectly, to any person, firm or entity, or any officer, director, stockholder, partner, associate, employee, agent or representative thereof, any confidential information or trade secrets of any of the Companies or the Associations, other than as reasonably necessary to perform Executive's duties under this Agreement. As used herein, the term "confidential information" includes budgets, business plans, strategies, analyses of potential transactions, costs, personnel data, and other proprietary information of the Company that is not in the public domain.

(b) For purposes of this Section 6(b), "Company Inventions" means all ideas, processes, trademarks and service marks, inventions, discoveries, and improvements to any of the foregoing, that Executive learns of, conceives, develops or creates alone or with others during Executive's employment with the Company (whether or not conceived, developed or created during regular working hours) that directly or indirectly arise from or relate to: (i) the Company's business, products or services; or (ii) work performed for the Company by Executive or any other Company employee, agent or contractor; or (iii) the use of the Company's property or time; or (iv) access to the Company's confidential information. Executive hereby assigns to the Company Executive's entire right, title and interest in all Company Inventions, which shall be the sole and exclusive property of the Company whether or not subject to patent, copyright, trademark or trade secret protection. Executive also acknowledges that all original works of authorship that are made by Executive (solely or jointly with others), within the scope of Executive's employment with the Company, and that are protectable by copyright, are "works made for hire," as that term is defined in the United States Copyright Act (17 U.S.C. §§ 101, et seq.). To the extent that any such works, by operation of law, cannot be "works made for hire," Executive hereby assigns to Company all right, title, and interest in and to such works and to any related copyrights. Executive shall promptly execute, acknowledge and deliver to the Company all additional instruments or documents deemed at any time by the Company in its sole discretion to be necessary to carry out the intentions of this paragraph.

7. Non-Disparagement.

Following the termination of Executive's employment hereunder for any reason, Executive agrees that Executive shall not make any statements disparaging of any of the Companies, their respective boards, their businesses, and the officers, directors, stockholders, or employees of any of the Companies or the Associations. In response to inquiries from prospective employers, which shall be referred by Executive only to the Senior Vice President of Human Resources, the Company shall confirm only dates of employment, job title, and job responsibilities. Subject to the terms of this Section 7, Executive, as appropriate, may respond truthfully to inquiries from prospective employers of Executive, and the Company and Executive may respond truthfully as may be required by any governmental or judicial body acting in its official capacity.

8. Non-Assignability.

It is understood that this Agreement has been entered into personally by the parties. Neither party shall have the right to assign, transfer, encumber or dispose of any duties, rights or payments due hereunder, which duties, rights and payments with respect hereto are expressly declared to be non-assignable and non-transferable, being based upon the personal services of Executive, and any attempted assignment or transfer shall be null and void and without binding effect on either party; provided, however, that the Company may assign this Agreement to any parent, subsidiary, affiliate or successor corporation.

9. Injunctive Relief.

The parties acknowledge that the remedy at law for any violation or threatened violation of Sections 4, 5, 6, 7 and/or 8 of this Agreement may be inadequate and that, accordingly, either party shall be entitled to injunctive relief in the event of such a violation or threatened violation without being required to post bond or other surety. The above stated remedies shall be in addition to, and not in limitation of, any other rights or remedies to which either party is or may be entitled at law, in equity, or under this Agreement.

10. Indemnification.

The Company agrees that it shall indemnify and hold harmless Executive in connection with legal proceedings seeking to impose liability on Executive in such Executive's capacity as a director, officer or employee of the Companies to the fullest extent permitted under the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of VRI. In furtherance thereof, the Company and Executive each agree to execute and deliver an Indemnification Agreement by and between the Company and Executive, attached hereto as Exhibit A and incorporated herein by reference, concurrently with the execution and delivery of this Agreement. To the extent any provision set forth in the Indemnification Agreement is in conflict with any provision set forth in this Agreement, the provision set forth in the Indemnification Agreement shall govern. Further, Executive shall be entitled to coverage under the Directors and Officers Liability Insurance program to the same extent as other senior executives of the Companies.

11. Complete Agreement.

This Agreement constitutes the full understanding and entire employment agreement of the parties, and supersedes and is in lieu of any and all other understandings or agreements between the Company and Executive. Nothing herein is intended to limit any rights or duties Executive has under the terms of any applicable incentive compensation, benefit plan or other similar agreements.

12. Disputes.

All disputes relating to or arising from this Agreement and/or Executive's employment with the Company shall be resolved, upon written request by either party, by final and binding arbitration by the Judicial Arbitrator Group ("JAG") in Denver, Colorado in accordance with the JAMS Streamlined Arbitration Rules and Procedures as in effect at the time of the arbitration. The JAG arbitration fees shall be paid equally by the parties hereto. Arbitration hereunder shall take place before one JAG arbitrator mutually agreed upon by the parties within 30 days of the written request for arbitration. If the parties are unable or fail to agree upon the arbitrator within such time, the parties shall submit a request at the end of such period to JAG to select the arbitrator within 15 days thereafter. The arbitration and determination rendered by the JAG arbitrator shall be final and binding on the parties and judgment may be entered upon such determination in any court having jurisdiction thereof (and such judgment enforced, if necessary, through judicial proceedings). It is understood and agreed that the arbitrator shall be specifically empowered to designate and award any remedy available at law or in equity, including specific performance. The arbitrator may award costs and expenses of the arbitration proceeding (including, without limitation, reasonable attorneys' fees) to the prevailing party.

13. Amendments.

Any amendment to this Agreement shall be made only in writing and signed by each of the parties hereto.

14. Governing Law.

The internal laws of the State of Colorado law shall govern the construction and enforcement of this Agreement.

15. Notices.

Any notice required or authorized hereunder shall be deemed delivered when deposited, postage prepaid, in the United States mail, certified, with return receipt requested, addressed to the parties as follows:

Stanley D. Brown  
9044 Jason Court  
Boulder, CO 80303

Vail Holdings, Inc.  
390 Interlocken Crescent  
Broomfield, Colorado 80021  
Attn: General Counsel

16. Code Section 409A.

Anything in this Agreement to the contrary notwithstanding, if on the date of termination of Executive's employment with the Company, as a result of such termination, Executive would receive any payment that, absent the application of this Section 16 would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Internal Revenue Code of 1986, as amended (the "Code") as a result of the application of Section 409A(a)(2)(B) (i) of the Code, then no such payment shall be made prior to the date that is the earliest of (1) 6 months after the date of termination of Executive's employment, (2) Executive's death, or (3) such other date as will cause such payment not to be subject to such interest and additional tax.

17. No Duty to Mitigate.

Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or otherwise, nor will any payments hereunder be subject to offset in the event Executive does mitigate.

18. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, heirs, executors and legal representatives.

19. Counterparts.

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

20. Construction.

Headings in this Agreement are for convenience only and shall not control the meaning of this Agreement. Whenever applicable, masculine and neutral pronouns shall equally apply to the feminine genders; the singular shall include the plural and the plural shall include the singular. The parties have reviewed and understand this Agreement, and each has had a full opportunity to negotiate this Agreement's terms and to consult with counsel of their own choosing. Therefore, the parties expressly waive all applicable common law and statutory rules of construction that any provision of this Agreement should be construed against this Agreement's drafter, and agree that this Agreement and all amendments thereto shall be construed as a whole, according to the fair meaning of the language used.

21. Severability and Modification by Court.

If any court of competent jurisdiction declares any provision of this Agreement invalid or unenforceable, the remainder of this Agreement shall remain fully enforceable. To the extent that any such court concludes that any provision of this Agreement is void or voidable, the court shall reform such provision(s) to render the provision(s) enforceable, but only to the extent absolutely necessary to render the provision(s) enforceable and only in view of the parties' express desire that the Company be protected to the greatest extent allowed by law from unfair competition, unfair solicitation and/or the misuse or disclosure of its confidential information and records containing such information.

*[Signature Page to follow.]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day of the date first written above.

VAIL HOLDINGS, INC.

By: /s/ Robert A. Katz

Name: Robert A. Katz

Title: Chief Executive Officer

EXECUTIVE:

/s/ Stanley D. Brown

Stanley D. Brown

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MUTUAL RELEASE

This mutual release (this "Release") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Release Date") by Stanley D. Brown ("Employee"), on the one hand and Vail Holdings, Inc., ("VHI") on the other hand.

1. Reference is hereby made to Executive Employment Agreement, dated \_\_\_\_\_, 20\_\_ (the "Executive Employment Agreement") by the parties hereto setting forth the agreements among the parties regarding the termination of the employment relationship between Employee and VHI. Capitalized terms used but not defined herein have the meanings ascribed to them in Executive Employment Agreement.

2. Employee, for him/herself, his/her spouse, heirs, executors, administrators, successors, and assigns, hereby releases and discharges VHI and its respective direct and indirect parents and subsidiaries, and other affiliated companies, and each of their respective past and present officers, directors, agents and employees, from any and all actions, causes of action, claims, demands, grievances, and complaints, known and unknown, that Employee or his/her spouse, heirs, executors, administrators, successors, or assigns ever had or may have at any time through the Release Date. Employee acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim of employment discrimination of any kind whether based on a federal, state, or local statute or court decision, including the Age Discrimination in Employment Act with appropriate notice and rescission periods observed; (ii) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI including, but not limited to, any claims in the nature of tort or contract claims, wrongful discharge, promissory estoppel, intentional or negligent infliction of emotional distress, and/or breach of covenant of good faith and fair dealing. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, Employee is giving up all rights, claims and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. Employee accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

3. VHI hereby releases and discharges Employee, his/her spouse, heirs, executors, administrators, successors, and assigns, from any and all actions, causes of actions, claims, demands, grievances and complaints, known and unknown, that VHI ever had or may have at any time through the Release Date. VHI acknowledges and agrees that this Release is intended to and does cover, but is not limited to: (i) any claim, whether statutory, common law, or otherwise, arising out of the terms or conditions of Employee's employment and/or Employee's separation from VHI, and (ii) any claim for attorneys' fees, costs, disbursements, or other like expenses. The enumeration of specific rights, claims, and causes of action being released shall not be construed to limit the general scope of this Release. It is the intent of the parties that, by this Release, VHI is giving up all of its respective rights, claims, and causes of action occurring prior to the Release Date, whether or not any damage or injury therefrom has yet occurred. VHI accepts the risk of loss with respect to both undiscovered claims and with respect to claims for any harm hereafter suffered arising out of conduct, statements, performance or decisions occurring before the Release Date.

4. This Release shall in no event (i) apply to any claim by either Employee or VHI arising from any breach by the other party of its obligations under Executive Employment Agreement occurring on or after the Release Date, (ii) waive Employee's claim with respect to compensation or benefits earned or accrued prior to the Release Date to the extent such claim survives termination of Employee's employment under the terms of Executive Employment Agreement, or (iii) waive Employee's right to indemnification under the by-laws of the Company.

5. Enforceability of Release:

- (a) You acknowledge that you have been advised to consult with an attorney before signing this Release.
- (b) You acknowledge the adequacy and sufficiency of the consideration outlined in Executive Employment Agreement for your promises set forth in this Release and that the Company is not otherwise obligated to pay such sums.
- (c) You acknowledge that you have been offered at least twenty-one (21) days to consider this Release, that you have read Executive Employment Agreement and this Release, and understand its terms and significance, and that you have executed this Release and with full knowledge of its effect, after having carefully read and considered all terms of this Release and, if you have chosen to consult with an attorney, your attorney has fully explained all terms and their significance to you.
- (d) You hereby certify your understanding that you may revoke this Release, as it applies to you, within seven (7) days following execution of this Release and that this Release shall not become effective or enforceable until that revocation period has expired. Any revocation should be sent, in writing, to Vail Resorts Management Company, 390 Interlocken Crescent, Suite 1000, Broomfield, Colorado 80021, Attn: Office of the General Counsel. You also understand that, should you revoke this Release within the seven-day period, this Release, as it applies to you, would be voided in its entirety and the sums set forth in Executive Employment Agreement would not be paid or owed to you.

6. This Mutual Release shall be effective as of the eighth day following the Release Date and only if executed by both parties.

IN WITNESS WHEREOF, each party hereto, intending to be legally bound, has executed this Mutual Release on the date indicated below.

STANLEY D. BROWN

VAIL HOLDINGS, INC.

\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Vail Resorts, Inc.**  
**Management Incentive Plan**

**Executives**  
**Grade 32 & Above**

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## Objective

The purpose of the Management Incentive Plan (the "Plan") is to reinforce individual employee behaviors that contribute to the mission, values, growth and profitability of Vail Resorts, Inc. by:

- Rewarding and recognizing goal-exceeding performance in one or more of the following areas:
  - Resort (Mountain and Lodging Segments) EBITDA (All executives)
  - Lodging EBITDA (Lodging executives)
  - Real Estate Division Goal Attainment (All executives)
  - Individual employee performance, including adherence to the Company's mission and values (All executives)

## Eligibility

All full-time employees of Vail Resorts, Inc. and any of its subsidiaries (collectively, the "Company") at grade levels 32 and above as identified in the Company's compensation grade structure are eligible to participate in the Plan (excluding employees who participate in a department specific incentive plan).

For employees who become or cease to be eligible (other than due to new hire or separation from employment with the Company) or who move between eligibility target levels under this Plan during a fiscal year, the amount of their award, if any, will be prorated (by month) based on the length of time in each eligible position for any change after the first fiscal quarter, which is not prorated. If an employee is promoted into a grade level 32 or above during a fiscal year and becomes eligible to participate in this Plan, the employee will be eligible to receive an award in that fiscal year, which award may be prorated, (if the change is after the first fiscal quarter), under this Plan or their previous bonus plan and level, at the sole discretion of the Compensation Committee of the Board of Directors (the "Compensation Committee").

## New Hires

An employee hired into a position eligible for this Plan will receive a prorated incentive for the Plan Year based on the number of months worked from the employee's hire date rounded to the number of full months worked in the fiscal year. A full month will be counted if a new hire was hired on or prior to the 16<sup>th</sup> of the month. Anyone hired after the end of the third quarter of the fiscal year will not be eligible to receive an award in that fiscal year, except at the sole discretion of the Compensation Committee.

Bonuses under the Plan do not accrue until the date Plan payments are made. To be eligible to receive a payment, a participant must be employed by the Company on the date Plan payments are made.

## Effective Dates

The Plan is effective August 1, 2008, and will conclude on July 31, 2013.

## Funding

For Corporate executives, the Plan is 80% funded based on Resort EBITDA and 20% funded based on the attainment of the VRDC Goals (defined below).

For Mountain executives, the Plan is 80% funded based on Resort EBITDA and 20% funded based on the attainment of the VRDC Goals (defined below).

For Lodging executives, the Plan is 40% funded based on Resort EBITDA, 40% funded based on Lodging EBITDA, and 20% funded based on the attainment of the VRDC Goals (defined below).

For VRDC executives, the Plan is 25% funded based on Resort EBITDA and 75% funded based on the attainment of one or more of the following VRDC performance goals: attaining EBITDA targets for the Company's real estate segment, achieving pre-sales targets on real estate projects, receiving zoning approval on real estate projects, meeting budgeted profitability on real estate targets, and achieving sales targets in existing real estate projects (collectively, the "VRDC Goals").

The maximum amount that may be earned as an award under the Plan for any Plan year by any one eligible employee shall be \$4,000,000. The schedule attached hereto as Exhibit A is used to determine the percent of the target bonus funded by Resort, Mountain and Lodging EBITDA performance. The schedule attached hereto as Exhibit B is used to determine the percent of the target bonus funded by VRDC Goals. The Compensation Committee will establish the Resort, Mountain and Lodging EBITDA performance targets and corresponding funding levels and the VRDC Goals and may amend Exhibit A and Exhibit B by October 29 of each fiscal year and while the attainment of such goals is substantially uncertain.

## Target Percentages

The target bonuses as a percentage of base salary for executives in different divisions of the Company for purposes of the Plan and at different grade levels are set forth on Exhibit C attached hereto. The Compensation Committee may amend Exhibit C in its sole discretion on a yearly basis by October 29 of each fiscal year and while the attainment of Resort, Mountain and Lodging EBITDA performance targets and corresponding funding levels and VRDC Goals is substantially uncertain.

## Individual Bonus Determinations

Bonus determinations for individual executives (other than the Chief Executive Officer) are determined by adjusting the funded target bonus by the application of negative discretion based on individual performance. 100% of the total bonus for each executive (other than the Chief Executive Officer) will be determined based upon individual performance based on the year-end performance matrix in Exhibit D. The Chief Executive Officer's total bonus will be equal to, and based solely on, the funded target bonus amount.

## Individual Performance

Individual performance for all executives (other than the Chief Executive Officer) will be determined through the applicable fiscal year performance review process, which will be conducted by the Chief Executive Officer and reviewed by the Compensation Committee. The Compensation Committee will conduct the individual performance review for the Chief Executive Officer. Higher performing executives will receive larger rewards for the individual portion of the bonus than their lower performing peers based on the year-end performance matrix in Exhibit D.

### Example:

Grade 34 Mountain Executive earning \$200,000 annually;  
Target Bonus % = 50%

Assume Resort EBITDA at 100% of target and VRDC achieves their target goals

Resort EBITDA Funding =	\$200,000 x 50% x 80% = \$80,000
VRDC Goals Funding =	\$200,000 x 50% x 20% = <u>\$20,000</u>
	Total Funding = <u>\$100,000</u>

### *Payout:*

- o 100% based upon individual performance (“average”) = \$100,000
- o Total average individual bonus = \$100,000
  - Individual performance can range from \$0 to “average” amount to 166% of the “average” amount (\$0 to \$166,000 for this example). The highest performing executives could receive in excess of their target bonus (subject to overall funding limits of the Plan in any fiscal year), whereas the lowest performing executive could receive as little as \$0 for their bonus.

## Plan Payouts

Individual bonus determinations calculated in accordance with the terms of this Plan will be paid in cash or pursuant to equity awards granted under the Company’s equity compensation plan, or a combination thereof, at the discretion of the Compensation Committee, minus applicable deductions and withholding as required by law, between August 1 and October 15 following the previous fiscal year end.

## Termination of Employment

As stated above, employees whose employment ends prior to the payment date under the Plan for any fiscal year will not be eligible, subject to the discretion of the Compensation Committee. However, if an otherwise eligible employee is not employed as of the date of the payout under the Plan due to death, short-term or long-term disability, such employee, if they would have otherwise received a payout under the Plan but for their death or disability, shall be entitled to receive a pro-rated (by month) payment for the portion of the fiscal year the employee was actively employed.

## Leave of Absence

Individual bonus determinations for employees who have a paid or unpaid leave of absence (this does not include vacation) in excess of one month during the Plan year will be pro-rated to reflect the time on leave.

## Plan Administration, Modification and Discontinuance

This Plan is administered by the Compensation Committee. The Compensation Committee has authority to interpret the Plan and to make, amend, or nullify any rules and procedures deemed necessary for proper Plan administration, including, but not limited to, performance targets, results and extraordinary events. The EBITDA performance targets and corresponding funding levels shall be adjusted for acquisitions, divestitures, or board imposed unbudgeted expenses in the discretion of the Compensation Committee. In addition, any stock compensation expense or restructuring expense will be excluded from the applicable EBITDA performance targets used to determine funding/payout levels.

Notwithstanding the foregoing, no Plan payouts will be made until and unless the Compensation Committee has certified that the performance goals and all other material terms have been satisfied. The Compensation Committee has the sole discretion to modify the application of this Plan.

## Continued Employment

The Plan is not intended to and shall not be deemed to confer on any employee a guarantee of continued employment by the Company.

**Schedule Required by Instruction 2 to Item 601 of Regulation S-K**

The form Indemnification Agreement was executed on October 15, 2008 by the following executive officers:

NAME	OFFICE
Robert A. Katz	Chief Executive Officer
Jeffrey W. Jones	Senior Executive Vice President and Chief Financial Officer
Keith A. Fernandez	President, Vail Resorts Development Company
Stanley D. Brown	President, RockResorts and Vail Resorts Hospitality
Blaise T. Carrig	Co-President, Mountain Division and COO, Heavenly Mountain Resort
John Mc.D. Garnsey	Co- President, Mountain Division and COO, Beaver Creek Mountain Resort

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VAIL HOLDINGS, INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is effective as of October \_\_, 2008, by and between Vail Holdings, Inc., a Delaware corporation (the "Company") and \_\_\_\_\_ ("Indemnitee"). Capitalized terms are defined herein and in Section 14.

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company and its related entities;

WHEREAS, in order to induce Indemnitee to provide services to the Company, the Company wishes to provide for the indemnification of, and the advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Company and Indemnitee recognize the continued difficulty in obtaining liability insurance for the Company's directors, officers, employees, agents and fiduciaries, the significant increases in the cost of such insurance and the general reductions in the coverage of such insurance;

WHEREAS, the Company and Indemnitee further recognize the substantial increase in corporate litigation in general, subjecting directors, officers, employees, agents and fiduciaries to expensive litigation risks at the same time as the availability and coverage of liability insurance has been severely limited;

WHEREAS, the Company and Indemnitee desire to continue to have in place the additional protection provided by an indemnification agreement and to provide indemnification and advancement of expenses to the Indemnitee to the maximum extent permitted by Delaware law; and

WHEREAS, in view of the considerations set forth above, the Company desires that Indemnitee shall be indemnified and advanced expenses by the Company as set forth herein;

NOW, THEREFORE, the Company and Indemnitee hereby agree as set forth below:

**1. Indemnity.** The Company hereby agrees to hold harmless and indemnify Indemnitee to the full extent authorized or permitted by law and the Company's Certification of Incorporation and By-laws. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) **Proceedings Other Than Proceedings by or in the Right of the Company.** Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(a) if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

(b) **Proceedings by or in the Right of the Company.** Indemnitee shall be entitled to the rights of indemnification provided in this Section 1 (b) if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; provided, however, that, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been finally adjudged to be liable to the Company unless and to the extent that the U.S. District Court for the District of Colorado shall determine that such indemnification may be made.

(c) **Indemnification for Expenses if Indemnitee is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter which shall include all Expenses except those that relate to claims, issues or matters as to which Indemnitee was not successful. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice (including dismissals related to settlement), shall be deemed to be a successful result as to such claim, issue or matter.

**2. Additional Indemnity.** In addition to, and without regard to any limitations on, the indemnification provided for in Section 1, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company). The only limitation that shall exist upon the Company's obligations pursuant to this Section 2 shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

**3. Contribution In The Event Of Joint Liability.**

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any Proceeding in which Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), Company shall pay, in the first instance, the entire amount of any judgment, penalty, fine or settlement of such Proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. In the absence of Indemnitee's consent, which consent shall not be unreasonably withheld, the Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed Proceeding in which Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall contribute to the amount of Expenses, judgments, penalties, fines and amounts paid in settlement actually incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with him (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such Proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such Expenses, judgments, penalties, fines or settlement amounts, as well as any other equitable considerations which the law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with him (or would be if joined in such Proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary, and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company who may be jointly liable with Indemnitee.

**4. Indemnification For Expenses Of A Witness.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding to which such Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith; provided that attorneys' fees incurred by Indemnitee in connection with his or her service as a witness only shall be reimbursed under this provision only if approved in advance by the Company, such approval not to be unreasonably withheld.

**5. Advancement Of Expenses.**

(a) Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses reasonably and necessarily incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within twenty (20) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements requesting such advance or advances shall evidence to the Company's reasonable satisfaction all Expenses incurred by Indemnitee and shall include an affidavit of Indemnitee's counsel attesting that all Expenses sought to be advanced were reasonably and necessarily incurred by Indemnitee, and shall also include or be preceded or accompanied by an undertaking by or on behalf of Indemnitee to promptly repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses, and further undertaking to promptly repay any Expenses advanced but found not to have been reasonably and necessarily incurred. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free. To the extent permissible under third party policies, the Company agrees that invoices for the advancement of Expenses shall be billed in the name of and be payable directly by the Company. Following, but not later than one year after, the conclusion of any Proceeding with respect to which the Company has advanced Expenses, the Company may commence an action to determine whether such Expenses were reasonably and necessarily incurred by or on behalf of Indemnitee. In any such action, Indemnity shall have the burden of demonstrating that all Expenses advanced were reasonably and necessarily incurred and were required to be advanced pursuant to this Agreement.

(b) Notwithstanding any of the foregoing provisions in this Section 5, the Company shall not be obligated to advance any expenses to Indemnitee arising from a lawsuit filed directly by the Company against Indemnitee if an absolute majority of the members of the Board of Directors reasonably determines in good faith, within twenty (20) days of Indemnitee's request to be advance expenses, that the facts known to them at the time such determination is made demonstrate clearly and convincingly that Indemnitee acted in bad faith after Indemnitee has had an opportunity, with counsel, to present his case to the Board of Directors. If such a determination is made, Indemnitee may have such decision reviewed by another forum, in the manner set forth in Section 6, with all references therein to "indemnification" being deemed to refer to "advancement of expenses" and the burden of proof shall be on the Company to demonstrate that, based on the facts known at the time, Indemnitee acted in bad faith. The Company may not avail itself of this Section 5(b) as to a given lawsuit if, at any time after the occurrence of the activities or omissions that are the primary focus of the lawsuit, the Company has undergone a Change in Control.

**6. Procedures And Presumptions For Determination Of Entitlement To Indemnification.** It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under the law and public policy of the state of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification (including, but not limited to, the advancement of Expenses and contribution by the Company) under this Agreement, Indemnitee shall submit to Chief Executive Officer of the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Chief Executive Officer shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following three methods, which shall be at the election of Indemnitee: (1) by a majority vote of the disinterested directors, even though less than a quorum, or (2) by independent legal counsel in a written opinion, or (3) by the shareholders.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors). Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 14(g) and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within thirty (30) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may seek judicial resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as

the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume (unless there is clear and convincing evidence to the contrary) that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6(a). Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by a preponderance of the evidence.

(e) Indemnitee shall be presumed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the officers of the Company in the course of their duties, or on the advice of legal counsel for the Company or on information or records given or reports made to the Company by an independent certified public accountant, by a financial advisor or by an appraiser or other expert selected with reasonable care by the Company. In addition, the knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by a preponderance of the evidence.

(f) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion, by a preponderance of the evidence.

(g) If the person, persons or entity empowered or selected under Section 6(b) to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, thereto; provided, however, that the running of such 60 day period shall be tolled for the duration of any period during which Indemnitee has, in the reasonable opinion of the person, persons or entity empowered or selected under Section 6(b) to determine whether Indemnitee is entitled to indemnification, failed to cooperate, as required by Section 6(h), below, with such person's efforts to determine Indemnitee's right to indemnification, and provided further that that the foregoing provisions of this Section 6(g) shall not apply if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 6(b) and if within fifteen (15) days after receipt by the Company of the request for such determination the Board of Directors resolve to submit such determination to the shareholders for their consideration at the next annual meeting thereof and such determination is made thereat.

(h) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, and provide to such person, persons or entity upon reasonable advance request any documentation or information which is reasonably available to Indemnitee and reasonably necessary to such determination. Nothing in this Agreement shall require Indemnitee to waive any of his rights under the United States Constitution or to provide information that is privileged or otherwise protected from disclosure. Any Independent Counsel, member of the Board of Directors, or shareholder of the Company shall act reasonably and in good faith in making a determination under the Agreement of Indemnitee's entitlement to indemnification. Any costs or expenses (including attorneys' fees and disbursements) reasonably and necessarily incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

## **7. Remedies.**

(a) In the event that (i) a determination is made pursuant to Section 6 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 6(b) within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6, Indemnitee shall be entitled to an adjudication of his entitlement to such indemnification. The Company shall not oppose Indemnitee's right to seek any such adjudication in conformity with this Section 7(a), but the Company may assert any appropriate objection or defense to such indemnification in any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a *de novo* trial, on the merits and Indemnitee shall not be prejudiced in any way by reason of that adverse determination.

(c) If a determination shall have been made pursuant to Section 6(b) that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, in accordance with Section 5, advance such Expenses to Indemnitee, that are actually and reasonably incurred by Indemnitee in connection with any judicial proceeding brought by Indemnitee in which Indemnity substantially prevails in Indemnitee's effort (i) to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Company's Certificate of Incorporation or Bylaws now or hereafter in effect, or (ii) to recover under any directors' and officers' liability insurance policies maintained by the Company.

(e) The Company and Indemnity each shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate that the Company and Indemnity each are bound by all the provisions of this Agreement.

(f) Interest shall be paid by the Company to Indemnitee at the legal rate under Colorado law for amounts which the Company indemnifies or is obliged to indemnify for the period commencing with the date on which Indemnitee requests indemnification (or reimbursement or advancement of any Expenses) and ending with the date on which such payment is made to Indemnitee by the Company.

## **8. Non-Exclusivity; Survival Of Rights; Insurance.**

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnity under this Agreement in respect of any action taken or omitted by Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent or later assertion or employment of any other right or remedy.

(b) With respect to any policy or policies of director's liability insurance procured by the Company, in its discretion, for the benefit of its officers and directors, Indemnitee shall be provided insurance coverage no less favorable than that provided to similarly situated officers and/or directors, as the case may be. In all such policies of director and officer liability insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee at least the same rights and benefits as are accorded similarly situated officers and/or directors, as the case may be. The Company shall give prompt notice of the commencement of any Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Notwithstanding anything to the contrary in this Agreement, the Company shall not indemnify the Indemnitee to the extent Indemnitee is actually reimbursed from the proceeds of insurance, and in the event the Company makes any indemnification payments to Indemnitee and Indemnitee is subsequently reimbursed from the proceeds of insurance, Indemnitee shall promptly refund such indemnification payments to the Company to the extent of such insurance reimbursement.

**9. Exceptions To Right Of Indemnification.** Notwithstanding any other provision of this Agreement other than Section 5(b), the Company shall not be obligated pursuant to the terms of this Agreement:

(a) Excluded Action or Omissions. To indemnify Indemnitee for Expenses resulting from acts, omissions or transactions for which Indemnitee is prohibited from receiving indemnification under this Agreement the Company's Articles and Notice of Articles, or applicable law; provided, however, notwithstanding any limitation set forth in this Section 9(a) regarding the Company's obligation to provide indemnification, Indemnitee shall be entitled under Section 5 to receive Expense Advances hereunder with respect to any such Claim unless and until a court having jurisdiction over the Claim shall have made a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee has engaged in acts, omissions or transactions for which Indemnitee is prohibited from receiving indemnification under this Agreement or applicable law.

(b) Claims Initiated by Indemnitee. To indemnify or make Expense Advances to Indemnitee with respect to Claims initiated or brought voluntarily by Indemnitee, whether by way of claim, counterclaim, crossclaim, or any similar means of asserting a claim, except (i) with respect to actions or proceedings brought to establish or enforce a right to indemnification under this Agreement or any other agreement or insurance policy or under the Company's Articles or Notice of Articles now or hereafter in effect relating to Claims for Covered Events, (ii) in specific cases if the Board of Directors has approved the initiation or bringing of such Claim or (iii) as otherwise required under applicable law, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification or insurance recovery, as the case may be.

(c) Lack of Good Faith. To indemnify Indemnitee for any Expenses incurred by the Indemnitee with respect to any action instituted (i) by Indemnitee to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 7 that any of the material assertions made by the Indemnitee as a basis for such action lacked a substantial basis in fact or law, was not made in good faith, or was frivolous or (ii) by or in the name of the Company to enforce or interpret this Agreement, if a court having jurisdiction over such action determines as provided in Section 7 that any of the material defenses asserted by Indemnitee in such action lacked a substantial basis in fact or law, was not made in good faith, or was frivolous.

(d) Claims Under Section 16(b). To indemnify Indemnitee for expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Exchange Act, or any similar successor statute; provided, however, that notwithstanding any limitation set forth in this Section 9(d) regarding the Company's obligation to provide indemnification, Indemnitee shall be entitled under Section 5 to receive Expense Advances hereunder with respect to any such Claim unless and until a court having jurisdiction over the Claim shall have made a final judicial determination (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnitee has violated said statute.

**10. Settlement.** The Company shall not settle any action, claim or Proceeding (in whole or in part) against the Company, Indemnitee or any current or former director or officer which would impose any Expense, judgment, fine, penalty or limitation on the Indemnitee without the Indemnitee's prior written consent, which consent shall not be unreasonably withheld. The Company shall promptly notify Indemnitee that the Company has received an offer or intends to make an offer to settle any such Proceeding and shall provide Indemnitee reasonable time to consider such offer, provided however Indemnitee shall have no less than two (2) business days' notice to consider such offer.

**11. Duration Of Agreement.** This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which Indemnitee served at the request of the Company or (b) one (1) year after the final termination of any Proceeding (including any rights of appeal thereto) then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 7 hereof relating thereto (including any rights of appeal of any Section 7 Proceeding).

## **12. Establishment of a Trust; Security.**

(a) To the extent reasonably requested by Indemnitee and (i) approved by the Board of Directors acting in good faith or (ii) in the event of a Threatened Change in Control, the Company shall at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder

through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee, which consent shall not be unreasonably withheld.

(b) In the event the Indemnitee requests the Company to establish a funded trust pursuant to Section 12(a) (a “Trust”), the Company shall, from time to time upon written request of Indemnitee, fund such Trust in an amount reasonably sufficient to satisfy all Expenses reasonably anticipated at the time of each such request to be reasonably and necessarily incurred in connection with investigating, preparing for, participating in or defending any Proceedings, and any and all judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such judgments, fines penalties and amounts paid in settlement) in connection with any and all Proceedings from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The Company may, in its discretion, establish one collective trust for the benefit of all Persons who may have rights similar to those of the Indemnitee and the Trust shall form a part of such single collective trust. The trustee of the Trust (the “Trustee”) shall be a bank or trust company or other individual or entity chosen by the Company and reasonably acceptable to the Indemnitee. Nothing in this Section 12 shall relieve the Company of any of its obligations under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 6(c) hereof. The terms of the Trust shall provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee, (b) the Trustee shall advance, within ten (10) business days of a request by the Indemnitee and upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, any and all Expenses to the Indemnitee, (c) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth above, (d) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise and (e) all unexpended funds in such Trust shall revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 6(c) hereof, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trust shall be governed by Colorado law (without regard to its conflicts of laws rules) and the Trustee shall consent to the exclusive jurisdiction of the Colorado Court in accordance with Section 21 hereof.

### 13. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a member of the Board of Directors, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a member of the Board of Directors.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company and the Indemnitee agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that they each will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States located in the State of Colorado or in Colorado state court, this being in addition to any other remedy to which they are entitled at Law or in equity. In addition, each of the Company and the Indemnitee (a) consents to submit itself to the personal jurisdiction of any federal court located in the State of Colorado or any Colorado state court in the event any dispute arises out of this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement in any court other than a federal or state court sitting in the State of Colorado.

### 14. Definitions. For purposes of this Agreement:

(a) “Change in Control” shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) any Person or Group becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of thirty-five percent (35%) or more of the Company’s Voting Securities;

(ii) during any period of twenty four (24) consecutive months, a majority of the members of the Board of Directors or other equivalent governing body of the Company cease to be composed of individuals (1) who were members of that Board of Directors or equivalent governing body on the first day of such period, (2) whose election or nomination to that Board of Directors or equivalent governing body was approved by individuals referred to in clause (1) above constituting at the time of such election or nomination at least a majority of that Board of Directors or equivalent governing body, or (3) whose election or nomination to that Board of Directors or other equivalent governing body was approved by individuals referred to in clauses (1) and (2) above constituting at the time of such election or nomination at least a majority of that Board of Directors or equivalent governing body (excluding, in the case of both clause (2) and clause (3), any individual whose initial nomination for, or assumption of office as, a member of that Board of Directors or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors); or

(iii) any Person or two or more Persons acting in concert shall have acquired, by contract or otherwise, control over the Voting Securities (and taking into account all such Voting Securities that such Person or Persons has the right to acquire pursuant to any option right) representing fifty-one percent (51%) or more of the combined voting power of such Voting Securities; or

(iv) the Company sells or transfers (other than by mortgage or pledge) all or substantially all of its properties and assets to another Person or Group.

(b) “Company” shall include any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(c) “Corporate Status” describes the status of a person who is or was a director, officer, employee or agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person is or was serving at the express written request of the Company.

(d) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(e) “Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, and any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond or other bond or its equivalent.

(f) “Group” shall mean any group of Persons for purposes of Sections 13(d) and 14(d) of the Exchange Act.

(g) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law, whose relationship with the Company, its officers and directors, and Indemnitee is not such as would give rise to a reasonable question concerning his or her ability to fairly and objectively evaluate the issues with respect to which he or she is engaged, and who neither presently is, nor in the past three years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning any Indemnitee under this Agreement), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(h) “Person” shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company and (iii) any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company

(i) “Proceeding” includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or hi the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was a member of the Company or Indemnitee of the Company, by reason of any action taken by him or of any inaction on his part while acting as a member of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; and excluding one initiated by Indemnitee pursuant to Section 6 to enforce his rights under this Agreement.

(j) A “Threatened Change in Control” shall mean the occurrence of one or more of the following events: (i) the Company (or any affiliate of the Company) entering into an agreement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person (including, without limitation, the Company) publicly announcing an intention to take or to consider taking actions which, if consummated, would constitute a Change in Control; (iii) any Person or Group becoming the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of thirty-five percent (35%) or more of the Company’s Voting Securities; or (iv) the Board notifying Indemnitee in writing that a threat of a Change in Control exists.

(k) “Voting Securities” shall mean any equity securities of the Company that vote generally in the election of directors or equivalent governing body of the Company on a fully-diluted basis.

**15. Severability.** If any provision or provisions of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

**16. Modification And Waiver.** No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

**17. Notice By Indemnitee.** Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

**18. Notices.** All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by and receipted for by the party to whom said notice or other communication shall have been directed or if (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to:

[Name]  
[Address]  
[Address]

(b) If to the Company, to:

Vail Holdings, Inc.  
390 Interlocken Crescent

19. **Identical Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

20. **Headings.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

21. **Consent to Jurisdiction.** The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the state or federal trial courts situated in the Denver, Colorado metropolitan area, (the "Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not a resident of the State of Colorado, irrevocably [the Company's Statutory Agent in Colorado] as its agent in the State of Colorado as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Colorado, (iv) waive any objection to the laying of venue of any such action or proceeding in the Court and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Court has been brought in an improper or inconvenient forum.

22. **Governing Law.** The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of Delaware without application of the conflict of laws principles thereof.

*[Signature Page to follow.]*

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

VAIL HOLDINGS, INC.

By \_\_\_\_\_  
Name:  
Title:

[Indemnitee]

\_\_\_\_\_

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Robert A. Katz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vail Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2008

/s/ ROBERT A. KATZ

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Robert A. Katz  
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE  
SARBANES-OXLEY ACT OF 2002**

I, Jeffrey W. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vail Resorts, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2008

/s/ JEFFREY W. JONES

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Jeffrey W. Jones  
Senior Executive Vice President and  
Chief Financial Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER  
AND THE CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT  
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as an officer of Vail Resorts, Inc. (the "Company") that the Company's Quarterly Report on Form 10-Q for the quarter ended October 31, 2008 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and the results of operations of the Company at the end of and for the periods covered by such Report.

Date: December 9, 2008

/s/ ROBERT A. KATZ

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Robert A. Katz  
Chief Executive Officer

Date: December 9, 2008

/s/ JEFFREY W. JONES

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Jeffrey W. Jones  
Senior Executive Vice President and  
Chief Financial Officer

This certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is not a part of the Form 10-Q to which it refers, and is, to the extent permitted by law, provided by each of the above signatories to the extent of his respective knowledge. This certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Vail Resorts, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing. A signed original of this written statement required by Section 906 has been provided to Vail Resorts, Inc. and will be furnished to the Securities and Exchange Commission or its staff upon request.