

**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, 2014

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

(State or Other Jurisdiction of
Incorporation or Organization)

**390 Interlocken Crescent
Broomfield, Colorado**

(Address of Principal Executive Offices)

51-0291762

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

80021

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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, 2014, 36,316,202 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)
(Unaudited)

	October 31, 2014	July 31, 2014	October 31, 2013
Assets			
Current assets:			
Cash and cash equivalents	\$ 29,840	\$ 44,406	\$ 114,225
Restricted cash	13,282	13,181	12,403
Trade receivables, net	36,137	95,977	37,551
Inventories, net	88,279	67,183	89,531
Other current assets	64,452	54,299	57,334
Total current assets	231,990	275,046	311,044
Property, plant and equipment, net (Note 6)	1,295,530	1,147,990	1,185,513
Real estate held for sale and investment	170,182	157,858	188,205
Goodwill, net	456,892	378,148	379,500
Intangible assets, net	144,098	117,523	120,489
Other assets	42,176	97,284	97,998
Total assets	\$ 2,340,868	\$ 2,173,849	\$ 2,282,749
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities (Note 6)	\$ 390,270	\$ 289,218	\$ 369,551
Income taxes payable	31,604	33,966	39,946
Long-term debt due within one year (Note 4)	1,022	1,022	1,003
Total current liabilities	422,896	324,206	410,500
Long-term debt (Note 4)	819,238	625,600	797,062
Other long-term liabilities (Note 6)	255,186	260,681	240,725
Deferred income taxes	84,862	128,562	75,910
Commitments and contingencies (Note 9)			
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, 41,264,761, 41,152,800 and 41,072,903 shares issued, respectively	413	412	411
Additional paid-in capital	615,680	612,322	600,215
Accumulated other comprehensive loss	(339)	(199)	(56)
Retained earnings	322,163	401,500	337,178
Treasury stock, at cost, 4,949,111 shares (Note 11)	(193,192)	(193,192)	(193,192)
Total Vail Resorts, Inc. stockholders' equity	744,725	820,843	744,556
Noncontrolling interests	13,961	13,957	13,996
Total stockholders' equity (Note 2)	758,686	834,800	758,552
Total liabilities and stockholders' equity	\$ 2,340,868	\$ 2,173,849	\$ 2,282,749

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)

	Three Months Ended October 31,	
	2014	2013
Net revenue:		
Mountain	\$ 60,386	\$ 57,331
Lodging	58,493	57,214
Real estate	9,383	8,846
Total net revenue	128,262	123,391
Segment operating expense (exclusive of depreciation and amortization shown separately below):		
Mountain	131,952	124,774
Lodging	57,754	56,905
Real estate	11,614	9,231
Total segment operating expense	201,320	190,910
Other operating (expense) income:		
Depreciation and amortization	(35,969)	(34,156)
Gain on litigation settlement (Note 5)	16,400	—
Change in fair value of contingent consideration (Note 8)	4,550	—
Loss on disposal of fixed assets, net	(755)	(429)
Loss from operations	(88,832)	(102,104)
Mountain equity investment income, net	325	603
Investment (loss) income, net	(26)	95
Interest expense	(13,568)	(16,098)
Loss before benefit from income taxes	(102,101)	(117,504)
Benefit from income taxes	37,777	44,067
Net loss	(64,324)	(73,437)
Net loss attributable to noncontrolling interests	48	61
Net loss attributable to Vail Resorts, Inc.	\$ (64,276)	\$ (73,376)
Per share amounts (Note 3):		
Basic net loss per share attributable to Vail Resorts, Inc.	\$ (1.77)	\$ (2.04)
Diluted net loss per share attributable to Vail Resorts, Inc.	\$ (1.77)	\$ (2.04)
Cash dividends declared per share	\$ 0.4150	\$ 0.2075

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

Vail Resorts, Inc.
Consolidated Condensed Statements of Comprehensive Income (Loss)
(In thousands)
(Unaudited)

	Three Months Ended October 31,	
	2014	2013
Net loss	\$ (64,324)	\$ (73,437)
Foreign currency translation adjustments, net of tax	(140)	11
Comprehensive loss	(64,464)	(73,426)
Comprehensive loss attributable to noncontrolling interests	48	61
Comprehensive loss attributable to Vail Resorts, Inc.	\$ (64,416)	\$ (73,365)

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)

	Three Months Ended October 31,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (64,324)	\$ (73,437)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	35,969	34,156
Cost of real estate sales	7,015	6,713
Stock-based compensation expense	4,201	3,492
Deferred income taxes, net	(37,777)	(44,067)
Change in fair value of contingent consideration	(4,550)	—
Gain on litigation settlement	(16,400)	—
Park City litigation settlement payment	(10,000)	—
Other non-cash income, net	(1,614)	(1,611)
Changes in assets and liabilities:		
Trade receivables, net	61,016	43,818
Inventories, net	(20,733)	(21,032)
Accounts payable and accrued liabilities	81,156	82,105
Other assets and liabilities, net	(9,480)	(13,791)
Net cash provided by operating activities	24,479	16,346
Cash flows from investing activities:		
Capital expenditures	(27,756)	(33,804)
Acquisition of business	(182,500)	—
Other investing activities, net	629	100
Net cash used in investing activities	(209,627)	(33,704)
Cash flows from financing activities:		
Proceeds from borrowings under long-term debt	213,000	—
Payments of long-term debt	(30,253)	—
Dividends paid	(15,061)	(7,489)
Other financing activities, net	2,912	445
Net cash provided by (used in) financing activities	170,598	(7,044)
Effect of exchange rate changes on cash and cash equivalents	(16)	23
Net decrease in cash and cash equivalents	(14,566)	(24,379)
Cash and cash equivalents:		
Beginning of period	44,406	138,604
End of period	\$ 29,840	\$ 114,225
Non-cash investing and financing activities:		
Accrued capital expenditures	\$ 10,419	\$ 12,947
Capital expenditures under long-term financing	\$ 9,492	\$ —

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") operate in three business segments: Mountain, Lodging and Real Estate.

In the Mountain segment, the Company operates nine world-class mountain resort properties at the Vail, Breckenridge, Keystone and Beaver Creek mountain resorts in Colorado; the Heavenly, Northstar, and Kirkwood mountain resorts in the Lake Tahoe area of California and Nevada; the Canyons and Park City Mountain Resort ("Park City" acquired on September 11, 2014) in Utah; and the ski areas of Afton Alps in Minnesota and Mount Brighton in Michigan ("Urban" ski areas); as well as ancillary services, primarily including ski school, dining and retail/rental operations. These resorts (except for Northstar, Canyons, Park City and the Urban ski areas) operate primarily on Federal land under the terms of Special Use Permits granted by the USDA Forest Service (the "Forest Service").

In the Lodging segment, the Company owns and/or manages a collection of luxury hotels and condominiums under its RockResorts brand, as well as other strategic lodging properties and a large number of condominiums located in proximity to the Company's mountain resorts, National Park Service ("NPS") concessionaire properties including the Grand Teton Lodge Company ("GTLC"), which operates destination resorts in the Grand Teton National Park, Colorado Mountain Express ("CME"), a Colorado resort ground transportation company, and mountain resort 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 mountain resorts are seasonal in nature with peak operating seasons primarily from mid-November through mid-April. The Company's operations at its NPS concessionaire properties 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 7, Variable Interest Entities).

2. Summary of Significant Accounting Policies

Basis of Presentation

Consolidated Condensed Financial Statements— 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 fiscal 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 fiscal year ended July 31, 2014. 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 Consolidated Condensed Balance Sheet as of July 31, 2014 was derived from audited financial statements.

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.

Canyons Retrospective Adjustment— During the fiscal year ended July 31, 2014, the Company recorded a measurement period adjustment to its Canyons preliminary purchase price allocation of \$32.9 million which reduced deferred income tax assets, net with a corresponding increase to goodwill and reflected this as a retrospective adjustment as of July 31, 2013. As such, the October 31, 2013 Consolidated Condensed Balance Sheet reflects this retrospective adjustment (including the Supplemental Consolidating Condensed Balance Sheet - see Note 12, Guarantor Subsidiaries and Non-Guarantor Subsidiaries).

Noncontrolling Interests in Consolidated Condensed Financial Statements— Net loss attributable to noncontrolling interests along with net loss attributable to the stockholders of the Company are reported separately in the Consolidated Condensed Statement of Operations. Additionally, noncontrolling interests in the consolidated subsidiaries of the Company are reported as a separate component of equity in the Consolidated Condensed Balance Sheet, apart from the Company's equity. The following table summarizes the changes in total stockholders' equity (in thousands):

	For the Three Months Ended October 31,					
	2014			2013		
	Vail Resorts Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Vail Resorts Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
Balance, beginning of period	\$ 820,843	\$ 13,957	\$ 834,800	\$ 823,868	\$ 14,001	\$ 837,869
Net loss	(64,276)	(48)	(64,324)	(73,376)	(61)	(73,437)
Stock-based compensation expense	4,201	—	4,201	3,492	—	3,492
Issuance of shares under share award plans, net of shares withheld for taxes	(3,186)	—	(3,186)	(4,793)	—	(4,793)
Tax benefit from share award plans	2,344	—	2,344	2,843	—	2,843
Cash dividends paid on common stock	(15,061)	—	(15,061)	(7,489)	—	(7,489)
Contributions from noncontrolling interests, net	—	52	52	—	56	56
Foreign currency translation adjustments, net of tax	(140)	—	(140)	11	—	11
Balance, end of period	\$ 744,725	\$ 13,961	\$ 758,686	\$ 744,556	\$ 13,996	\$ 758,552

Fair Value Instruments— The recorded amounts for cash and cash equivalents, trade receivables, other current assets, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. The fair value of amounts outstanding under the Credit Facility Revolver and Employee Housing Bonds (Note 4, Long-Term Debt) approximate book value due to the variable nature of the interest rate associated with that debt. The fair value of the 6.50% Senior Subordinated Notes due 2019 ("6.50% Notes") are based on quoted market prices (a Level 1 input). The fair value of the Company's Industrial Development Bonds (Note 4, Long-Term Debt) and other long-term debt have been estimated using discounted cash flow analyses based on current borrowing rates for debt with similar remaining maturities and ratings (a Level 3 input). The estimated fair values of the 6.50% Notes, Industrial Development Bonds and other long-term debt as of October 31, 2014 are presented below (in thousands):

	October 31, 2014	
	Carrying Value	Fair Value
6.50% Notes	\$ 215,000	\$ 223,600
Industrial Development Bonds	\$ 41,200	\$ 45,690
Other long-term debt	\$ 14,424	\$ 14,804

New Accounting Standards— In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, "Revenue Recognition". This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The standard will be effective for the first interim period within fiscal years beginning after December 15,

2016 (the Company's 2018 first fiscal quarter), using one of two retrospective application methods. The Company is evaluating the impacts, if any, the adoption of ASU No. 2014-09 will have on the Company's financial position or results of operations.

3. Net Loss Per Common Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net loss attributable to Vail Resorts stockholders by the weighted-average shares outstanding during the period. 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 Vail Resorts. Presented below is basic and diluted EPS for the three months ended October 31, 2014 and 2013 (in thousands, except per share amounts):

	Three Months Ended October 31,			
	2014		2013	
	Basic	Diluted	Basic	Diluted
Net loss per share:				
Net loss attributable to Vail Resorts	\$ (64,276)	\$ (64,276)	\$ (73,376)	\$ (73,376)
Weighted-average shares outstanding	36,249	36,249	36,026	36,026
Effect of dilutive securities	—	—	—	—
Total shares	36,249	36,249	36,026	36,026
Net loss per share attributable to Vail Resorts	\$ (1.77)	\$ (1.77)	\$ (2.04)	\$ (2.04)

The Company computes the effect of dilutive securities using the treasury stock method and average market prices during the period. The number of shares issuable on the exercise of share based awards excluded from the calculation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive totaled 1.7 million and 1.5 million for the three months ended October 31, 2014 and 2013, respectively.

The Company paid dividends of \$0.4150 per share and \$0.2075 per share (\$15.1 million and \$7.5 million in the aggregate) during the three months ended October 31, 2014 and 2013, respectively. On December 5, 2014 the Company's Board of Directors declared a quarterly cash dividend of \$0.4150 per share payable on January 12, 2015 to stockholders of record as of December 29, 2014.

4. Long-Term Debt

Long-term debt as of October 31, 2014, July 31, 2014 and October 31, 2013 is summarized as follows (in thousands):

	Maturity (a)	October 31, 2014	July 31, 2014	October 31, 2013
Credit Facility Revolver	2019	\$ 183,000	\$ —	\$ —
Industrial Development Bonds	2020	41,200	41,200	41,200
Employee Housing Bonds	2027-2039	52,575	52,575	52,575
6.50% Notes	2019	215,000	215,000	390,000
Canyons obligation	2063	313,258	311,858	307,706
Other	2015-2029	15,227	5,989	6,584
Total debt		820,260	626,622	798,065
Less: Current maturities (b)		1,022	1,022	1,003
Long-term debt		\$ 819,238	\$ 625,600	\$ 797,062

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

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

Aggregate maturities for debt outstanding as of October 31, 2014 reflected by fiscal year are as follows (in thousands):

	Total
2015	\$ 778
2016	257
2017	270
2018	271
2019	398,286
Thereafter	420,398
Total debt	\$ 820,260

The Company incurred gross interest expense of \$13.6 million and \$16.1 million for the three months ended October 31, 2014 and 2013, respectively, of which \$0.4 million and \$0.5 million, respectively, were amortization of deferred financing costs. The Company had no capitalized interest during the three months ended October 31, 2014 and 2013.

5. Acquisition

Park City Mountain Resort

On September 11, 2014, VR CPC Holdings, Inc. ("VR CPC"), a wholly-owned subsidiary of the Company, and Greater Park City Company, Powdr Corp., Greater Properties, Inc., Park Properties, Inc., and Powdr Development Company (collectively, "Park City Sellers") entered into a Purchase and Sale Agreement (the "Purchase Agreement") providing for the acquisition of substantially all of the assets related to Park City in Park City, Utah. The cash purchase price was \$182.5 million, subject to certain post-closing adjustments. The Company funded the cash purchase price through borrowings under the revolver portion of its existing credit facility.

As provided under the Purchase Agreement, the Company acquired the property, assets and operations of Park City, which includes the ski area and related amenities, from Park City Sellers and assumed leases of certain realty, acquired certain assets, and assumed certain liabilities of Park City Sellers relating to Park City. In addition to the Purchase Agreement, the parties settled the ongoing litigation related to the validity of a lease of certain land owned by Talisker Land Holdings, LLC under the ski terrain of Park City (the "Park City Litigation"). In connection with settling the Park City Litigation, the Company recorded a non-cash gain of \$16.4 million in the Mountain segment for the three months ended October 31, 2014. The gain on litigation settlement represents the estimated fair value of the rents (including damages and interest) due the Company from the Park City Sellers for their use of land and improvements from the Canyons transaction date of May 29, 2013 to the Park City acquisition date. Additionally, the Company assigned a fair value of \$10.1 million to the settlement of the Park City Litigation that applied to the period prior to the Canyons transaction. The combined fair value of the Park City Litigation settlement of \$26.5 million was determined by applying market capitalization rates to the estimated fair market value of the land and improvements, plus an estimate of statutory damages and interest. The estimated fair value of the Park City Litigation settlement was not received in cash, but was instead reflected as part of the cash price negotiated for the Park City acquisition. Accordingly, the estimated fair value of the Park City Litigation settlement was included in the total consideration for the acquisition of Park City. Under an agreement entered into in conjunction with the Canyons transaction, the Company made a \$10.0 million payment to Talisker in the three months ended October 31, 2014, resulting from the settlement of the Park City Litigation.

The following summarizes the preliminary estimated fair values of the identifiable assets acquired and liabilities assumed at the date the transaction was effective (in thousands).

	Estimates of Fair Value at Effective Date of Transaction	
Accounts receivable	\$	1,343
Other assets		3,259
Property, plant and equipment		76,563
Deferred income tax assets, net		7,444
Real estate held for sale and investment		20,000
Intangible assets		27,800
Goodwill		78,857
Total identifiable assets acquired	\$	215,266
Accounts payable and accrued liabilities	\$	1,955
Deferred revenue		4,361
Total liabilities assumed	\$	6,316
Total purchase price	\$	208,950

The estimated fair values of assets acquired and liabilities assumed in the acquisition of Park City are preliminary and are based on the information that was available as of the acquisition date to estimate the fair value of assets acquired and liabilities assumed. The Company believes that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but the Company is obtaining additional information necessary to finalize those fair values. Therefore, the preliminary measurements of fair value reflected are subject to change. The Company expects to finalize the valuation and complete the purchase price allocation as soon as practicable but no later than one year from the acquisition date.

The excess of the purchase price over the aggregate fair values of assets acquired and liabilities assumed was recorded as goodwill. The goodwill recognized is attributable primarily to expected synergies, the assembled workforce of Park City and other factors. The majority of goodwill is expected to be deductible for income tax purposes. The intangible assets consist of trademarks, water rights, and customer lists. The intangible assets have a weighted-average amortization period of approximately 46 years. The operating results of Park City, which are recorded in the Mountain segment, contributed \$0.8 million of net revenue for the three months ended October 31, 2014. The Company has recognized \$0.9 million of transaction related expenses in Mountain operating expense in the Consolidated Statements of Operations for the three months ended October 31, 2014.

Certain land and improvements in the Park City ski area (excluding the base area) was part of the Talisker leased premises to Park City and was subject to the on-going Park City Litigation as of the Canyons transaction date, and as such, was recorded as a deposit ("Park City Deposit") for the potential future interests in the land and associated improvements at its estimated fair value in conjunction with the Canyons transaction. Upon settlement of the Park City Litigation, the land and improvements associated with the Talisker leased premises became subject to the Canyons lease, and as a result, the Company reclassified the Park City Deposit to the respective assets within property, plant and equipment in the three months ended October 31, 2014. The inclusion of the land and certain land improvements that was subject to the Park City Litigation and now included in the Canyons lease requires no additional consideration from the Company to Talisker, but the financial contribution from the operations of Park City will be included as part of the calculation of EBITDA for the resort operations, and as a result, factor into the participating contingent payments (see Note 8, Fair Value Measurements). The majority of the assets acquired under the Park City acquisition, although not under lease, are subject to the terms and conditions of the Canyons lease.

The following presents the unaudited pro forma consolidated financial information of the Company as if the acquisition of Park City was completed on August 1, 2013. The following unaudited pro forma financial information includes adjustments for (i) depreciation on acquired property, plant and equipment; (ii) amortization of intangible assets recorded at the date of the transaction; (iii) related-party land leases; and (iv) transaction and business integration related costs. This unaudited pro forma financial information is presented for informational purposes only and does not purport to be indicative of the results of future operations or the results that would have occurred had the transaction taken place on August 1, 2013 (in thousands, except per share amounts).

**Three Months Ended
October 31,**

	2014	2013
Pro forma net revenue	\$ 130,298	\$ 126,192
Pro forma net loss attributable to Vail Resorts, Inc.	\$ (64,267)	\$ (76,898)
Pro forma basic net loss per share attributable to Vail Resorts, Inc.	\$ (1.77)	\$ (2.13)

6. Supplementary Balance Sheet Information

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

	October 31, 2014	July 31, 2014	October 31, 2013
Land and land improvements	\$ 409,060	\$ 348,328	\$ 343,971
Buildings and building improvements	948,932	907,280	885,054
Machinery and equipment	731,782	700,745	647,856
Furniture and fixtures	268,536	269,209	262,334
Software	98,899	98,653	93,188
Vehicles	55,788	55,724	49,789
Construction in progress	74,996	31,487	88,490
Gross property, plant and equipment	2,587,993	2,411,426	2,370,682
Accumulated depreciation	(1,292,463)	(1,263,436)	(1,185,169)
Property, plant and equipment, net	\$ 1,295,530	\$ 1,147,990	\$ 1,185,513

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

	October 31, 2014	July 31, 2014	October 31, 2013
Trade payables	\$ 94,035	\$ 71,823	\$ 100,125
Deferred revenue	198,133	110,566	166,705
Accrued salaries, wages and deferred compensation	18,379	29,833	16,857
Accrued benefits	20,046	21,351	18,135
Deposits	14,614	15,272	12,972
Accrued interest	8,595	5,429	13,447
Other accruals	36,468	34,944	41,310
Total accounts payable and accrued liabilities	\$ 390,270	\$ 289,218	\$ 369,551

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

	October 31, 2014		July 31, 2014		October 31, 2013
Private club deferred initiation fee revenue	\$ 127,879	\$	128,824	\$	130,108
Unfavorable lease obligation, net	30,817		31,338		33,369
Other long-term liabilities	96,490		100,519		77,248
Total other long-term liabilities	\$ 255,186	\$	260,681	\$	240,725

The changes in the net carrying amount of goodwill allocated between the Company's segments for the three months ended October 31, 2014 are as follows (in thousands):

		Mountain		Lodging		Goodwill, net
Balance at July 31, 2014	\$	310,249	\$	67,899	\$	378,148
Acquisition		78,857		—		78,857
Effects of changes in foreign currency exchange rates		(113)		—		(113)
Balance at October 31, 2014	\$	388,993	\$	67,899	\$	456,892

7. Variable Interest Entities

The Company is the primary beneficiary of four employee housing entities (collectively, the "Employee Housing Entities"), Breckenridge Terrace, LLC, The Tames at BC, LLC, BC Housing, LLC and Tenderfoot Seasonal Housing, LLC, which are variable interest entities ("VIEs"), and the Company has consolidated them in its Consolidated Condensed Financial Statements. As a group, as of October 31, 2014, the Employee Housing Entities had total assets of \$27.3 million (primarily recorded in property, plant and equipment, net) and total liabilities of \$64.1 million (primarily recorded in long-term debt as "Employee Housing Bonds"). The Company's lenders have issued letters of credit totaling \$53.4 million under the Company's Credit Agreement related to Employee Housing Bonds. Payments under 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 leases substantially all of that space. APII had total assets of \$4.3 million (primarily recorded in property, plant and equipment, net) and no debt as of October 31, 2014.

8. Fair Value Measurements

The Financial Accounting Standards Board issued fair value guidance that establishes how reporting entities should measure fair value for measurement and disclosure purposes. The guidance establishes a common definition of fair value applicable to all assets and liabilities measured at fair value and 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 cash equivalents and Contingent Consideration measured at fair value (all other assets and liabilities measured at fair value are immaterial) (in thousands):

Fair Value Measurement as of October 31, 2014

Description	Balance at October 31, 2014	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 8,391	\$ 8,391	\$ —	\$ —
Commercial Paper	\$ 1,770	\$ —	\$ 1,770	\$ —
Certificates of Deposit	\$ 3,530	\$ —	\$ 3,530	\$ —
Liabilities:				
Contingent Consideration	\$ 6,000	\$ —	\$ —	\$ 6,000

Fair Value Measurement as of July 31, 2014

Description	Balance at July 31, 2014	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 9,022	\$ 9,022	\$ —	\$ —
Commercial Paper	\$ 630	\$ —	\$ 630	\$ —
Certificates of Deposit	\$ 880	\$ —	\$ 880	\$ —
Liabilities:				
Contingent Consideration	\$ 10,500	\$ —	\$ —	\$ 10,500

Fair Value Measurement as of October 31, 2013

Description	Balance at October 31, 2013	Level 1	Level 2	Level 3
Assets:				
Money Market	\$ 9,023	\$ 9,023	\$ —	\$ —
Commercial Paper	\$ 630	\$ —	\$ 630	\$ —
Certificates of Deposit	\$ 630	\$ —	\$ 630	\$ —
Liabilities:				
Contingent Consideration	\$ 9,100	\$ —	\$ —	\$ 9,100

The Company's cash equivalents are measured utilizing quoted market prices or pricing models whereby all significant inputs are either observable or corroborated by observable market data.

The changes in Contingent Consideration during the three months ended October 31, 2014 and 2013 were as follows:

	2014	2013
Balance at July 31,	\$ 10,500	\$ 9,100
Change in fair value	(4,500)	—
Balance at October 31,	\$ 6,000	\$ 9,100

The lease for Canyons provides for participating contingent payments to Talisker of 42% of the amount by which EBITDA for the resort operations, as calculated under the lease, exceed approximately \$35 million, with such threshold amount increased by an inflation linked index and a 10% adjustment for any capital improvements or investments made under the lease by the Company (the "Contingent Consideration"). The fair value of Contingent Consideration includes the resort operations of Park City in the calculation of EBITDA on which participating contingent payments are made, and increases the EBITDA threshold before which participating contingent payments are made equal to 10% of the purchase price paid by the Company, plus future capital expenditures. The Company estimated the fair value of the Contingent Consideration payments using an option pricing valuation model. Key assumptions included a discount rate of 11.5%, volatility of 20.0%, and credit risk of 3.0%. The model also incorporates assumptions for EBITDA and capital expenditures which are unobservable inputs and thus are considered Level 3 inputs. As Contingent Consideration is classified as a liability, the liability is remeasured to fair value at each reporting date until the contingency is resolved. During the three months ended October 31, 2014, the Company recorded a decrease of

\$4.5 million in the estimated fair value of the participating contingent payments, and recorded the related gain in loss from operations. The estimated fair value of the contingent consideration is \$6.0 million as of October 31, 2014 and this liability is recorded in other long-term liabilities in the Consolidated Balance Sheets.

9. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances \$8.0 million of bonds issued by Holland Creek Metropolitan District (“HCMD”) through an \$8.1 million letter of credit issued under the Credit Agreement. 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 \$1.8 million primarily within “other long-term liabilities” in the accompanying Consolidated Condensed Balance Sheets, as of October 31, 2014, July 31, 2014 and October 31, 2013, respectively, with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates it will make capital improvement fee payments under this arrangement through the year ending July 31, 2029.

Guarantees/Indemnifications

As of October 31, 2014, the Company had various other letters of credit for \$58.9 million, consisting primarily of \$53.4 million in to support the Employee Housing Bonds and \$3.4 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 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 have agreed to 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 is with respect to the Company’s own performance and is therefore not subject to the measurement requirements as prescribed by GAAP, 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 potential obligations due to the unique set of facts and circumstances 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 for their use of the Company’s trademarks and logos. The Company does not record any liabilities with respect to these indemnifications.

Self Insurance

The Company is self-insured for claims under its health benefit plans and for the majority of workers' compensation claims, subject to stop loss policies. 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 6, Supplementary Balance Sheet Information).

Legal

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage and/or has accrued for loss contingencies for all known matters deemed to be probable losses and estimable. As of October 31, 2014, July 31, 2014 and October 31, 2013, the accrual for the above loss contingencies was not material individually and in the aggregate.

10. Segment Information

The Company has three reportable segments: Mountain, Lodging and Real Estate. The Mountain segment includes the operations of the Company's mountain resorts and ski areas and related ancillary services. The Lodging segment includes the operations of all of the Company's owned hotels, RockResorts, NPS concessionaire properties, condominium management, CME and mountain resort golf operations. 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 each other, 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, plus gain on litigation settlement), which is a non-GAAP financial measure. The Company reports segment results in a manner consistent with management's internal reporting of operating results to the chief operating decision maker (the 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 Condensed 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 or minus Mountain equity investment income or loss plus gain on litigation settlement. 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 expenses. Assets are not allocated between segments, or used to evaluate performance, except as shown in the table below.

The following table presents financial information by reportable segment which is used by management in evaluating performance and allocating resources (in thousands):

	Three Months Ended October 31,	
	2014	2013
Net revenue:		
Lift	\$ —	\$ —
Ski school	—	—
Dining	8,039	7,464
Retail/rental	29,473	28,900
Other	22,874	20,967
Total Mountain net revenue	60,386	57,331
Lodging	58,493	57,214
Total Resort net revenue	118,879	114,545
Real estate	9,383	8,846
Total net revenue	\$ 128,262	\$ 123,391
Operating expense:		
Mountain	\$ 131,952	\$ 124,774
Lodging	57,754	56,905
Total Resort operating expense	189,706	181,679
Real estate	11,614	9,231
Total segment operating expense	\$ 201,320	\$ 190,910
Gain on litigation settlement	\$ 16,400	\$ —
Mountain equity investment income, net	\$ 325	\$ 603
Reported EBITDA:		
Mountain	\$ (54,841)	\$ (66,840)
Lodging	739	309
Resort	(54,102)	(66,531)
Real estate	(2,231)	(385)
Total Reported EBITDA	\$ (56,333)	\$ (66,916)
Real estate held for sale and investment	\$ 170,182	\$ 188,205
Reconciliation to net loss attributable to Vail Resorts, Inc.:		
Total Reported EBITDA	\$ (56,333)	\$ (66,916)
Depreciation and amortization	(35,969)	(34,156)
Change in fair value of contingent consideration	4,550	—
Loss on disposal of fixed assets, net	(755)	(429)
Investment (loss) income, net	(26)	95
Interest expense	(13,568)	(16,098)
Loss before benefit from income taxes	(102,101)	(117,504)
Benefit from income taxes	37,777	44,067
Net loss	\$ (64,324)	\$ (73,437)
Net loss attributable to noncontrolling interests	48	61
Net loss attributable to Vail Resorts, Inc.	\$ (64,276)	\$ (73,376)

11. 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, 2014 and 2013, the Company did not repurchase any shares of common

stock. Since inception of its stock repurchase program through October 31, 2014, the Company has repurchased 4,949,111 shares at a cost of approximately \$193.2 million. As of October 31, 2014, 1,050,889 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 plan.

12. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 6.50% 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, Larkspur Restaurant & Bar, LLC, Black Diamond Insurance, Inc., Skiinfo AS 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 6.50% 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 sheets are presented as of October 31, 2014, July 31, 2014, and October 31, 2013. Statements of operations and statements of comprehensive income (loss) are presented for the three months ended October 31, 2014 and 2013. Statements of cash flows are presented for the three months ended October 31, 2014 and 2013. As of October 31, 2013, the Company revised its classification of advances to Parent in the amount of \$492.6 million to properly present it as contra equity in the Supplemental Consolidating Condensed Balance Sheet from advances to Parent within total assets. The Company has determined that this revision is not material to the Supplemental Consolidating Condensed Balance Sheet.

Investments in subsidiaries are accounted for by the Parent Company and Guarantor Subsidiaries using the equity method of accounting. Net income (loss) of Guarantor Subsidiaries 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 Subsidiaries 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 Consolidating Condensed Balance Sheet
As of October 31, 2014
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	\$ —	\$ 20,598	\$ 9,242	\$ —	\$ 29,840
Restricted cash	—	11,304	1,978	—	13,282
Trade receivables, net	—	33,241	2,896	—	36,137
Inventories, net	—	88,079	200	—	88,279
Other current assets	30,857	33,256	339	—	64,452
Total current assets	30,857	186,478	14,655	—	231,990
Property, plant and equipment, net	—	1,254,155	41,375	—	1,295,530
Real estate held for sale and investment	—	170,182	—	—	170,182
Goodwill, net	—	455,348	1,544	—	456,892
Intangible assets, net	—	124,901	19,197	—	144,098
Other assets	2,617	45,551	3,988	(9,980)	42,176
Investments in subsidiaries	1,882,979	(8,865)	—	(1,874,114)	—
Advances to affiliates	—	—	2,448	(2,448)	—
Total assets	\$ 1,916,453	\$ 2,227,750	\$ 83,207	\$ (1,886,542)	\$ 2,340,868
Current liabilities:					
Accounts payable and accrued liabilities	\$ 7,267	\$ 373,235	\$ 9,768	\$ —	\$ 390,270
Income taxes payable	31,604	—	—	—	31,604
Long-term debt due within one year	—	778	244	—	1,022
Total current liabilities	38,871	374,013	10,012	—	422,896
Advances from affiliates	783,910	2,448	—	(786,358)	—
Long-term debt	215,000	546,975	57,263	—	819,238
Other long-term liabilities	48,875	205,245	11,046	(9,980)	255,186
Deferred income taxes	85,072	—	(210)	—	84,862
Total Vail Resorts, Inc. stockholders' equity (deficit)	744,725	1,882,979	(8,865)	(1,874,114)	744,725
Advances to Parent	—	(783,910)	—	783,910	—
Noncontrolling interests	—	—	13,961	—	13,961
Total stockholders' equity	744,725	1,099,069	5,096	(1,090,204)	758,686
Total liabilities and stockholders' equity	\$ 1,916,453	\$ 2,227,750	\$ 83,207	\$ (1,886,542)	\$ 2,340,868

Supplemental Consolidating Condensed Balance Sheet
As of July 31, 2014
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	\$ —	\$ 35,070	\$ 9,336	\$ —	\$ 44,406
Restricted cash	—	11,321	1,860	—	13,181
Trade receivables, net	—	94,390	1,587	—	95,977
Inventories, net	—	66,988	195	—	67,183
Other current assets	29,249	24,736	314	—	54,299
Total current assets	29,249	232,505	13,292	—	275,046
Property, plant and equipment, net	—	1,105,830	42,160	—	1,147,990
Real estate held for sale and investment	—	157,858	—	—	157,858
Goodwill, net	—	376,491	1,657	—	378,148
Intangible assets, net	—	98,227	19,296	—	117,523
Other assets	2,762	100,365	4,137	(9,980)	97,284
Investments in subsidiaries	1,945,001	(7,188)	—	(1,937,813)	—
Advances to affiliates	—	—	2,621	(2,621)	—
Total assets	\$ 1,977,012	\$ 2,064,088	\$ 83,163	\$ (1,950,414)	\$ 2,173,849
Current liabilities:					
Accounts payable and accrued liabilities	\$ 3,803	\$ 277,738	\$ 7,677	\$ —	\$ 289,218
Income taxes payable	33,966	—	—	—	33,966
Long-term debt due within one year	—	791	231	—	1,022
Total current liabilities	37,769	278,529	7,908	—	324,206
Advances from affiliates	725,839	2,621	—	(728,460)	—
Long-term debt	215,000	353,093	57,507	—	625,600
Other long-term liabilities	48,875	210,683	11,103	(9,980)	260,681
Deferred income taxes	128,686	—	(124)	—	128,562
Total Vail Resorts, Inc. stockholders' equity (deficit)	820,843	1,945,001	(7,188)	(1,937,813)	820,843
Advances to Parent	—	(725,839)	—	725,839	—
Noncontrolling interests	—	—	13,957	—	13,957
Total stockholders' equity	820,843	1,219,162	6,769	(1,211,974)	834,800
Total liabilities and stockholders' equity	\$ 1,977,012	\$ 2,064,088	\$ 83,163	\$ (1,950,414)	\$ 2,173,849

Supplemental Consolidating Condensed Balance Sheet
As of October 31, 2013
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	\$ —	\$ 107,053	\$ 7,172	\$ —	\$ 114,225
Restricted cash	—	10,846	1,557	—	12,403
Trade receivables, net	198	34,522	2,831	—	37,551
Inventories, net	—	89,317	214	—	89,531
Other current assets	26,524	29,674	1,136	—	57,334
Total current assets	26,722	271,412	12,910	—	311,044
Property, plant and equipment, net	—	1,140,942	44,571	—	1,185,513
Real estate held for sale and investment	—	188,205	—	—	188,205
Goodwill, net	—	377,740	1,760	—	379,500
Intangible assets, net	—	101,071	19,418	—	120,489
Other assets	5,796	97,473	4,188	(9,459)	97,998
Investments in subsidiaries	1,751,058	(5,045)	—	(1,746,013)	—
Advances to affiliates	—	—	2,945	(2,945)	—
Total assets	\$ 1,783,576	\$ 2,171,798	\$ 85,792	\$ (1,758,417)	\$ 2,282,749
Current liabilities:					
Accounts payable and accrued liabilities	\$ 12,877	\$ 348,128	\$ 8,546	\$ —	\$ 369,551
Income taxes payable	39,946	—	—	—	39,946
Long-term debt due within one year	—	772	231	—	1,003
Total current liabilities	52,823	348,900	8,777	—	410,500
Advances from affiliates	492,580	2,945	—	(495,525)	—
Long-term debt	390,000	349,555	57,507	—	797,062
Other long-term liabilities	27,673	211,920	10,591	(9,459)	240,725
Deferred income taxes	75,944	—	(34)	—	75,910
Total Vail Resorts, Inc. stockholders' equity (deficit)	744,556	1,751,058	(5,045)	(1,746,013)	744,556
Advances to Parent	—	(492,580)	—	492,580	—
Noncontrolling interests	—	—	13,996	—	13,996
Total stockholders' equity	744,556	1,258,478	8,951	(1,253,433)	758,552
Total liabilities and stockholders' equity	\$ 1,783,576	\$ 2,171,798	\$ 85,792	\$ (1,758,417)	\$ 2,282,749

Supplemental Consolidating Condensed Statement of Operations
For the three months ended October 31, 2014
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	\$ —	\$ 129,726	\$ 2,642	\$ (4,106)	\$ 128,262
Total operating expense	88	237,506	4,518	(4,068)	238,044
Gain on litigation settlement	—	16,400	—	—	16,400
Change in fair value of contingent consideration	—	4,550	—	—	4,550
Loss from operations	(88)	(86,830)	(1,876)	(38)	(88,832)
Other expense, net	(3,639)	(9,671)	(322)	38	(13,594)
Equity investment income, net	—	325	—	—	325
Loss before benefit from income taxes	(3,727)	(96,176)	(2,198)	—	(102,101)
Benefit from income taxes	1,333	36,207	237	—	37,777
Net loss before equity in loss of consolidated subsidiaries	(2,394)	(59,969)	(1,961)	—	(64,324)
Equity in loss of consolidated subsidiaries	(61,882)	(1,913)	—	63,795	—
Net loss	(64,276)	(61,882)	(1,961)	63,795	(64,324)
Net loss attributable to noncontrolling interests	—	—	48	—	48
Net loss attributable to Vail Resorts, Inc.	\$ (64,276)	\$ (61,882)	\$ (1,913)	\$ 63,795	\$ (64,276)

Supplemental Consolidating Condensed Statement of Operations
For the three months ended October 31, 2013
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	\$ —	\$ 123,488	\$ 2,815	\$ (2,912)	\$ 123,391
Total operating expense	92	223,528	4,749	(2,874)	225,495
Loss from operations	(92)	(100,040)	(1,934)	(38)	(102,104)
Other expense, net	(6,601)	(9,097)	(343)	38	(16,003)
Equity investment income, net	—	603	—	—	603
Loss before benefit from income taxes	(6,693)	(108,534)	(2,277)	—	(117,504)
Benefit from income taxes	2,848	40,990	229	—	44,067
Net loss before equity in loss of consolidated subsidiaries	(3,845)	(67,544)	(2,048)	—	(73,437)
Equity in loss of consolidated subsidiaries	(69,531)	(1,987)	—	71,518	—
Net loss	(73,376)	(69,531)	(2,048)	71,518	(73,437)
Net loss attributable to noncontrolling interests	—	—	61	—	61
Net loss attributable to Vail Resorts, Inc.	\$ (73,376)	\$ (69,531)	\$ (1,987)	\$ 71,518	\$ (73,376)

Supplemental Consolidating Condensed Statement of Comprehensive Income (Loss)
For the three months ended October 31, 2014
(In thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Net loss	\$ (64,276)	\$ (61,882)	\$ (1,961)	\$ 63,795	\$ (64,324)
Foreign currency translation adjustments, net of tax	(140)	(140)	(140)	280	(140)
Comprehensive loss	(64,416)	(62,022)	(2,101)	64,075	(64,464)
Comprehensive loss attributable to noncontrolling interests	—	—	48	—	48
Comprehensive loss attributable to Vail Resorts, Inc.	\$ (64,416)	\$ (62,022)	\$ (2,053)	\$ 64,075	\$ (64,416)

Supplemental Consolidating Condensed Statement of Comprehensive Income (Loss)
For the three months ended October 31, 2013
(In thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Net loss	\$ (73,376)	\$ (69,531)	\$ (2,048)	\$ 71,518	\$ (73,437)
Foreign currency translation adjustments, net of tax	11	11	11	(22)	11
Comprehensive loss	(73,365)	(69,520)	(2,037)	71,496	(73,426)
Comprehensive loss attributable to noncontrolling interests	—	—	61	—	61
Comprehensive loss attributable to Vail Resorts, Inc.	\$ (73,365)	\$ (69,520)	\$ (1,976)	\$ 71,496	\$ (73,365)

Supplemental Consolidating Condensed Statement of Cash Flows
For the three months ended October 31, 2014
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash (used in) provided by operating activities	\$ (38,937)	\$ 63,073	\$ 343	\$ 24,479
Cash flows from investing activities:				
Capital expenditures	—	(27,471)	(285)	(27,756)
Acquisition of business	—	(182,500)	—	(182,500)
Other investing activities, net	—	617	12	629
Net cash used in investing activities	—	(209,354)	(273)	(209,627)
Cash flows from financing activities:				
Proceeds from borrowings under long-term debt	—	213,000	—	213,000
Payments of other long-term debt	—	(30,022)	(231)	(30,253)
Dividends paid	(15,061)	—	—	(15,061)
Other financing activities, net	2,355	392	165	2,912
Advances	51,643	(51,643)	—	—
Net cash provided by (used in) financing activities	38,937	131,727	(66)	170,598
Effect of exchange rate changes on cash and cash equivalents	—	82	(98)	(16)
Net decrease in cash and cash equivalents	—	(14,472)	(94)	(14,566)
Cash and cash equivalents:				
Beginning of period	—	35,070	9,336	44,406
End of period	\$ —	\$ 20,598	\$ 9,242	\$ 29,840

Supplemental Consolidating Condensed Statement of Cash Flows
For the three months ended October 31, 2013
(in thousands)
(Unaudited)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash (used in) provided by operating activities	\$ (44,375)	\$ 61,344	\$ (623)	\$ 16,346
Cash flows from investing activities:				
Capital expenditures	—	(33,530)	(274)	(33,804)
Other investing activities, net	—	93	7	100
Net cash used in investing activities	—	(33,437)	(267)	(33,704)
Cash flows from financing activities:				
Dividends paid	(7,489)	—	—	(7,489)
Other financing activities, net	2,969	(2,858)	334	445
Advances	48,895	(48,895)	—	—
Net cash provided by (used in) financing activities	44,375	(51,753)	334	(7,044)
Effect of exchange rate changes on cash and cash equivalents	—	(71)	94	23
Net decrease in cash and cash equivalents	—	(23,917)	(462)	(24,379)
Cash and cash equivalents:				
Beginning of period	—	130,970	7,634	138,604
End of period	\$ —	\$ 107,053	\$ 7,172	\$ 114,225

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

Vail Resorts, Inc. together with its subsidiaries, is referred to throughout this Quarterly Report on Form 10-Q for the period ended October 31, 2014 ("Form 10-Q") as "we", "us", "our" or the "Company".

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended July 31, 2014 ("Form 10-K") and the Consolidated Condensed Financial Statements as of October 31, 2014 and 2013 and for the three months then ended, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding our financial position, results of operations and cash flows. 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. See "Forward-Looking Statements" below. These risks include, but are not limited to, those discussed in this Form 10-Q and in our 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.

The following Management's Discussion and Analysis includes discussion of financial performance within each of our segments. We have chosen to specifically include Reported EBITDA (defined as segment net revenue less segment operating expense, plus or minus segment equity investment income or loss, plus gain on litigation settlement) 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 we consider these measurements to be significant indications of our 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"). We utilize Reported EBITDA in evaluating our performance and in allocating resources to our segments. Refer to the end of the "Results of Operations" section below for a reconciliation of Reported EBITDA to net loss attributable to Vail Resorts, Inc. We also believe that Net Debt is an important measurement as it is an indicator of our ability to obtain additional capital resources for our future cash needs. Refer to the end of the "Results of Operations" section below 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 susceptible to varying calculations, Reported EBITDA and Net Debt as presented may not be comparable to other similarly titled measures of other companies.

Overview

Our operations are grouped into three integrated and interdependent segments: Mountain, Lodging and Real Estate. Resort is the combination of the Mountain and Lodging segments.

Mountain Segment

The Mountain segment is comprised of the operations of mountain resort properties at the Vail, Breckenridge, Keystone and Beaver Creek mountain resorts in Colorado ("Colorado" resorts); the Heavenly, Northstar and Kirkwood mountain resorts in the Lake Tahoe area of California and Nevada ("Tahoe" resorts); the Canyons and Park City Mountain Resort ("Park City" acquired on September 11, 2014) in Utah; and Afton Alps ski area in Minnesota and Mount Brighton ski area in Michigan ("Urban" ski areas); as well as ancillary services, primarily including ski school, dining and retail/rental operations. Mountain segment revenue is seasonal, with the majority of revenue earned in our second and third fiscal quarters. Our first fiscal quarter is a seasonally low period as our ski operations are generally not open for business until mid-November, which falls in our second fiscal quarter. Revenue of the Mountain segment during the first fiscal quarter is primarily generated from summer and group related visitation at our mountain resorts, as well as retail operations.

Lodging Segment

Operations within the Lodging segment include (i) ownership/management of a group of luxury hotels and condominiums through the RockResorts brand, including several proximate to our mountain resorts; (ii) ownership/management of non-RockResorts branded hotels and condominiums proximate to our mountain resorts; (iii) National Park Service ("NPS") concessionaire properties including the Grand Teton Lodge Company ("GTLC"); (iv) Colorado Mountain Express ("CME"), a Colorado resort ground transportation company; and (v) mountain resort golf courses.

Revenue of the lodging segment during our first fiscal quarter is generated primarily by the operations of our NPS concessionaire properties (as their peak operating season occurs during the summer months), as well as golf operations and seasonally low operations from our other owned and managed properties and businesses. Lodging properties (including managed condominium rooms) at or around our mountain resorts, and CME, are closely aligned with the performance of the Mountain segment and generally experience similar seasonal trends. Management primarily focuses on Lodging net revenue excluding payroll cost reimbursements and Lodging operating expense excluding reimbursed payroll costs (which are not measures of financial performance under GAAP) as the reimbursements are made based upon the costs incurred with no added margin, as such the revenue and corresponding expense do not affect our Lodging Reported EBITDA, which we use to evaluate Lodging segment performance.

Real Estate Segment

The Real Estate segment owns and develops real estate in and around our resort communities and primarily engages in vertical development of projects, as well as occasional sales of land to third-party developers. The principal activities of our Real Estate segment include the marketing and selling of remaining condominium units available for sale, which primarily relate to The Ritz-Carlton Residences, Vail, and One Ski Hill Place in Breckenridge; planning for future real estate development projects, including zoning and acquisition of applicable permits; and the occasional purchase of selected strategic land parcels for future development as well as the sale of land parcels to third-party developers. Revenue from vertical development projects is not recognized until closing of individual units within a project, which occurs after substantial completion of the project. We attempt 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, requiring significant non-refundable deposits from buyers, and potentially obtaining non-recourse financing for certain projects (although our last two major vertical development projects have not incurred any such direct third-party financing). Additionally, our real estate development projects most often result in the creation of certain resort assets that provide additional benefit to the Mountain and Lodging segments. Although we continue to undertake preliminary planning and design work on future projects, we currently do not plan to undertake significant development activities on new projects until the current economic environment for real estate improves. We believe that, due to our low carrying cost of real estate land investments combined with the absence of third party debt associated with our real estate investments, we are well situated to evaluate the launch of future projects with a more favorable economic environment. Our revenue from the Real Estate segment, and associated expense, can fluctuate significantly based upon the timing of closings and the type of real estate being sold, causing volatility in the Real Estate segment's operating results from period to period.

Recent Trends, Risks and Uncertainties

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

- The timing and amount of snowfall can have an impact on Mountain and Lodging revenue particularly in regards to skier visits and the duration and frequency of guest visitation. To help mitigate this impact, we sell a variety of season pass products prior to the beginning of the ski season resulting in a more stabilized stream of lift revenue within the second and third fiscal quarters, when the season pass sales are recorded as revenue. Additionally, our season pass products provide a compelling value proposition to our guests, which in turn creates a guest commitment predominately prior to the start of the ski season. For the 2013/2014 ski season, pass revenue represented approximately 40% of total lift revenue for the entire ski season. Through December 4, 2014, our season pass sales for the 2014/2015 ski season (including Park City for both the current and prior year, which prior year includes pass sales that were specific to Park City and occurred before our acquisition) have increased approximately 13% in units and increased approximately 16% in sales dollars, compared to the prior year period ended December 5, 2013. We cannot predict the ultimate impact that season pass sales will have on total lift revenue or effective ticket price for the 2014/2015 ski season.
- In May 2013, we entered into a long-term lease with Talisker Corporation ("Talisker") under which we assumed resort operations of Canyons which includes the ski area and related amenities. In addition to the lease, we entered into ancillary transaction documents setting forth our rights related to, among other things, the litigation between the then current operator of Park City and Talisker concerning the validity of a lease of the Talisker-owned land under the ski terrain of Park City (excluding the base area). On September 11, 2014, we entered into a Purchase and Sale Agreement (the "Purchase Agreement") providing for the acquisition of substantially all of the assets related to Park City. Pursuant to the Purchase Agreement and ancillary transaction documents dated the same date, we assumed resort

operations of Park City. In addition, the parties entered into ancillary transaction documents, including an agreement that settled all litigation related to the validity of the lease of the Talisker-owned land. In connection with settling the litigation, we recorded a gain of \$16.4 million for the three months ended October 31, 2014, based upon the estimated fair value of the settlement. Additionally, we recorded a credit of \$4.5 million for the three months ended October 31, 2014 for the change in fair value of the contingent consideration which includes the resort operations of Park City in the calculation of EBITDA on which participating contingent payments are made, and increases the EBITDA threshold before which participating contingent payments are made equal to 10% of the purchase price paid by the Company, plus future capital expenditures. We expect that Park City will significantly contribute to our results of operations; however, we cannot predict whether we will realize all of the synergies expected from the operations of Canyons and Park City nor can we predict all the resources required to integrate Park City operations and the ultimate impact Canyons and Park City will have on our future results of operations.

The estimated fair values of assets acquired and liabilities assumed in the Park City acquisition are preliminary and are based on the information that was available as of the acquisition date to estimate the fair value of assets acquired and liabilities assumed. We believe that information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, but we are obtaining additional information necessary to finalize those fair values. Therefore, the preliminary measurements of fair value reflected within the Consolidated Condensed Balance Sheets as of October 31, 2014 are subject to change.

- As of October 31, 2014, we had \$29.8 million in cash and cash equivalents, as well as \$150.2 million available under our senior credit facility (“Credit Agreement”) (which represents the total commitment of \$400.0 million less outstanding borrowings of \$183.0 million and certain letters of credit outstanding of \$66.8 million). The outstanding borrowings under our Credit Agreement are a result of funding the cash purchase price of \$182.5 million for our acquisition of Park City in September 2014. We believe that the terms of our 6.50% Notes and our Credit Agreement allow for sufficient flexibility in our ability to make future acquisitions, investments, distributions to stockholders and incur additional debt. This, combined with our completed real estate projects where the proceeds from future real estate closings on The Ritz-Carlton Residences, Vail, and One Ski Hill Place in Breckenridge are expected to significantly exceed future carrying costs, and the continued positive cash flow from operating activities of our Mountain and Lodging segments (primarily during our second and third fiscal quarters) less capital expenditures has and is anticipated to continue to provide us with significant liquidity. We believe our liquidity will allow us to consider strategic investments and other forms of returning value to our stockholders including the continued payment of a quarterly cash dividend.
- Real Estate Reported EBITDA is highly dependent on, among other things, the timing of closings on condominium units available for sale, which determines when revenue and associated cost of sales is recognized. Changes to the anticipated timing or mix 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. As of October 31, 2014, we had 12 units at The Ritz-Carlton Residences, Vail and 16 units (of which two units sold subsequent to October 31, 2014) at One Ski Hill Place in Breckenridge available for sale. We cannot predict the ultimate number of units we will sell, the ultimate price we will receive, or when the units will sell, although we anticipate the selling process will take two to three years to complete. If a prolonged weakness in the real estate market or general economic conditions were to occur we may have to adjust our selling prices more than anticipated in an effort to sell and close on units available for sale. However, our risk associated with adjusting selling prices to levels that may not be acceptable to us is partially mitigated by the fact that we do generate cash flow from placing unsold units into our rental program until such time selling prices are at acceptable levels to us. Furthermore, if weakness in the real estate market were to persist for multiple years, thus requiring us to sell remaining units below anticipated pricing levels (including any sales concessions and discounts) for the remaining inventory of units, it may result in an impairment charge, particularly for the One Ski Hill Place in Breckenridge project.
- In accordance with GAAP, we test goodwill and indefinite-lived intangible assets for impairment annually as well as on an interim basis to the extent factors or indicators become apparent that could reduce the fair value of our reporting units or indefinite-lived intangible assets below book value. We also evaluate long-lived assets for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We evaluate the recoverability of our goodwill by estimating the future discounted cash flows of our reporting units and terminal values of the businesses using projected future levels of income as well as business trends, prospects and market and economic conditions. We evaluate the recoverability of indefinite-lived intangible assets using the income approach based upon estimated future revenue streams, and we evaluate long-lived assets based upon estimated undiscounted future cash flows. Our fiscal 2014 annual impairment test did not result in a goodwill or indefinite-lived intangible asset impairment. However, if lower than projected levels of cash flows were to occur due

to prolonged abnormal weather conditions or a prolonged weakness in general economic conditions, among other risks, it could cause less than expected growth and/or a reduction in terminal values and cash flows and could result in an impairment charge attributable to certain goodwill, indefinite-lived intangible assets and/or long-lived assets (particularly related to our Colorado Lodging operations), negatively affecting our results of operations and stockholders' equity.

RESULTS OF OPERATIONS

Summary

Below is a summary of operating results for the three months ended October 31, 2014, compared to the three months ended October 31, 2013 (in thousands):

	Three Months Ended October 31,	
	2014	2013
Mountain Reported EBITDA	\$ (54,841)	\$ (66,840)
Lodging Reported EBITDA	739	309
Resort Reported EBITDA	(54,102)	(66,531)
Real Estate Reported EBITDA	(2,231)	(385)
Loss before benefit from income taxes	(102,101)	(117,504)
Net loss attributable to Vail Resorts, Inc.	\$ (64,276)	\$ (73,376)

A discussion of the segment results and other items can be found below.

Mountain Segment

Three months ended October 31, 2014 compared to the three months ended October 31, 2013

Mountain segment operating results for the three months ended October 31, 2014 and 2013 are presented by category as follows (in thousands):

	Three Months Ended October 31,		Percentage Increase (Decrease)
	2014	2013	
Net Mountain revenue:			
Lift	\$ —	\$ —	— %
Ski school	—	—	— %
Dining	8,039	7,464	7.7 %
Retail/rental	29,473	28,900	2.0 %
Other	22,874	20,967	9.1 %
Total Mountain net revenue	\$ 60,386	\$ 57,331	5.3 %
Mountain operating expense:			
Labor and labor-related benefits	\$ 43,005	\$ 39,552	8.7 %
Retail cost of sales	16,790	16,863	(0.4)%
General and administrative	32,016	29,516	8.5 %
Other	40,141	38,843	3.3 %
Total Mountain operating expense	\$ 131,952	\$ 124,774	5.8 %
Gain on litigation settlement	16,400	—	nm
Mountain equity investment income, net	325	603	(46.1)%
Mountain Reported EBITDA	\$ (54,841)	\$ (66,840)	18.0 %

Certain Mountain segment operating expenses presented above for the three months ended October 31, 2013 have been reclassified to conform to the current fiscal quarter presentation.

Mountain Reported EBITDA includes \$3.2 million and \$2.7 million of stock-based compensation expense for the three months ended October 31, 2014 and 2013, respectively.

Our first fiscal quarter historically results in negative Mountain Reported EBITDA, as our mountain resorts generally do not open for ski operations until our second fiscal quarter. The first fiscal quarter normally consists of operating and administrative expenses plus summer and retail operations. Mountain Reported EBITDA for the three months ended October 31, 2014 was positively impacted by the \$16.4 million gain on Park City litigation settlement, partially offset by the inclusion of negative operating results of Park City since the acquisition date (acquired on September 11, 2014) due to no ski operations and litigation, integration and transaction costs, as compared to the same period in the prior year. The gain on the Park City litigation represents the estimated fair value of the settlement, which we obtained the right to in the Canyons transaction, from the Canyons transaction date of May 29, 2013 to the Park City acquisition date.

Dining revenue increased \$0.6 million, or 7.7%, for the three months ended October 31, 2014, compared to the same period in the prior year, which was primarily attributable to improved summer visitation at both our Colorado and Tahoe mountain resorts, increased on-mountain group business at Canyons, and incremental dining revenue of \$0.1 million generated at Park City.

Retail/rental revenue increased \$0.6 million, or 2.0%, for the three months ended October 31, 2014 compared to the same period in the prior year, which was driven by an increase in retail sales of \$0.4 million, or 1.3%, and an increase in rental revenue of \$0.2 million, or 9.4%. The increase in retail sales was driven by an increase in sales volume at our Colorado front range stores, which benefited from strong sales at pre-ski season sales events and stores proximate to our Colorado resorts. These increases were partially offset by no on-line retail sales in the current period due to the shutdown of our on-line retail platform in the prior year and lower sales at our Any Mountain stores in the San Francisco Bay Area.

Other revenue mainly consists of summer visitation and mountain activities revenue, employee housing revenue, guest services revenue, commercial leasing revenue, marketing and internet advertising revenue, private club revenue (which includes both club dues and amortization of initiation fees), municipal services revenue and other recreation activity revenue. For the three months ended October 31, 2014, other revenue increased \$1.9 million, or 9.1%, primarily due to an increase in summer activities revenue from improved summer visitation at both our Colorado and Tahoe mountain resorts and incremental revenue from Park City of \$0.7 million.

Operating expense increased \$7.2 million, or 5.8%, for the three months ended October 31, 2014 compared to the same period in the prior year, partially due to incremental expenses from Park City of \$5.2 million (including current year Park City litigation, integration and transaction costs of \$3.1 million). Operating expense in the prior year included \$2.7 million of Canyons integration and Park City litigation related expenses. Excluding these expenses, operating expense increased \$4.7 million, or 3.8%, for the three months ended October 31, 2014 compared to the same period in the prior year. Labor and labor-related benefits (excluding Park City) increased \$2.6 million, or 6.5%, primarily due to normal wage adjustments and higher employee medical costs. Retail cost of sales (excluding Park City) decreased \$0.1 million, or 0.6%, compared to an increase in retail sales of \$0.4 million, or 1.3%, as a result of no on-line retail sales in the current period due to the shutdown of our on-line retail platform (as discussed above) which had associated lower gross profit margins. General and administrative expense (excluding Park City) increased \$2.2 million, or 7.4%, primarily due to higher Mountain segment component of allocated corporate costs including increased sales and marketing expense. Other expense (excluding Park City in the current period and Canyons integration and Park City litigation related expenses from the prior year) was flat compared to the same period in the prior year.

Mountain equity investment income, net primarily includes our share of income from the operations of a real estate brokerage joint venture.

Lodging Segment

Three months ended October 31, 2014 compared to the three months ended October 31, 2013

Lodging segment operating results for the three months ended October 31, 2014 and 2013 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)
	2014	2013	
Lodging net revenue:			
Owned hotel rooms	\$ 14,918	\$ 14,113	5.7 %
Managed condominium rooms	8,111	7,772	4.4 %
Dining	13,538	13,346	1.4 %
Transportation	2,317	1,872	23.8 %
Golf	7,549	7,527	0.3 %
Other	9,818	10,162	(3.4)%
	56,251	54,792	2.7 %
Payroll cost reimbursements	2,242	2,422	(7.4)%
Total Lodging net revenue	\$ 58,493	\$ 57,214	2.2 %
Lodging operating expense:			
Labor and labor-related benefits	\$ 27,375	\$ 26,406	3.7 %
General and administrative	7,517	7,022	7.0 %
Other	20,620	21,055	(2.1)%
	55,512	54,483	1.9 %
Reimbursed payroll costs	2,242	2,422	(7.4)%
Total Lodging operating expense	\$ 57,754	\$ 56,905	1.5 %
Lodging Reported EBITDA	\$ 739	\$ 309	139.2 %
Owned hotel statistics:			
ADR	\$ 192.93	\$ 182.62	5.6 %
RevPar	\$ 120.51	\$ 115.35	4.5 %
Managed condominium statistics:			
ADR	\$ 186.52	\$ 182.78	2.0 %
RevPar	\$ 43.86	\$ 38.52	13.9 %
Owned hotel and managed condominium statistics (combined):			
ADR	\$ 190.16	\$ 182.69	4.1 %
RevPar	\$ 69.24	\$ 62.95	10.0 %

Certain Lodging segment operating expenses presented above for the three months ended October 31, 2013 have been reclassified to conform to the current fiscal quarter presentation. In addition, the Lodging segment ADR and RevPAR statistics presented above for the three months ended October 31, 2013 have been adjusted to include the managed condominium rooms at Canyons (assumed in May 2013).

Lodging Reported EBITDA includes \$0.6 million and \$0.4 million of stock-based compensation expense for the three months ended October 31, 2014 and 2013, respectively.

Total Lodging net revenue (excluding payroll cost reimbursements) for the three months ended October 31, 2014 increased \$1.5 million, or 2.7%, as compared to the three months ended October 31, 2013. This increase was primarily due to an increase in revenue at GTLC and an increase in revenue at our mountain resort properties from improved summer visitation and increased transient business at our Colorado resort properties. Improved results generated by GTLC compared to the same period in the prior year were partially attributable to reduced operations for the three months ended October 31, 2013 due to the government shutdown in October 2013, which closed the resort early, and the early closure of the Colter Bay Marina in August 2013 due to low water levels.

Revenue from owned hotel rooms increased \$0.8 million, or 5.7%, for the three months ended October 31, 2014 compared to the three months ended October 31, 2013, driven by increased group visitation to GTLC and increased revenue from transient visitation driven by an increase in ADR, as well as increased group visitation in Breckenridge. Revenue from managed condominium rooms increased \$0.3 million, or 4.4%, which was primarily attributable to an increase in transient guest

visitation at our managed condominium rooms in Colorado due to increased summer visitation at our Colorado resorts which drove a 13.9% increase in RevPar.

Dining revenue for the three months ended October 31, 2014 increased \$0.2 million, or 1.4%, compared to the three months ended October 31, 2013, due to increased dining revenue at GTLC and Canyons, partially offset by lower dining revenue at our Colorado resorts. Transportation revenue for the three months ended October 31, 2014 increased \$0.4 million, or 23.8%, as compared to the three months ended October 31, 2013, primarily due to the increased summer visitation to our Colorado resorts, which drove a 34.7% increase in total passengers compared to the same period in the prior year. Other revenue decreased \$0.3 million, or 3.4%, compared to the same period in the prior year primarily due to a decrease in conference services provided to our group business at our Keystone resort and Canyons.

Operating expense (excluding reimbursed payroll costs) increased \$1.0 million, or 1.9%, for the three months ended October 31, 2014 compared to the three months ended October 31, 2013. Labor and labor-related benefits increased \$1.0 million, or 3.7%, due to higher staffing levels associated with increased occupancy and normal wage increases. General and administrative expense increased \$0.5 million, or 7.0%, due to higher allocated corporate costs. Other expense decreased \$0.5 million, or 2.1%, primarily due to lower other operating expenses (e.g. repairs and maintenance and supplies expense).

Revenue from payroll cost reimbursements and the corresponding reimbursed payroll costs relates to payroll costs at managed hotel properties where we are the employer and all payroll costs are reimbursed by the owners of the properties under contractual arrangements. Since the reimbursements are made based upon the costs incurred with no added margin, the revenue and corresponding expense have no effect on our Lodging Reported EBITDA.

Real Estate Segment

Three months ended October 31, 2014 compared to the three months ended October 31, 2013

Real Estate segment operating results for the three months ended October 31, 2014 and 2013 are presented by category as follows (in thousands):

	Three Months Ended October 31,		Percentage Increase (Decrease)
	2014	2013	
Total Real Estate net revenue	\$ 9,383	\$ 8,846	6.1 %
Real Estate operating expense:			
Cost of sales (including sales commission)	7,753	7,487	3.6 %
Other	3,861	1,744	121.4 %
Total Real Estate operating expense	11,614	9,231	25.8 %
Real Estate Reported EBITDA	\$ (2,231)	\$ (385)	(479.5)%

Real Estate Reported EBITDA includes \$0.4 million of stock-based compensation expense for both the three months ended October 31, 2014 and 2013.

Our Real Estate net 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 profit 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.

Three months ended October 31, 2014

Real Estate segment net revenue for the three months ended October 31, 2014 was driven by the closing of two condominium units at The Ritz-Carlton Residences, Vail (\$6.3 million of revenue with an average selling price of \$3.1 million and an average price per square foot of \$1,566) and two condominium units at One Ski Hill Place (\$2.6 million of revenue with an average selling price of \$1.3 million and an average price per square foot of \$1,090). The average price per square foot of both of these projects is driven by their premier location and the comprehensive and exclusive amenities related to these projects. Real Estate net revenue also included \$0.1 million of rental revenue from placing unsold units into our rental program.

Operating expense for the three months ended October 31, 2014 included cost of sales of \$7.0 million resulting from the closing of two condominium units at The Ritz-Carlton Residences, Vail (average cost per square foot of \$1,228) and two condominium units at One Ski Hill Place (average cost per square foot of \$868). The cost per square foot for these projects reflects the high-end features and amenities and high construction costs associated with mountain resort

development. Additionally, sales commissions of approximately \$0.5 million were incurred commensurate with revenue recognized. Other operating expense of \$3.9 million (including \$0.4 million of stock-based compensation expense) was primarily comprised of general and administrative costs, which includes marketing expense for the real estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs.

Three months ended October 31, 2013

Real Estate segment net revenue for the three months ended October 31, 2013 was driven by the closing of two condominium units at The Ritz-Carlton Residences, Vail (\$7.3 million of revenue with an average selling price per unit of \$3.6 million and a price per square foot of \$1,220) and one condominium unit at One Ski Hill Place (\$1.1 million selling price and a price per square foot of \$868).

Operating expense for the three months ended October 31, 2013 included cost of sales of \$6.9 million resulting from the closing of two condominium units at The Ritz-Carlton Residences, Vail (average cost per square foot of \$1,005) and from the closing of one condominium unit at One Ski Hill Place (cost per square foot of \$736). Additionally, sales commissions of approximately \$0.5 million were incurred commensurate with revenue recognized. Other operating expense of \$1.7 million (including \$0.4 million of stock-based compensation expense) was primarily comprised of general and administrative costs which includes marketing expense for the real estate available for sale (including those units that have not yet closed), carrying costs for units available for sale and overhead costs, such as labor and labor-related benefits and allocated corporate costs. In addition, other segment operating expense included \$3.5 million (recorded as a credit to other expense) for the recovery of project costs on previously sold units.

Other Items

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

Depreciation and amortization. Depreciation and amortization expense for the three months ended October 31, 2014 increased \$1.8 million compared to the same period in the prior year, primarily due to assets assumed in the Park City acquisition.

Change in fair value of contingent consideration. A change in fair value of contingent consideration of \$4.5 million was recorded as a gain during the three months ended October 31, 2014 related to a decrease in the estimated fair value of the participating contingent payments to Talisker under the lease for Canyons. The fair value of contingent consideration includes the resort operations of Park City in the calculation of EBITDA on which participating contingent payments are made, and increases the EBITDA threshold before which participating contingent payments are made equal to 10% of the purchase price paid by us, plus future capital expenditures. The estimated fair value of the contingent consideration is \$6.0 million as of October 31, 2014.

Interest expense. Interest expense for the three months ended October 31, 2014 decreased \$2.5 million compared to the same period in the prior year due to the redemption of \$175.0 million of our 6.50% Notes outstanding in July 2014, partially offset by interest expense on the borrowings incurred under the Credit Agreement related to the Park City acquisition during the three months ended October 31, 2014.

Income taxes. The effective tax rate benefit for the three months ended October 31, 2014 was 37.0% compared to the effective tax rate benefit for the three months ended October 31, 2013 of 37.5%. The interim period effective tax rate is primarily driven by anticipated pre-tax book income for the full fiscal year adjusted for items that are deductible/non-deductible for tax purposes only (i.e. permanent items).

In 2005, we amended previously filed tax returns (for the tax years from 1997 through 2002) in an effort to remove restrictions under Section 382 of the Internal Revenue Code on approximately \$73.8 million of net operating losses ("NOLs") relating to fresh start accounting from our reorganization in 1992. As a result, we requested a refund related to the amended returns in the amount of \$6.2 million and have reduced our Federal tax liability in the amount of \$19.6 million in subsequent tax returns. In 2006, the Internal Revenue Service ("IRS") completed its examination of our filing position in our amended returns and disallowed our request for refund and our position to remove the restriction on the NOLs. We appealed the examiner's disallowance of the NOLs to the Office of Appeals. In December 2008, the Office of Appeals denied our appeal, as well as a request for mediation. We disagreed with the IRS interpretation disallowing the utilization of the NOLs and in August 2009, filed a complaint in the United States District Court for the District of Colorado seeking recovery of \$6.2 million in over payments that were previously denied by the IRS, plus interest. On July 1, 2011, the District Court granted us summary judgment, concluding that the IRS's decision disallowing the utilization of the NOLs was inappropriate. The IRS is entitled to appeal the decision of the District Court to grant the motion for summary judgment, and we do not know whether the IRS will do so or, if it does appeal, whether the appeal would be successful. However, at this point, the District Court proceedings have been stayed pending on-going settlement discussions between the parties. We are also a party to two related tax proceedings in the United States Tax Court regarding calculation of NOL carryover deductions for tax years 2006, 2007 and 2008. The two proceedings involve substantially the same issues as the litigation in the District Court wherein we disagree with the IRS as to the utilization of NOLs. At this time, however, it is uncertain whether or how the potential resolution of the District Court case may affect these Tax Court proceedings. The trial date for Tax Court proceedings has been continued pending on-going settlement discussions between the parties.

Since the legal proceedings surrounding the utilization of the NOLs have not been fully resolved, including a determination of the amount of refund and the possibility that the District Court's ruling may be appealed by the IRS, there remains considerable uncertainty of what portion, if any, of the NOLs will be realized, and, as such, we have not reflected any of the benefits of the utilization of the NOLs within our financial statements. However, the range of potential reversal of other long-term liabilities and accrued interest and penalties that would be recorded as a benefit to our income tax provision is between zero and \$27.6 million.

Reconciliation of Non-GAAP Measures

The following table reconciles from segment Reported EBITDA to net loss attributable to Vail Resorts, Inc. (in thousands):

	Three Months Ended October 31,	
	2014	2013
Mountain Reported EBITDA	\$ (54,841)	\$ (66,840)
Lodging Reported EBITDA	739	309

Resort Reported EBITDA	(54,102)	(66,531)
Real Estate Reported EBITDA	(2,231)	(385)
Total Reported EBITDA	(56,333)	(66,916)
Depreciation and amortization	(35,969)	(34,156)
Loss on disposal of fixed assets, net	(755)	(429)
Change in fair value of contingent consideration	4,550	—
Investment (loss) income, net	(26)	95
Interest expense	(13,568)	(16,098)
Loss before benefit from income taxes	(102,101)	(117,504)
Benefit from income taxes	37,777	44,067
Net loss	(64,324)	(73,437)
Net loss attributable to noncontrolling interests	48	61
Net loss attributable to Vail Resorts, Inc.	\$ (64,276)	\$ (73,376)

The following table reconciles Net Debt to long-term debt (in thousands):

	October 31,	
	2014	2013
Long-term debt	\$ 819,238	\$ 797,062
Long-term debt due within one year	1,022	1,003
Total debt	820,260	798,065
Less: cash and cash equivalents	29,840	114,225
Net Debt	\$ 790,420	\$ 683,840

LIQUIDITY AND CAPITAL RESOURCES

Significant Sources of Cash

Historically, we have seasonally low cash and cash equivalents on hand in the first fiscal quarter given that the first and the prior year's fourth fiscal quarters have essentially no ski operations. Additionally, cash provided by or used in operating

activities can be significantly impacted by the timing or mix of closings on remaining inventory of real estate available for sale.

We had \$29.8 million of cash and cash equivalents as of October 31, 2014, compared to \$114.2 million as of October 31, 2013. The decrease in cash and cash equivalents from the comparable period in the prior year is primarily driven by the redemption of \$175.0 million of our 6.50% Notes outstanding in July 2014 partially offset by our cash generated from operating activities. In total, we used \$14.6 million of cash in the three months ended October 31, 2014 and used \$24.4 million of cash in the three months ended October 31, 2013. We anticipate that Resort Reported EBITDA will continue to provide a significant source of future operating cash flows (primarily those generated in our second and third fiscal quarters) combined with proceeds from the remaining inventory of real estate available for sale from the completed Ritz-Carlton Residences, Vail and One Ski Hill Place at Breckenridge projects.

At October 31, 2014, we also had available \$150.2 million under our Credit Agreement (which represents the total commitment of \$400.0 million less outstanding borrowings of \$183.0 million and certain letters of credit outstanding of \$66.8 million). We expect that our liquidity needs in the near term will be met by continued use of operating cash flows (primarily those generated in our second and third fiscal quarters), borrowings under the Credit Agreement, if needed, and proceeds from future real estate closings. We believe the Credit Agreement, which matures in 2019, provides adequate flexibility and is priced favorably with any new borrowings currently being priced at LIBOR plus 1.50%.

Three months ended October 31, 2014 compared to the three months ended October 31, 2013

We generated \$24.5 million of cash from operating activities during the three months ended October 31, 2014, an increase of \$8.1 million compared to \$16.3 million of cash generated during the three months ended October 31, 2013. The increase in operating cash flows was primarily the result of an increase in season pass accounts receivable collections combined with increased season pass sales during the three months ended October 31, 2014 compared to the three months ended October 31, 2013. Additionally, we generated \$8.7 million in proceeds from real estate development project closings (net of sales commissions and deposits previously received) during the three months ended October 31, 2014 compared to \$7.5 million in proceeds (net of sales commissions and deposits previously received) from real estate closings that occurred in the three months ended October 31, 2013. These cash inflows were partially offset by lower Mountain and Lodging segment operating results for the three months ended October 31, 2014 compared to the three months ended October 31, 2013, excluding the non-cash gain on litigation settlement of \$16.4 million from the current period. Additionally, cash flow from operations for the three months ended October 31, 2014 included a \$10.0 million Park City litigation payment to Talisker.

Cash used in investing activities for the three months ended October 31, 2014 increased by \$175.9 million compared to the three months ended October 31, 2013, primarily due to the acquisition of Park City for \$182.5 million during the three months ended October 31, 2014, partially offset by a decrease in resort capital expenditures of \$6.0 million during the three months ended October 31, 2014 compared to the three months ended October 31, 2013.

Cash provided by financing activities increased \$177.6 million during the three months ended October 31, 2014, compared to the three months ended October 31, 2013, resulting from an increase in net borrowings under the Credit Agreement of \$183.0 million used to fund the Park City acquisition, partially offset by an increase in the amount of cash dividends paid on our common stock of \$7.6 million during the three months ended October 31, 2014 compared to the three months ended October 31, 2013.

Significant Uses of Cash

Our cash uses include providing for working capital needs and capital expenditures for assets to be used in resort operations and to a substantially lesser degree future real estate development projects.

We have historically invested significant amounts of cash in capital expenditures for our resort operations, and we expect to continue to do so subject to operating performance particularly as it relates to discretionary projects. Current planned capital expenditures primarily include investments that will allow us to maintain our high quality standards, as well as certain incremental discretionary improvements at our mountain resorts and Urban ski areas and throughout our owned hotels. We evaluate additional discretionary capital improvements based on an expected level of return on investment. We anticipate we will spend approximately \$85 million to \$95 million of resort capital expenditures for calendar year 2014, which includes approximately \$5 million of capital expenditures for summer-related activities. Included in these estimated capital expenditures is approximately \$48 million to \$53 million of maintenance capital expenditures, which are necessary to maintain the appearance and level of service appropriate to our resort operations, including routine replacement of snow grooming equipment and rental fleet equipment. Approximately \$65 million was spent for capital expenditures in calendar year 2014 as of October 31, 2014, leaving approximately \$20 million to \$30 million to spend in the remainder of calendar year 2014. Discretionary expenditures for calendar year 2014 include, among other projects, replacing the Centennial Express Lift at

Beaver Creek with a new high speed, state-of-the-art combination gondola and chairlift, upgrading the Colorado SuperChair at Breckenridge with a new six-passenger chairlift, room renovations at The Lodge at Vail, an owned RockResort property, investments in our customer data analytics capabilities and expansion of the Cloud Dine restaurant at Canyons.

For calendar year 2015, we expect to incur resort capital expenditures of approximately \$110 million to \$115 million, which excludes any capital expenditures for new summer activities. This capital plan includes approximately \$50 million of capital expenditures for Park City and Canyons including the installation of an eight-person gondola connecting Park City and Canyons creating the largest ski resort by acreage in the United States, upgrading two chairlifts, major on-mountain restaurant improvements, and an expanded maintenance capital plan. Excluding investments in summer activities and the one-time \$50 million investment in Park City and Canyons, we expect to spend approximately \$60 million to \$65 million that includes an upgrade of the Avanti Chair (Chair 2) at Vail Mountain from a four-person to a six-person high-speed chairlift and normal maintenance capital expenditures. We currently plan to utilize cash on hand, borrowings available under our Credit Agreement and/or cash flow generated from future operations to provide the cash necessary to implement our capital plans.

Principal payments on the vast majority of our long-term debt (\$818.7 million of the total \$820.3 million debt outstanding as of October 31, 2014) are not due until fiscal 2019 and beyond. As of October 31, 2014 and 2013, total long-term debt (including long-term debt due within one year) was \$820.3 million and \$798.1 million, respectively. Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) increased from \$683.8 million as of October 31, 2013 to \$790.4 million as of October 31, 2014, primarily due to funding the Park City acquisition through borrowings under our existing credit facility, partially offset by an increase in cash and cash equivalents adjusted for the early redemption of \$175.0 million of principal under our 6.50% Notes in July 2014.

Our debt service requirements can be impacted by changing interest rates as we had \$235.6 million of variable-rate debt outstanding as of October 31, 2014. A 100-basis point change in LIBOR would cause our annual interest payments to change by approximately \$2.4 million. Additionally, the annual payments associated with the financing of the Canyons transaction increase by the greater of CPI less 1%, or 2%. The fluctuation in our debt service requirements, in addition to interest rate and inflation changes, may be impacted by future borrowings under our Credit Agreement or other alternative financing arrangements we may enter into. Our long term liquidity needs depend upon operating results that impact the borrowing capacity under the Credit Agreement, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. We can respond to liquidity impacts of changes in the business and economic environment by managing our capital expenditures and the timing of new real estate development activity.

Our share repurchase program is conducted under authorizations made from time to time by our Board of Directors. Our Board of Directors initially authorized the repurchase of up to 3,000,000 shares of common stock (March 9, 2006) and later authorized additional repurchases of up to 3,000,000 additional shares (July 16, 2008). During the three months ended October 31, 2014, we did not repurchase any shares of common stock. Since inception of this stock repurchase program through October 31, 2014, we have repurchased 4,949,111 shares at a cost of approximately \$193.2 million. As of October 31, 2014, 1,050,889 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 share award plan. Repurchases under these authorizations 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 several factors, including our future financial performance, our available cash resources and competing uses for cash that may arise in the future, the restrictions in our Credit Agreement and the Indenture governing the 6.50% Notes ("Indenture"), prevailing prices of our common stock and the number of shares that become available for sale at prices that we believe are attractive. These authorizations have no expiration date.

In fiscal 2011, our Board of Directors approved the commencement of a regular quarterly cash dividend on our common stock of \$0.15 per share, subject to quarterly declaration. Since the initial commencement of a regular quarterly cash dividend, our Board of Directors has annually approved an increase to our cash dividend on our common stock and on March 10, 2014, our Board of Directors approved a 100% increase to our quarterly cash dividend to \$0.4150 per share (or approximately \$15.1 million per quarter based upon shares outstanding as of October 31, 2014). During the three months ended October 31, 2014, the Company paid a cash dividend of \$0.4150 per share or \$15.1 million in the aggregate. This dividend was funded through available cash on hand. Subject to the discretion of our Board of Directors, applicable law and contractual restrictions, we anticipate paying regular quarterly cash dividends on our common stock for the foreseeable future. The amount, if any, of the dividends to be paid in the future will depend on our available cash on hand, anticipated cash needs, overall financial condition, restrictions contained in our Credit Agreement and the Indenture, future prospects for earnings and cash flows, as well as other factors considered relevant by our Board of Directors.

Covenants and Limitations

We must abide by certain restrictive financial covenants under our Credit Agreement and the Indenture. The most restrictive of those covenants include the following Credit Agreement covenants: Net Funded Debt to Adjusted EBITDA ratio and the Interest Coverage ratio (each as defined in the Credit Agreement). In addition, our financing arrangements, including the Indenture, limit our ability to make certain restricted payments, pay dividends on or redeem or repurchase stock, make certain investments, make certain affiliate transfers and may limit our ability to enter into certain mergers, consolidations or sales of assets and incur certain indebtedness. Our borrowing availability under the Credit Agreement is primarily determined by the Net Funded Debt to Adjusted EBITDA ratio, which is based on our segment operating performance, as defined in the Credit Agreement.

We were in compliance with all restrictive financial covenants in our debt instruments as of October 31, 2014. We expect that we will meet all applicable financial maintenance covenants in our Credit Agreement, including the Net Funded Debt to Adjusted EBITDA ratio, throughout the year ending July 31, 2015. However, there can be no assurance we will meet such financial covenants. If such covenants are not met, we would be required to seek a waiver or amendment from the banks participating in the Credit Agreement. There can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on our liquidity.

OFF BALANCE SHEET ARRANGEMENTS

We do not have off balance sheet transactions that are expected to have a material effect on our 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:

- *prolonged weakness in general economic conditions, including adverse effects on the overall travel and leisure related industries;*
- *unfavorable weather conditions or natural disasters;*
- *willingness of our guests to travel due to terrorism, the uncertainty of military conflicts or outbreaks of contagious diseases, and the cost and availability of travel options;*
- *adverse events that occur during our peak operating periods combined with the seasonality of our business;*
- *competition in our mountain and lodging businesses;*
- *high fixed cost structure of our business;*
- *our ability to successfully initiate, complete and sell our real estate development projects and achieve the anticipated financial benefits from such projects;*
- *our ability to fund resort capital expenditures;*
- *our reliance on government permits or approvals for our use of Federal land or to make operational and capital improvements;*
- *risks related to federal, state and local government laws, rules and regulations;*
- *risks related to our reliance on information technology;*
- *our failure to maintain the integrity of our customer or employee data;*
- *adverse consequences of current or future legal claims;*
- *a deterioration in the quality or reputation of our brands, including from the risk of accidents at our mountain resorts;*
- *our ability to hire and retain a sufficient seasonal workforce;*
- *risks related to our workforce, including increased labor costs;*
- *loss of key personnel;*
- *our ability to successfully integrate acquired businesses or future acquisitions;*
- *our ability to realize anticipated financial benefits from Canyons or Park City;*
- *impairments or write downs of our assets;*
- *changes in accounting estimates and judgments, accounting principles, policies or guidelines; and*
- *a materially adverse change in our financial condition.*

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 we make 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, we do 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. Our exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At October 31, 2014, we had \$235.6 million of variable rate indebtedness, representing approximately 28.7% of our total debt outstanding, at an average interest rate during the three months ended October 31, 2014 of 0.9%. Based on variable-rate borrowings outstanding as of October 31, 2014, a 100-basis point (or 1.0%) change in LIBOR would result in our annual interest payments changing by approximately \$2.4 million. Our 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"), 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 and procedures 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 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.

Internal Revenue Service Litigation

On August 24, 2009, we filed a complaint in the United States District Court for the District of Colorado against the United States of America seeking a refund of approximately \$6.2 million in Federal income taxes paid for the tax years ended December 31, 2000 and December 31, 2001. Our amended tax returns for those years included calculations of NOLs carried forward from prior years to reduce our tax years 2000 and 2001 tax liabilities. The IRS disallowed refunds associated with those NOL carry forwards and we disagreed with the IRS action disallowing the utilization of the NOLs. On July 1, 2011, the District Court granted us summary judgment, concluding that the IRS's decision disallowing the utilization of the NOLs was inappropriate. The IRS is entitled to appeal the decision of the District Court to grant the motion for summary judgment, and we do not know whether the IRS will do so or, if it does appeal, whether the appeal would be successful. However, at this point, the District Court proceedings have been continued pending on-going settlement discussions between the parties.

We are also a party to two related tax proceedings in the United States Tax Court regarding calculation of NOL carryover deductions for tax years 2006, 2007, and 2008. The two proceedings involve substantially the same issues as the litigation in

the District Court for tax years 2000 and 2001 wherein we disagreed with the IRS as to the utilization of NOLs. At this time, however, it is uncertain whether or how the potential resolution of the District Court case may affect these Tax Court proceedings. The trial date for the Tax Court proceedings has been continued pending on-going settlement discussions between the parties.

Park City Litigation

On May 29, 2013, in connection with our lease for Canyons Resort, we assumed control over Talisker's litigation with the then current Park City Mountain Resort ("Park City") operator related to the validity of one or more leases of the Talisker owned land under the majority of the ski terrain of Park City (the "Park City litigation").

The Park City litigation was instituted on March 9, 2012 in the Third Judicial District Court in Summit County, Utah by Greater Park City Company and Greater Properties, Inc. (collectively, "GPCC") against United Park City Mines Company and Talisker Land Holdings, LLC (collectively, "TLH"). GPCC sought, among other things, a declaration from the court it had properly extended the leases or that the leases had not expired. In the alternative, GPCC sought damages caused by TLH's alleged failure to disclose to GPCC that the leases had expired. On May 21, 2014, the court found that GPCC's leases expired by their terms as of April 30, 2011. On July 1, 2014, the court granted partial summary judgment to TLH on its unlawful detainer claim, finding that GPCC is no longer in lawful possession of the land. The court also entered an order of restitution of the land, returning possession to TLH, but stayed the order. On July 25, 2014, GPCC separately filed a notice of appeal of the court's July 1 order granting partial summary judgment on the unlawful detainer claim with the Utah Supreme Court. The court held a hearing on August 27, 2014, regarding the motion for an interlocutory appeal and the methodology and calculation of the bond. On September 5, 2014, the court denied GPCC's request for an interlocutory appeal finding that an appeal was not appropriate until all of the remaining issues have been resolved. Please see Item 3 "Legal Proceedings" of our Annual Report on Form 10-K for fiscal 2014 filed with the SEC

on September 24, 2014 for additional information related to the Park City litigation.

On September 11, 2014, we acquired the resort operations of Park City, which includes the ski area and related amenities, from GPCC and two GPCC affiliated entities. In addition, the parties entered into ancillary transaction documents regarding, among other items, settlement of the Park City litigation with GPCC. On September 15, 2014, the parties filed a stipulated motion and proposed order for dismissal of all claims, with prejudice, and the Court entered the proposed order. On September 15, 2014, the parties also filed a stipulated motion to dismiss the appeal of the order on the unlawful detainer claim filed by GPCC with the Utah Supreme Court. On September 29, 2014, the Utah Supreme Court dismissed the appeal based on upon the stipulated motion.

ITEM 1A. RISK FACTORS.

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

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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
2.1	Purchase and Sale Agreement, dated as of September 11, 2014, between VR CPC Holdings, Inc. and Greater Park City Company, Powdr Corp., Greater Properties, Inc., Park Properties, Inc. and Powdr Development Company.	16
4.1	Supplemental Indenture, dated October 5, 2014, by and 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.	58
10.1	Vail Resorts, Inc. Management Incentive Plan.	65
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	73
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	74
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.	75
101	The following information from the Company's Quarterly Report on Form 10-Q for the three months ended October 31, 2014 formatted in eXtensible Business Reporting Language: (i) Unaudited Consolidated Condensed Balance Sheets as of October 31, 2014, July 31, 2014, and October 31, 2013; (ii) Unaudited Consolidated Condensed Statements of Operations for the three months ended October 31, 2014 and October 31, 2013; (iii) Unaudited Consolidated Condensed Statements of Comprehensive Income for the three months ended October 31, 2014 and October 31, 2013; (iv) Unaudited Consolidated Condensed Statements of Cash Flows for the three months ended October 31, 2014 and October 31, 2013; and (v) Notes to the Consolidated Condensed Financial Statements.	

PURCHASE AND SALE AGREEMENT

between

VR CPC HOLDINGS, INC.,

as the Buyer

and

**GREATER PARK CITY COMPANY
POWDR CORP.
GREATER PROPERTIES, INC.
PARK PROPERTIES, INC., and
POWDR DEVELOPMENT COMPANY**

as the Sellers

Dated as of September 11, 2014

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PURCHASE AND SALE AGREEMENT

PURCHASE AND SALE AGREEMENT, dated as of September 11, 2014 (this "Agreement"), by and among (i) VR CPC HOLDINGS, INC., a Delaware corporation (the "Buyer"), (ii) GREATER PARK CITY COMPANY, a Utah corporation (the "Company"), (iii) POWDR CORP., a Delaware corporation ("POWDR"), (iv) GREATER PROPERTIES, INC., a Delaware corporation ("GPI"), (v) PARK PROPERTIES, INC., a Delaware corporation ("PPI"), and (vi) POWDR Development Company, a Utah corporation (with the Company, POWDR, GPI, and PPI each a "Seller" and collectively, the "Sellers").

RECITALS

- A. POWDR holds 100% of the issued and outstanding shares Class "A" common stock, par value \$1.00 per share of the Company, and is party to one or more Assumed Contracts (as defined below).
- B. The Sellers, together with one or more of their Related Parties (as defined below), hold or otherwise control all of the Business Assets (as defined herein).
- C. Ian Cumming and John Cumming are Related Parties of the Sellers.
- D. The Company, directly or through one or more Subsidiaries, is engaged in the business of operating that certain ski area and related amenities commonly known as Park City Mountain Resort, and located primarily in Summit County, Utah ("PCMR"), together with all associated recreational, commercial and other activities, amenities and services, including, without limitation, all on-mountain winter and summer operations, parking, equipment rentals, retail sales, food and beverage operations, real estate development rights relating to PCMR, and property management services relating to PCMR (the "Business").
- E. The Buyer and Sellers are entering into this Agreement, among other reasons, to settle the actions pending in the PCMR Litigation (as defined below).
- F. The Sellers wish to sell to the Buyer, and the Buyer wishes to purchase from the Sellers, the Business Assets.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Agreement:

“Action” means any investigation Known to Sellers and any claim, action, suit, inquiry, proceeding, or audit by or before any Governmental Authority, or any other arbitration, mediation or similar proceeding.

“Affiliate” of any Person, means any other Person that controls, is controlled by or is under common control with such first Person.

“Agreement” is defined in the Preamble.

“Assumed Contract” means those

(i) Contracts listed on Schedule 3.9 of the Seller Disclosure Letter,

(ii) any Contract of the Company relating to the Business or the Business Assets, whether now existing or entered into prior to the Closing Date, and

(iii) any Contract of any Seller (other than the Company) or any Related Party that satisfies both (A) and (B) below

(A) such Contract is entered into by such Seller or Related Party either (1) prior to the day that is 90 days prior to the Closing Date, or (2) within the 90-day period prior to Closing, and is not a Contract that would be required to be listed as a Material Contract under any of clauses (i) through (v) of Section 3.9(a), and

(B) such Contract (1) if involving Real Property, relates in any way to the Business or any Business Assets, or (2) if not involving Real Property, relates primarily to the Business or any Business Asset.

Notwithstanding the foregoing, Assumed Contracts do not include (A) subject to Section 5.4(d), any Contract that, after its assumption by Buyer, would include any Seller or Related Party as a counterparty, (B) any employee benefit plan of any Seller or Related Party, (C) any Contract to the extent (and only to the extent) relating to an Excluded Asset, (D) any Contract for Indebtedness or (E) any Contract that represents a Severance Liability.

“Assumed Liabilities” means, in each case other than any Excluded Liability, (i) any liabilities or obligations of the Company relating to the Business, whether currently existing or hereinafter arising, (ii) any liabilities or obligations of any Seller (other than the Company) to the extent relating to the Business Assets transferred by it to Buyer hereunder, whether currently existing or hereinafter arising, and (iii) any liability reflected on the Closing Balance Sheet in Working Capital. For the avoidance of doubt, Assumed Liabilities includes (unless comprising an Excluded Liability) all liabilities, obligations, responsibilities, remedial actions, losses, damages (including punitive damages and consequential damages) costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation

and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any Person or Governmental Authority or in response to any violation of environmental Law, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or otherwise, to the extent based upon, related to, or arising under or pursuant to any environmental Law, environmental Permit, order or agreement with any Governmental Authority or Person, which relates to any environmental, health or safety condition, violation of environmental Law or a release or threatened release of hazardous materials or substances.

“Business” is defined in in the Recitals.

“Business Assets” means all assets, properties and rights of every nature, kind and description, whether tangible or intangible, real, personal or mixed, accrued or contingent, together with the goodwill and going concern value, if any, wherever located and whether now existing or hereafter acquired prior to the Closing Date, in each case that (i) are related to, or used or held for use in connection with, the Business and held by the Company, (ii) with respect to Real Properties held by any Seller (other than the Company) or Related Party, are related to, or used or held for use in connection with, the Business, and (ii) with respect to assets or rights other than Real Properties held by any Seller (other than the Company) or Related Party, are primarily related to, primarily used or held for use in connection with, or necessary to the Business, in each case, including without limitation those categories of assets so held and listed on Exhibit A; provided however that Business Assets shall not include any Excluded Assets. In addition, Business Assets include all of the assets specifically listed on Exhibit B, notwithstanding the prior sentence.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

“Business Employees” is defined in Section 5.9(a).

“Buyer” is defined in the Preamble.

“Closing” is defined in Section 2.2(a).

“Closing Balance Sheet” is defined in Section 2.3(a).

“Closing Date” is defined in Section 2.2(a).

“Closing Payment” is defined in Section 2.2(c)(i).

“Code” means the Internal Revenue Code of 1986, as amended.

“Company” is defined in the Preamble.

“Confidential Information” is defined in Section 5.3(a).

“Contract” means any contract or agreement, whether written or oral, including any note, bond, mortgage, indenture, lease, license or franchise.

“control,” including the terms “controlled by” and “under common control with,” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of or right to exercise voting power or voting securities, by contract or otherwise, and “controlling” and “controlled” shall have meanings correlative thereto. A Person shall be deemed to be controlled by another Person if such other Person possesses, directly or indirectly, (a) power to vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors, managing general partners, managers, or members of the governing body or management of such Person, or (b) power to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Disclosed to Buyer” means (i) all documents published in the virtual data room as of September 5, 2014 (a duplicate physical copy of which has been retained by counsel to Buyer and Sellers), but only to the extent of information actually contained in such documents, and specifically excluding any facts relating to the performance of obligations or satisfactions of conditions under such documents, unless otherwise specifically disclosed in such data room, (ii) any final written Phase I environmental report provided to Buyer by Buyer’s environmental site assessment specialists as of the Closing Date (or if no final written Phase I report is received by the Closing Date, the most recent draft Phase I report received by Buyer prior to the Closing Date), (iii) any environmental liabilities of which Buyer otherwise has Knowledge, (iv) any Permitted Encumbrances of the type described in clauses (i), (iii), (iv), (vi), (vii), and (ix) of that definition, and (v) any fact described in the Seller Disclosure Letter.

“Encumbrance” means any charge, limitation, equitable interest, mortgage, lien, option, pledge, security interest, easement, right of first refusal, adverse claim of title or restriction of any kind.

“Equipment” shall mean all fixtures from time to time located on and used in connection with the operation of the buildings located on the Land, including without limitation ski lifts (to the extent fixtures).

“Estimated Purchase Price” is defined in Section 2.1(c).

“Excluded Assets” means (i) all of the equity interest in and to Parley’s Recreation Partners, LLC (d/b/a Gorgoza) and the Gorgoza assets listed on Exhibit O, (ii) the condominium units and other real property described on Exhibit L, (iii) all rights of any Seller under this Agreement, (iii) with respect to any Seller other than the Company, any asset that is not a Business Asset, including (A) the other resorts of Sellers (including the Snowbird Ski and Summer Resort) and (B) all intellectual property rights relating to, and (exclusive of any rights in or appurtenant to Real Property, which shall not be Excluded Assets) the development plans and right to build the Woodward Park City action sports

training center and camp, (iv) any insurance policies, (v) any Working Capital Retained Asset, (vi) all cash of any Seller (other than the Company), (vii) the Water Right Lease Agreement between H2O, LLC and GPCC, dated on or about April 11, 2014, and (viii) any Contract of POWDR with Ted Ligety.

“Excluded Liabilities” means any and all of the following (i) all Taxes for which any Seller or Related Party is or will become liable, including withholding Taxes and Taxes arising from or with respect to the Business Assets or the operation of the Business that are incurred in or attributable to any period, or any portion of any period, ending on or prior to the Closing Date, other than Transfer Taxes and Taxes allocable to Buyer pursuant to Section 6.2, (ii) any Indebtedness, (iii) any Transaction Expenses, (iv) any Severance Liabilities, (v) any liability or obligation to any Seller or Related Party that are not Assumed Liabilities, (vi) any liability or obligation to the extent relating to an Excluded Asset, (vii) any Material Undisclosed Liabilities, (viii) any liabilities to the extent related to any Insured Claim, and (ix) any Working Capital Retained Liability.

“Financial Statements” is defined in Section 3.3(a).

“Generally Accepted Accounting Principles” or “GAAP” means those conventions, rules, procedures and practices, consistently applied, affecting all aspects of recording and reporting financial transactions which are generally accepted by major independent accounting firms in the United States. Any financial or accounting terms not otherwise defined herein shall be construed and applied according to GAAP.

“Governmental Authority” shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality or court, or any political subdivision thereof, or any successors to any of the same, having jurisdiction over the this Agreement.

“GPI” is defined in the Preamble.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Improvements” means any and all buildings, improvements and structures from time to time erected within or forming a part of the Land.

“Indebtedness” means (i) any indebtedness for borrowed money of any Seller or by which any Business Asset is encumbered, and all obligations of Seller or by which any Business Asset is encumbered that is evidenced by notes, bonds, debentures or other similar interests; (ii) all liabilities and amounts owed by any Seller in respect of the acceleration, termination, cancellation or prepayment of indebtedness for borrowed money; (iii) all capital leases with respect to any Business Asset; (iv) any guaranty or support of

indebtedness or obligations of any Person, including those of Sellers or any of their other Affiliates encumbering any Business Asset, and (v) any accrued and unpaid interest, penalties, make-whole payments or related items on the foregoing items.

“Indemnified Party” is defined in Section 8.4(a).

“Indemnifying Party” is defined in Section 8.4(a).

“Independent Accounting Firm” is defined in Section 2.3(b).

“Interim Financial Statements” is defined in Section 3.3(a).

“Insured Claim” means any liability for any Action as of the Closing Date, but solely to the extent actually covered by insurance of a Seller or Related Party.

“Knowledge,” with respect to Sellers, means the actual knowledge of such Person’s directors and officers (or individuals serving in equivalent capacities), including John Cumming, Ian Cumming, Jennifer Smith, and Justin Sibley. “Known” to Sellers has the correlative meaning. “Knowledge” with respect to Buyer means the actual knowledge of Robert Katz, and Michael Z. Barkin.

“Land” means all parcels of real estate related to, used or held for use in connection with the Business, whether held in fee or under lease, license, easement or otherwise, including without limitation all of those parcels depicted on the map or associated parcel list attached as Exhibit C, excluding, for the avoidance of doubt, any Excluded Assets.

“Law” means any applicable statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or order of any Governmental Authority, including without limitation laws governing wages and overtime, the environment, health or safety, and Taxes.

“Leased Real Property” means all Real Property related to or used in connection with, the Business and that is leased, subleased or licensed to any Seller or Related Party or which such Seller or Related Party otherwise has a right or option to use or occupy.

“Losses” is defined in Section 8.2.

“Material Adverse Effect” means any event, change, circumstance, occurrence, effect or state of facts that (i) is or would reasonably be expected to have a material adverse effect on the Business or the Business Assets, taken as a whole or (ii) materially impairs the ability of the Sellers to consummate, or prevents or materially delays, any of the transactions contemplated by this Agreement or the Transaction Documents.

“Material Contracts” is defined in Section 3.9(a).

“Material Undisclosed Liabilities” means (i) any pending or threatened Action against any Seller or any Related Party relating to the Business or the Business Assets of which Sellers have Knowledge as of the date hereof but that was not previously Disclosed to Buyer and that, if incurred or assumed by Buyer (together with any liabilities or obligations pursuant to clause (ii)), would result in a Loss to Buyer in excess of \$1,000,000 in the aggregate, and then only to the extent of such excess, (ii) any liabilities or obligations of any Seller or any Related Party relating to the Business or the Business Assets (A) of which Sellers have Knowledge as of the date hereof that such liabilities or obligations should have been reflected in the Financial Statements or the Interim Financial Statements in accordance with GAAP for the periods covered thereby but this was not previously Disclosed to Buyer and (B) that, if incurred or assumed by Buyer (together with any liabilities or obligations pursuant to clause (i)), would result in a Loss to Buyer in excess of \$1,000,000 in the aggregate, and then only to the extent of such excess, or (iii) any liabilities or obligations of any Seller or any Related Party relating to the Business or the Business Assets (A) arising out of the ordinary course of business, (B) of which Sellers have Knowledge as of the date hereof but that was not previously Disclosed to Buyer and (C) that, if incurred or assumed by Buyer, would result in a Loss to Buyer in excess of \$2,000,000 in the aggregate, and then only to the extent of such excess, provided, that, any Actions, liabilities or obligations that are (1) reflected in the Financial Statements or the Interim Financial Statements, (2) included within the Working Capital on the Closing Balance Sheet, or (3) ordinary course liabilities arising under immaterial Assumed Contracts that were entered into as a replacement for any Contracts that have expired or have been terminated, where the liabilities or obligations of such expired or terminated Contracts have been fully reflected in the Interim Financial Statements, and such replacement Assumed Contract represents obligations that are substantially similar in scope and frequency as the terminated Contract, shall not constitute “Material Undisclosed Liabilities” pursuant to each of clauses (i), (ii) or (iii) above.

“Notice of Disagreement” is defined in Section 2.3(a).

“Offer” is defined in Section 5.9(a).

“Organizational Document” of a Person that is an entity means the certificate of incorporation and bylaws, operating agreement, or equivalent organizational documents, each as amended to date

“Owned Real Property” means all Real Property related to, or used in connection with, the Business and that is owned by any Seller or Related Party.

“Payoff Letters” means the payoff letters and lien releases attached as Exhibit E.

“PCMR” is defined in the Recitals.

“PCMR Litigation” means Case No. 120500157, 3rd District Court, Summit County, Utah and all related proceedings.

“Permits” means all permits, franchises, approvals, consents, ratifications, certificates, concessions, exemptions, orders, waivers, authorizations, licenses (including liquor licenses), registrations, entitlements, issued, granted, given or otherwise made available by or under the authority of any Governmental Authority.

“Permitted Encumbrances” means, in each case other than as may inure to the benefit of a Seller or Related Party, (i) liens for Taxes not yet past due, (ii) mechanics’, workmen’s, repairmen’s, warehousemen’s and carriers’ liens arising in the ordinary course of business consistent with past practice (other than relating to or arising out of Excluded Liabilities), (iii) any Encumbrance arising out of or related to the PCMR Litigation, (iv) any such matters of record (other than relating to Indebtedness) that do not impair the continued ownership, use and operation of the Business Assets to which they relate in the conduct of the Business as currently conducted, (v) requirements and restrictions of zoning, licensing, permitting, building and other Laws, (vi) rights to intellectual property granted in the ordinary course of business, (vii) in the case of Contracts, any anti-assignment, change of control or similar restrictions contained therein, (viii) all encroachments, overlaps, overhangs, variations in area or measurement, rights of parties in possession, servitudes or easements (including conversation easements and public trust easements, rights of way, road use Contracts, covenants, conditions, restrictions, reservations, licenses, Contracts and other matters of record) or any other matters either (A) of record or (B) not of record which would be disclosed by an accurate survey or physical inspection of the property and other restrictions as to the use of the property (provided that the same would not, individually or in the aggregate, have a Material Adverse Effect), or (ix) Encumbrances under or pursuant to the Development Agreement, dated June [], 1998, by and among POWDR, the Company and Park City Municipal Corporation (as amended, modified and supplemented from time to time).

“Person” means any individual, general partnership, limited partnership, corporation, joint venture, trust, business trust, limited liability company, cooperative or association or any other recognized business entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

“Personal Property” means all personal property (of any kind or nature) (a) kept or maintained by the Company or its Subsidiaries, or (b) comprising Business Assets, in each case, whether or not affixed or attached to the Real Property, including, without limitation, snowmaking equipment, rolling stock, snow cats, snowmobiles, ski lifts (to the extent not fixtures) and maintenance equipment.

“POWDR” is defined in the Preamble.

“PPI” is defined in the Preamble.

“Purchase Price” is defined in Section 2.1(b).

“Real Property” means the Land, the Improvements and all of the Sellers’ and the Related Parties’ right, title and interest in and to the Equipment, together with all of the Sellers’ and Related Parties’ right, title and interest in and to all rights, benefits, privileges, tenements, hereditaments, covenants, conditions, restrictions, easements and other appurtenances appertaining to or benefitting or burdening the Land or the Improvements situated thereon, including (a) development rights (including for parking), development credits, entitlements, air rights, subsurface rights, rights of way, land use rights, air rights, viewshed rights, density credits, in each case related to the Land or any part thereof, (b) water, sewer, sewer tap, electrical or other utility services, credits and/or rebates, in each case related to the Land or any part thereof, (c) strips and gores, any rights of the Sellers or Related Parties in and to the street, sidewalks, alleys, driveways, parking areas and areas adjacent thereto or used in connection with the Land and/or Improvements, all rights of the Sellers or Related Parties in any land lying in the bed of any existing or proposed street, road or alley adjoining the Land, and all easements, rights-of-way and other appurtenances used or connected with the beneficial use or enjoyment of the Land and/or Improvements, (d) all right, title and interest of the Sellers or Related Parties in and to any award made or to be made in lieu thereof and in and to any unpaid award for damages to the Land and/or Improvements by reason of any change of grade of any street, all estates, rights, interests and appurtenances, reversions and remainders whatsoever, in any way belonging or appertaining to the Land or any part thereof, (e) all water, ditches, wells, reservoirs, water taps and drains and all water, ditch, well, reservoir, water tap and drainage rights which are appurtenant to, located on, under or above or used in connection with the Land and/or the Improvements, or any part thereof, whether now existing or proposed, and (f) all impact fee or connection fee credits on the Land or any part thereof, in each case, that are related to, or used or held for use in connection with, the Business and held by any Seller or Related Party.

“Related Party” means: (i) any Affiliate of a Seller, or any director, executive officer, general partner or managing member of such Affiliate; (ii) any Person who serves as a director, executive officer, partner, member or in a similar capacity of such Seller; or (iii) any other Person who holds, individually or together with any Affiliate of such other Person and any member(s) of such Person’s immediate family, more than 10% of the outstanding equity or ownership interests of a Seller. Notwithstanding the foregoing, each of John Cumming and Ian Cumming shall be deemed Related Parties of the Sellers and the Company.

“Representatives” means, with respect to any Person, the officers, directors, principals, employees, agents, auditors, advisors, bankers and other representatives of such Person.

“Seller Disclosure Letter” means the Seller Disclosure Letter delivered by Sellers to Buyer in connection with the execution of this Agreement, in the form acknowledged by Buyer in writing.

“Sellers” is defined in the Preamble.

“Settlement Agreement” is defined in Section 5.7.

“Severance Liabilities” means any written obligation to pay any severance, termination, bonus, retention, change in control, or any similar payment to any employee or independent contractor of the Company in connection with the termination of employment of any such employee or independent contractor as a result of the consummation of the Transactions, other than any such obligations arising solely as a matter of applicable Law (e.g., the Worker Adjustment and Retraining Notification Act).

“Subsidiary” when used, with respect to any Person, means any corporation, limited liability company, partnership, association, trust or other entity of which securities or other ownership interests representing more than 50% of the equity and more than 50% of the ordinary voting power (or, in the case of a partnership, more than 50% of the general partnership interests) are, as of such date, owned by such Person or one or more Subsidiaries of such Person.

“Target Financials” is defined in Section 5.8.

“Tax Return” means any return, declaration, report, statement, information statement and other document filed or required to be filed with respect to Taxes, including all schedules, attachments and amendments thereto.

“Taxes” means: (i) all federal, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, registration, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever (including any amounts resulting from the failure to file any Tax Return), together with any interest and any penalties, additions to tax or additional amounts with respect thereto; (ii) any liability for payment of amounts described in clause (i) whether as a result of transferee liability, of being a member of an affiliated, consolidated, combined or unitary group for any period or otherwise through operation of law; and (iii) any liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement.

“Tendered Claims” mean each of the Actions listed on Schedule 3.10 of the Seller Disclosure Letter or otherwise Disclosed to Buyer.

“Third Party Claim” is defined in Section 8.4(a).

“Title Policy” means (A) a 2006 ALTA Extended Coverage Form Policy of Title Insurance reasonably satisfactory to the Buyer (together with all endorsements and affirmative coverages required by the Buyer) issued by one or more title insurance companies selected by the Buyer and (B) a currently dated, in-place survey for each parcel of Land prepared by a surveyor approved by the Buyer and registered or licensed in the

State of Utah in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ASCM Land Title Surveys and reasonably satisfactory to the Buyer.

“Transaction Documents” means the Settlement Agreement, the Transition Services Agreement, the agreements, documents and instruments listed in Section 2.2(b) and Section 2.2(c), together all other agreements, documents and instruments required to be delivered by any party pursuant to this Agreement, and any other agreements, documents or instruments entered into at or prior to the Closing in connection with this Agreement or the Transactions.

“Transaction Expenses” means the aggregate amount of any and all fees and expenses incurred by or at the direction of, or paid or to be paid directly by, any Sellers or any of their Subsidiaries or any Person that a Seller pays or reimburses or is otherwise legally obligated to pay or reimburse (including any such fees and expenses incurred by or on behalf of the Seller) in connection with the PCMR Litigation or the negotiation, preparation or execution of this Agreement or the Transaction Documents or the performance or consummation of the Transactions, including (i) all fees and expenses of counsel, advisors, consultants, investment bankers, accountants, auditors and any other experts in connection with the transactions contemplated hereby; (ii) without duplication, any fees or expenses of counsel, advisors, consultants, accountants and any other experts associated with obtaining the release and termination of any Encumbrances other than Permitted Encumbrances in connection with the transactions contemplated hereby, which, for the avoidance of doubt, does not include any consent fees or similar payments to third parties; and (iii) all brokers’, finders’ or similar fees in connection with the transactions contemplated hereby.

“Transactions” means the transactions contemplated to be consummated by this Agreement, including the purchase and sale of the Business Assets, and the assumption of the Assumed Contracts.

“Transfer Taxes” means all excise, sales, use, value added, transfer (including real property transfer or gains), stamp, documentary, filing, recordation and other similar Taxes and fees that are imposed or assessed solely as a result of the transactions contemplated by this Agreement, together with any interest, additions or penalties with respect thereto.

“Transferring Employee” is defined in Section 5.9(a).

“Transition Services Agreement” is defined in Section 5.4(c).

“Working Capital” as of any date means the current assets of the Company, less the current liabilities of the Company (other than the current portion of any Indebtedness) as of the Closing Date (and immediately prior to the Closing), giving effect, where the context requires, to the retention of any Working Capital Retained Assets or Working Capital Retained Liabilities by Sellers in order to reduce any Working Capital Deficit or Working Capital Excess. For the avoidance of doubt, Working Capital shall be

calculated in a manner consistent with, and shall be determined taking into account only those line items set forth on, Schedule 1.1(e) hereto.

“Working Capital Retained Assets” means any cash or account receivables retained by Seller in order to reduce a Working Capital Excess under the definition thereof.

“Working Capital Retained Liabilities” means any current monetary liabilities retained by Seller in order to reduce a Working Capital Deficit under the definition thereof, it being agreed that Working Capital Retained Liabilities shall not include any performance obligations other than the obligation to pay money when due.

“Working Capital Deficit” means the amount, if any, by which Working Capital as of the Closing Date is less than the Working Capital Minimum; provided, however, that Sellers shall retain current liabilities comprising unpaid monetary liabilities (e.g., trade payables and third party rent) and remove such amounts from Working Capital as of Closing to the extent possible to reduce any Working Capital Deficit to zero.

“Working Capital Excess” means the amount, if any, by which Working Capital as of the Closing Date is greater than the Working Capital Maximum; provided, however, that Sellers shall retain current assets comprising cash or accounts receivable and remove such amounts from Working Capital as of Closing to the extent possible to reduce any Working Capital Excess to zero.

“Working Capital Maximum” means the amount set forth opposite the label “Maximum Band” on Schedule 1.1(f).

“Working Capital Minimum” means the amount set forth opposite the label “Minimum Band” on Schedule 1.1(f).

ARTICLE II TRANSACTIONS; CLOSING

Section 2.1 Purchase and Sale.

(a) Upon the terms and subject to the conditions of this Agreement, at the Closing, the Sellers shall sell, assign, transfer, convey and deliver, or cause to be sold, assigned, transferred, conveyed and delivered, all of the Sellers’ and their Related Parties’ right, title and interest, direct or indirect, in and to the Business Assets to the Buyer, free and clear of all Encumbrances other than Permitted Encumbrances, and the Buyer, in reliance on the representations, warranties and covenants of the Sellers contained herein shall purchase the Business Assets from the Sellers.

(b) The aggregate purchase price payable by Buyer under this Agreement shall be U.S.\$182,500,000, less (i) any Working Capital Deficit, and plus (ii) any Working Capital Excess (the “Purchase Price”).

(c) No later than the latter or the date hereof or three (3) Business Days prior to the Closing Date, Buyer shall calculate the estimated Purchase Price based on the amount of Working Capital Deficit or Working Capital Excess (if any) (the “Estimated Purchase Price”).

Section 2.2 Closing.

(a) The sale and purchase of the Business Assets contemplated by this Agreement shall take place at a closing (the “Closing”) to be held at the offices of First American Title National Commercial Service, 777 S. Figueroa Street, Suite 400, Los Angeles, CA, effective as of 12:01 a.m. Mountain Time on day hereof, subject to satisfaction or waiver of all conditions to the obligations of the parties set forth in Article VII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date). The day on which the Closing takes place is referred to as the “Closing Date”.

(b) At the Closing, the Sellers shall deliver or cause to be delivered to the Buyer: (i) special warranty deeds with respect to the Owned Real Property, in the form attached as Exhibit F; (ii) assignments of leases with respect to Leased Real Property, in the form attached as Exhibit G; (iii) a bill of sale, intellectual property assignment, water rights assignment, permit assignment or other instruments conveying all Business Assets other than Real Property; (iv) a general release and discharge, in the form attached as Exhibit H, releasing and discharging the Buyer from any and all obligations to pay or indemnify the Sellers or any Affiliate or Related Party, or to guarantee or secure its obligations or otherwise hold it harmless pursuant to any agreement or other arrangement; (v) the resignations, to be effective at a date determined by Buyer but not later than one year following the Closing, of all members of the board of directors of any home owners association or other similar body having responsibilities with respect to Business Assets and on which Sellers or any of their Affiliates has representation, if any, to the extent such directors represent the Company or Sellers, effective as of the Closing; (vi) the Settlement Agreement, (vii) the VRI Side Letter in the form attached as Exhibit M, (viii) the Buy/Sell Agreement in the form attached as Exhibit N, (vii) each other Transaction Document to which Sellers or any of their Affiliates is a party, duly executed by such Seller or such Affiliate (viii) an executed certificate of non-foreign status from each Seller, and each Related Party that is treated as transferring a Business Asset to Buyer pursuant to this Agreement for U.S. federal income tax purposes, in compliance with Treasury Regulations under Section 1445 of the Code, and (ix) such other documents and instruments as the Buyer may reasonably request or as may be otherwise necessary or desirable to evidence and effect the transactions contemplated under this Agreement.

(c) At the Closing, the Buyer shall deliver or cause to be delivered to the Sellers to a single bank account designated by Sellers no later than later of the date hereof or two Business Days prior to Closing, (i) the Estimated Purchase Price in immediately available funds (the “Closing Payment”), by wire transfer to the bank account designated by Sellers in writing to the Buyer, less any amounts required to discharge any Indebtedness

under the Payoff Letters, if any (the “Payoff Amounts”); (ii) the Payoff Amounts, pursuant to the instructions in the Payoff Letters, (iii) the Settlement Agreement, (iv) an assignment and assumption agreement in the form of Exhibit I attached hereto, (v) the Buy/Sell Agreement in the form attached as Exhibit N, (vi) each other Transaction Document to which Buyer is a party, duly executed by Buyer (vii) such other documents and instruments as the Sellers may reasonably request or as may be otherwise necessary or desirable to evidence and effect the transactions contemplate by this Agreement.

(d) At the Closing, the Sellers and Related Parties shall assign to the Buyer and the Buyer shall assume and discharge all Assumed Liabilities. Notwithstanding the foregoing, or any other provision of this Agreement, any Schedule or Exhibit hereto, or any Transaction Document to the contrary, Buyer shall not assume or be obligated to pay, perform or otherwise discharge (and the Sellers and their Related Parties shall retain, pay, perform or otherwise discharge without recourse to the Buyer) any Excluded Liabilities.

(e) The Sellers and Related Parties are not selling, and the Buyer is not purchasing, any Excluded Assets.

Section 2.3 Working Capital Adjustment.

(a) Within 90 days after the Closing Date, the Buyer shall deliver to the Sellers a consolidated balance sheet of the Business as of the Closing Date (and after taking into account the transfers of the Business Assets hereunder), prepared in accordance with GAAP, consistent with past practices of the Company prior to the Closing Date (the “Closing Balance Sheet”), together with all supporting work papers used or produced in connection with the preparation of the Closing Balance Sheet. The Closing Balance Sheet shall become final and binding on the 60th day following delivery thereof, unless at or prior to the end of such period, the Sellers delivers to the Buyer written notice of their disagreement (a “Notice of Disagreement”) specifying the nature and amount of any disputed item. The Sellers shall be deemed to have agreed with all items and amounts in the Closing Balance Sheet not specifically referenced in the Notice of Disagreement, and such items and amounts shall not be subject to review in accordance with Section 2.3(b).

(b) During the 20 day period following delivery of a Notice of Disagreement by the Sellers to the Buyer, the parties in good faith shall seek to resolve in writing any differences that they may have with respect to the matters specified therein. Any disputed items resolved in writing between the Sellers and the Buyer within such 20 day period shall be final and binding with respect to such items, and if the Sellers and the Buyer agree in writing on the resolution of each disputed item specified by the Sellers in the Notice of Disagreement and the revised Closing Balance Sheet, the amounts set forth in such revised Closing Balance Sheet shall be final and binding on the parties for all purposes hereunder. If the Sellers and the Buyer have not resolved all such differences by the end of such 20 day period, the Sellers and the Buyer shall submit, in writing, to an independent public accounting firm (the “Independent Accounting Firm”), their briefs detailing their views as to the correct nature and amount of each item remaining in dispute, and the Independent Accounting Firm shall make a written determination of the amount of

Working Capital Deficit or Working Capital Excess as of the Closing Date and the resulting Purchase Price, which determination shall be final and binding on the parties for all purposes hereunder. The determination of the Independent Accounting Firm may give effect to the retention of Working Capital Retained Assets or Working Capital Retained Liabilities (to the extent still in existence as of the date of determination) in order to reduce or eliminate any Working Capital Excess or Working Capital Deficits, respectively. The Independent Accounting Firm shall be authorized to resolve only those items remaining in dispute between the parties in accordance with the provisions of this Section 2.3 within the range of the difference between the Buyer's position with respect thereto and the Sellers' position with respect thereto. The Independent Accounting Firm shall be Deloitte or, if such firm is unable or unwilling to act, such other independent public accounting firm as shall be agreed in writing by the Sellers and the Buyer. The Sellers and the Buyer shall use their commercially reasonable efforts to cause the Independent Accounting Firm to render a written decision resolving the matters submitted to it within 30 days following the submission thereof. Judgment may be entered upon the written determination of the Independent Accounting Firm in accordance with Section 10.9. In acting under this Agreement, the Independent Accounting Firm will be entitled to the privileges and immunities of an arbitrator.

(c) The fees and expenses of the Independent Accounting Firm and of any enforcement of the determination thereof, shall be borne by the parties in inverse proportion as they may prevail on the matters resolved by the Independent Accounting Firm, which proportionate allocation shall be calculated on an aggregate basis based on the relative dollar values of the amounts in dispute and shall be determined by the Independent Accounting Firm at the time the determination of such firm is rendered on the merits of the matters submitted and in accordance with the standards provided for herein. For example, if the Buyer asserts that the final Purchase Price is \$180,000,000 and the Sellers assert that the final Purchase Price is \$181,000,000, and as a result of the final determination, the final Purchase Price is \$180,700,000, the Buyer would bear 70% of the fees and the Sellers would bear 30% of the fees. The fees and disbursements of the Representatives of each party incurred in connection with their preparation or review of the Closing Balance Sheet and preparation or review of any Notice of Disagreement, as applicable, shall be borne by such party.

(d) Each of the Buyer, on the one hand, and the Sellers, on the other hand, will afford the other party and its Representatives reasonable access, during normal business hours and upon reasonable prior notice, to the books, records and properties relating to the Business and to any other information reasonably requested for purposes of preparing and reviewing the calculations contemplated by this Section 2.3. Each party shall authorize its accountants to disclose work papers generated by such accountants in connection with the preparing and reviewing the Closing Balance Sheet as specified in this Section 2.3; provided that such accountants shall not be obligated to make any work papers available except in accordance with such accountants' disclosure procedures and then only after the non-client party has signed an agreement (in customary form) relating to access to such work papers in form and substance reasonably acceptable to such accountants.

(e) The Buyer shall pay to the Sellers the amount, if any, by which the Purchase Price, as finally determined under Section 2.3(c), is greater than the Estimated Purchase Price, and the Sellers shall pay to the Buyer the amount, if any, by which the Purchase Price, as finally determined under Section 2.3(c), is less than the Estimated Purchase Price.

(f) Payments in respect of Section 2.3(e) shall be made within three (3) Business Days of final determination of the Closing Balance Sheet pursuant to the provisions of this Section 2.3 by wire transfer of United States dollars in immediately available funds to such account or accounts as may be designated in writing by the party entitled to such payment at least two Business Days prior to such payment date.

Section 2.4 Consents and Waivers; Further Assurances.

(a) Nothing in this Agreement or the Transaction Documents shall be construed as an agreement to lease, sell, assign, transfer or deliver any Assumed Contract or other Business Asset that by its terms or pursuant to applicable Law is not capable of being leased, sold, assigned, transferred or delivered without the consent or waiver of a third party or Governmental Authority unless and until such consent or waiver shall be given. Subject to Section 5.4, Sellers shall use commercially reasonable efforts, and Buyer shall cooperate in full with all reasonable requests of Sellers, to obtain such consents and waivers and to resolve the impediments to the lease, sale, assignment, transfer or delivery contemplated by this Agreement or the Transaction Documents and to obtain any other consents and waivers necessary to convey to Buyer all the Assumed Contracts and the Business Assets. In the event any such consents or waivers required to transfer the Assumed Contracts or Business Assets are not obtained prior to the Closing Date, Sellers shall, subject to Section 5.4, continue to use their respective commercially reasonable efforts to obtain the relevant consents or waivers until such consents or waivers are obtained, and Sellers shall cooperate in full with all reasonable requests of Buyer in any lawful arrangement to provide that the Buyer shall receive the interest of Sellers in the benefits under any such Assumed Contracts or Business Assets, including performance by Sellers, as agent; provided, that the Buyer shall undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent the Buyer would have been responsible therefor hereunder if such consents or waivers had been obtained.

(b) From time to time, whether before, at or following the Closing, Sellers and Buyer shall, and shall cause their respective Affiliates and Related Parties to, execute, acknowledge and deliver all such further conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to assure fully to Buyer all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed, sold, leased, assigned, transferred or delivered to Buyer under this Agreement and the Transaction Documents, including as may be necessary to deliver the Business Assets free and clear of all Encumbrances other than Permitted Encumbrances, and to otherwise make effective as promptly as practicable the transactions contemplated hereby and thereby.

(c) From time to time following the Closing, upon Buyer's request and to the extent required to transfer any Assumed Contracts or Business Assets that have not otherwise been transferred at the Closing, each Seller shall cause any Related Party to execute, acknowledge and deliver all such conveyances, notices, assumptions and releases and such other instruments, and shall take such further actions, as may be necessary or appropriate to assure fully to Buyer all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed, sold, leased, assigned, transferred or delivered to Buyer under this Agreement and the Transaction Documents, including as may be necessary to deliver the Business Assets owned or held by any such Related Party free and clear of all Encumbrances other than Permitted Encumbrances, and to otherwise make effective as promptly as practicable the transactions contemplated hereby and thereby.

**ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF POWDR**

POWDR hereby represents and warrants to the Buyer as follows:

Section 3.1 Authority; Subsidiaries. Each Seller has full corporate power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the Transactions, including without limitation its obligation to require its Related Parties to comply with Article II. The Company has no Subsidiaries other than Parley's Recreation Partners, LLC (d/b/a Gorgoza).

Section 3.2 No Conflict; Required Filings and Consents.

(g) Subject to Section 4.8, the execution, delivery and performance by each Seller of this Agreement and each of the Transaction Documents to which such Seller will be a party, and the consummation of the Transactions, do not and will not: (i) materially conflict with or violate the Organizational Documents of any Seller or any of their respective Subsidiaries; (ii) materially conflict with or violate any Law applicable to any Seller or any of their Subsidiaries, or by which the Business Assets are bound or affected; or (iii) result in any material breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, require any consent of or notice to any Person pursuant to, give to others any right of termination, amendment, modification, acceleration or cancellation of, allow the imposition of any fees or penalties, require the offering or making of any payment or redemption, or give rise to any increased, guaranteed, accelerated or additional rights or entitlements of any Person, or result in the creation of any Encumbrance on the Business Assets pursuant to, any Contract or Permit to which any Seller or any of their Subsidiaries is a party or by which any Seller or any of their Subsidiaries or the Business Assets or any of their respective properties, assets or rights are bound or affected.

(h) Subject to Section 4.8, none of the Sellers or any of their Affiliates is required to file, seek or obtain any notice, authorization, approval, order, permit or consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Sellers of this Agreement and each of the Transaction Documents to which it will be a party or the consummation of the Transactions or thereby, except where such failure would not be reasonably likely to result in a Material Adverse Effect.

Section 3.3 Financial Statements; Disclosure of Liabilities.

(d) True and complete copies of the unaudited balance sheet of the Business as at May 31, 2014, May 31, 2013 and May 31, 2012, and the related statements of results of operations and cash flows of the Business for the fiscal years then ending, together with all related notes and schedules thereto (collectively referred to as the “Financial Statements”) and the unaudited balance sheet of the Business as at June 30, 2014, and the related statements of results of operations and cash flows, together with all related notes and schedules thereto (collectively referred to as the “Interim Financial Statements”), are attached to Schedule 3.3(a) of the Seller Disclosure Letter. Each of the Financial Statements and the Interim Financial Statements (i) have been prepared from the books and records of the Company and Sellers pertaining to the Business, (ii) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto or in Schedule 3.3(a) of the Seller Disclosure Letter) and (iii) fairly present, in all material respects in accordance with GAAP, the financial position, results of operations and cash flows of the Business as at the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein and subject, in the case of the Interim Financial Statements, to the absence of footnotes and normal year-end adjustments that will not, individually or in the aggregate, be material.

(e) Except as disclosed in the Financial Statements, Interim Financial Statements or Schedule 3.3(b) of the Seller Disclosure Letter, none of the Company or any Subsidiary has any liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, whether known or unknown and whether or not required by GAAP to be reflected in a consolidated balance sheet of the Company and its Subsidiaries or disclosed in the notes thereto, including without limitation any Indebtedness, other than liabilities and obligations, incurred in the ordinary course of business consistent with past practice since the date of the Interim Financial Statements and liabilities and obligations that have not had or would not reasonably be expected to have, a Material Adverse Effect.

(f) Immediately after giving effect to the Transactions, each of the Sellers will be solvent under applicable Law, able to pay each of their respective debts and obligations when they become due, and will have assets in excess of their respective liabilities.

Section 3.4 Compliance with Law; Permits. To the Knowledge of Sellers, the conduct of the Business by Sellers is in compliance with all applicable Laws, except for noncompliance that would not reasonably be expected to result in Buyer incurring material

liability or, to the Knowledge of Sellers, any material interruption of the Business. To the Knowledge of Sellers, the conduct of the Business is in compliance with all material Permits, and all material Permits are in full force and effect, except for noncompliance or failure to be in full force and effect that would not reasonably be expected to result in the Buyer incurring material liability or, to the Knowledge of Sellers, any material interruption of business.

Section 3.5 Employees. Except as described in Schedule 3.5 of the Seller Disclosure Letter (i) no Seller is a party to any labor or collective bargaining Contract that pertains to any employees of the Business; (ii) there are no, and during the past two years have been no, organizing activities or collective bargaining arrangements that could affect the Business pending or under discussion with any employees of the Business or any labor organization, (iii) there is no, and during the past two years there has been no, labor dispute, strike, controversy, slowdown, work stoppage or lockout pending or, to the Knowledge of the Seller, threatened against or affecting the Business or any Seller in connection with the Business, nor to the Knowledge of the Sellers is there any basis for any of the foregoing. No Seller has breached or otherwise failed to comply with the provisions of any collective bargaining or union Contract affecting any employees of the Business. There are no pending or, to the Knowledge of the Seller, threatened union grievances or union representation questions involving any employees of the Business.

Section 3.6 Property. Each Seller has, and at and after the Closing the Buyer will have, (i) good and valid title (a) to all Personal Property owned by a Seller, and (b) in fee simple to all Owned Real Property, and (ii) good and valid leasehold title to all Personal Property leased by a Seller to any Leased Real Property, in each case, free and clear of all Encumbrances other than Permitted Encumbrances. To the Knowledge of Sellers, no parcel of Owned Real Property or Leased Real Property is subject to any governmental decree or order to be sold or is being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefore, nor has any such condemnation, expropriation or taking been proposed. Except as may be alleged or determined in the PCMR Litigation, all leases of Leased Real Property and all amendments and modifications thereto are in full force and effect, and there exists no material default under any such lease by the Company or, to the Knowledge of the Sellers, any other party thereto, nor any event which, with notice or lapse of time or both, would constitute a material default thereunder by a Seller or their respective Subsidiaries or, to the Knowledge of Sellers, any other party thereto.

Section 3.7 Taxes To the extent an inaccuracy of the following could have an adverse effect on Buyer (whether under a successor liability Law or otherwise):

(a) Each Seller and each Related Party has timely paid (and, with respect to Taxes not yet due and payable, will timely pay) all Taxes for which it is liable, and has timely filed with the appropriate Governmental Authority all Tax Returns and all such Tax Returns are true, complete and correct in all material respects;

(b) There is no outstanding or threatened in writing action, claim or other examination or proceeding relating to Taxes with respect to any Seller or any Related Party for unpaid Taxes other than Taxes that are not yet due and payable;

(c) No Seller or Related Party has received any notice or inquiry from any jurisdiction or taxing authority where it does not file Tax Returns or pay Taxes to the effect that such filings may be required in the jurisdiction, or that Taxes may be required to be paid in the jurisdiction;

(d) No Seller or Related Party is a “foreign person” as defined in Section 1445(f)(3) of the Code.

(e) No Seller or Related Party is delinquent in the withholding or depositing of any material Taxes required to be withheld or deposited with respect to a payment to any employee, contractor, vendor, creditor, shareholder or third party.

Section 3.8 Environmental Matters. Except as set forth in Schedule 3.8 of the Seller Disclosure Letter, to the Knowledge of Sellers no hazardous substances are or have been present, and there is and has been no release or threatened release of hazardous substances or any investigation, clean-up, remediation or corrective action of any kind relating thereto, on any Business Assets that would reasonably be expected to result in any Seller incurring material liabilities. Except as set forth in Schedule 3.8 of the Seller Disclosure Letter, to the Knowledge of Sellers, (i) no underground improvement, including any treatment or storage tank or water, gas or oil well, present or former mining or tailing site, or (ii) asbestos or lead-based paint that is not in compliance with Laws, in each case, is or has been located on any Business Assets that would reasonably be expected to result in any Seller incurring material liabilities. This Section 3.8 shall contain the sole and exclusive representation and warranty in this Agreement with respect to environmental matters.

Section 3.9 Material Contracts.

(a) Schedule 3.9 of the Seller Disclosure Letter sets forth a true and correct list of any Contract (including any Assumed Contract) that (i) involves future payments or obligations in excess of \$100,000 in any calendar year, or \$300,000 in the aggregate, (ii) that would, or would purport to, restrict in any fashion the business activities of Buyer as an owner or Affiliate of the Company, including any non-competition agreements, rights of first refusal, restrictions on the use of Real Property, exclusive sponsorships or other exclusivity obligations, or similar provisions, (iii) relate to the employment or engagement of employees (or individuals serving as independent contractors) and provides for more than \$50,000 in total annual cash compensation for any calendar year, (iv) involve undertakings with Governmental Authorities, or (v) the termination or breach of which would result in a Material Adverse Effect on the Business or the Company (collectively, “Material Contracts”).

(b) Each Material Contract is a legal, valid, and binding agreement, enforceable in accordance with its terms, and is in full force and effect, except for any failure to be legal, valid, binding or enforceable arising from actions by the counterparty thereto, and will continue to be in full force and effect immediately following the Closing Date. No Seller or Related Party or, to the Knowledge of the Sellers, any other party is in material breach or violation of, or (with or without notice or lapse of time or both) material default under, any Material Contract, nor has the Company received any claim of any such material breach, violation or default.

Section 3.10 Litigation. Except (a) as set forth on Schedule 3.10 of the Seller Disclosure Letter and (b) for any Actions for civil monetary damages at law (but not any other claim, including any claim for equitable or injunctive relief or any claim that would impose criminal liability or damages), commenced by Persons other than Governmental Authorities that could not reasonably be expected to result in a liability or loss to the Company or its Subsidiaries of more than \$500,000 individually or in the aggregate, (i) there is no Action pending or, to the Knowledge of the Sellers, threatened or (ii) to the Knowledge of the Sellers there is no inquiry or investigation pending or threatened, in each case, against any Seller or their respective Subsidiaries, or any material property or asset of the Company, or any of the officers of such Sellers or their Subsidiaries in regards to their actions as such, in each case to the extent relating to the Business.

Section 3.11 Affiliate Interests and Transactions; Sufficiency of Assets. Except as set forth on Schedule 3.11 of the Seller Disclosure Letter and except as will be terminated at Closing or assigned in full to Buyer or its nominee at Closing, no Related Party of any Seller or any of their respective Subsidiaries: (i) owns directly or indirectly, any equity or other financial or voting interest in any supplier, licensor, lessor, distributor, contract counterparty, easement grantor or independent contractor of the Company; or (ii) owns directly or indirectly, or has or has had any interest in any property (real or personal, tangible or intangible) that the Company uses or has used or has held for future or planned use in or pertaining to the Business, other than the Assumed Contracts and the Business Assets. The assets conveyed to Buyer under Article II comprise all of the Business Assets held by any Seller or any Related Party. The Sellers and each Related Party that actually transfers Business Assets to the Buyer on the Closing Date hold all of the Business Assets.

Section 3.12 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of any Seller or their respective Affiliates.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer hereby represents and warrants to the Sellers as follows:

Section 4.1 Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the Laws of Delaware and has full corporate power

and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

Section 4.2 Authority. The Buyer has full corporate power and authority to execute and deliver this Agreement and each of the Transaction Documents to which it will be a party, to perform its obligations hereunder and thereunder and to consummate the Transactions. The execution, delivery and performance by the Buyer of this Agreement and each of the Transaction Documents to which it will be a party and the consummation by the Buyer of the Transactions have been duly and validly authorized by all necessary corporate action. This Agreement has been, and upon their execution each of the Transaction Documents to which the Buyer will be a party will have been, duly executed and delivered by the Buyer and, assuming due execution and delivery by each of the other parties hereto and thereto, this Agreement constitutes, and upon their execution each of the Transaction Documents to which the Buyer will be a party will constitute, the legal, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms.

Section 4.3 No Conflict; Required Filings and Consents. The execution, delivery and performance by the Buyer of this Agreement and each of the Transaction Documents to which the Buyer will be a party, and the consummation of the Transactions, do not and will not conflict with or violate the certificate of incorporation or bylaws of the Buyer; or result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default) under or require any consent of any Person pursuant to, any note, bond, mortgage, indenture, agreement, lease, license, permit, franchise, instrument, obligation or other Contract to which the Buyer is a party; except for any such conflicts, violations, breaches, defaults or other occurrences that do not, individually or in the aggregate, materially impair the ability of the Buyer to consummate, or prevent or materially delay, any of the transactions contemplated by this Agreement or the Transaction Documents or would reasonably be expected to do so.

Section 4.4 Financial Ability. The Buyer has, and shall have at the Closing, sufficient funds to permit the Buyer to consummate the transactions contemplated by this Agreement and the Transaction Documents.

Section 4.5 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Buyer.

Section 4.6 Solvency. After giving effect to the Transactions, the Buyer will be solvent under applicable Law, able to pay its debts and obligations when they become due, and will have assets in excess of its liabilities.

Section 4.7 Knowledge of Environmental Liabilities. Except with respect to the matters Disclosed to Buyer (excluding matters under clause (ii) and (iii) of the definition thereof), Buyer has no Knowledge of any Actions, liabilities or obligations relating to the Real Property under applicable environmental laws.

Section 4.8 HSR. Buyer, including its ultimate parent entity if different, is not required to make any pre-merger notification under the HSR Act prior to and in connection with the consummation of the Transactions.

ARTICLE V COVENANTS

Section 5.1 Conduct of Business Prior to the Closing. Between the date of this Agreement and the Closing Date, unless the Buyer shall otherwise agree in writing, the Sellers shall cause the Business to be conducted only in the ordinary course consistent with past practice, and shall (i) use commercially reasonable efforts to preserve intact their business organization and assets; (ii) use commercially reasonable efforts to keep available the services of the current officers, employees and consultants of the Company; (iii) use commercially reasonable efforts to preserve the current relationships of the Company with customers, suppliers and other Persons with which the Company has significant business relations; (iv) use commercially reasonable efforts to keep and maintain the Business Assets and properties in good repair and normal operating condition, wear and tear excepted, and (v) use commercially reasonable efforts to take all actions necessary to deliver the Business Assets to Buyer free and clear of all Encumbrances other than Permitted Encumbrances. Buyer acknowledges and agrees that the foregoing are intended to preserve the Business for the benefit of the Buyer, and that: (i) nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' ordinary course operations prior to the Closing, (ii) prior to the Closing, the Sellers shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over the Company's and its Subsidiaries' ordinary course operations.

Section 5.2 Covenants Regarding Information.

(a) From the date hereof until the Closing Date, the Sellers shall, and shall cause the Company to, afford the Buyer and its Representatives access (including for inspection and copying) at all reasonable times and consistent with applicable law, to the Representatives, properties, offices, plants and other facilities, books and records of the Company and the Business Assets, and shall reasonably promptly furnish the Buyer with any and all such financial, accounting, tax, operating, contractual, permitting, compliance, governance, employment and other data, Contracts, Permits and other information, in each case, relating to the Company and the Business Assets, as the Buyer may reasonably request.

(b) In order to facilitate the resolution of any claims made by or against or incurred by the Buyer or the Company after the Closing or for any other reasonable purpose, for a period of five years following the Closing, the Sellers shall: (i) retain all books, documents, information, data, files and other records of the Sellers that relate to the Company and the Business for periods prior to the Closing and which shall not otherwise

have been delivered to the Buyer or the Company or its Subsidiaries; (ii) upon reasonable notice, afford the Buyer and the Company and their respective Representatives reasonable access (including for inspection and copying, at the Buyer's expense), during normal business hours, to such books, documents, information, data, files and other records, including in connection with claims, proceedings, actions, investigations, audits and other regulatory or legal proceedings involving or relating to the Company; and (iii) furnish the Buyer and the Company and their respective Representatives reasonable assistance (at the Buyer's expense), including access to personnel, in connection with any such claims and other proceedings. The Sellers shall permit, promptly upon reasonable request, the Buyer and the Company and their respective Representatives to use original copies of any such records for purposes of litigation; provided, that such records shall promptly be returned to the Sellers following such use.

(c) In order to facilitate the resolution of any claims made by or against or incurred by the Sellers after the Closing or for any other reasonable purpose, for a period of five years following the Closing, the Buyer shall or shall cause the Company to: (i) retain all books, documents, information, data, files and other records that relate to the Company and the Business for periods prior to the Closing which have been delivered to the Buyer or the Company or its Subsidiaries; and (ii) upon reasonable notice, afford the Sellers and their respective Representatives reasonable access (including for inspection and copying, at the Sellers' expense), during normal business hours, to such books, documents, information, data, files and other records in connection with the defense of claims, proceedings, actions, and in connection with investigations, audits and other regulatory or legal proceedings involving or relating to the Sellers or any of their Affiliates.

Section 5.3 Confidentiality. For a period of five years following the Closing Date, the Sellers shall not, and the Sellers shall cause its Affiliates and the respective Representatives of the Sellers and its Affiliates not to, use for its or their own benefit or divulge or convey to any third party, any Confidential Information; provided, however, that the Sellers or its Affiliates may furnish such portion (and only such portion) of the Confidential Information as the Sellers or such Affiliate reasonably determines it is legally obligated to disclose if it receives a request to disclose all or any part of the Confidential Information under the terms of a subpoena, civil investigative demand or order issued by a Governmental Authority, and in such event, such Seller or such Affiliate shall: (i) to the extent not inconsistent with such request, notify the Buyer of the existence, terms and circumstances surrounding such request and consult with the Buyer on the advisability of taking steps available under applicable Law to resist or narrow such request; and (ii) exercise its commercially reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information. For purposes of this Agreement, "Confidential Information" consists of all information and data relating to the Business, the Company or its Subsidiaries (including, to the extent relating to the Business or Business Assets, intellectual property, customer and supplier lists, pricing information, marketing plans, market studies, client development plans, business acquisition plans and all other information or data) or the Transactions, except for data or information that is or becomes available to the public other than as a

result of a breach of this Section. Nothing contained herein shall be deemed to constitute a restriction on POWDR's use of marketing materials, intellectual property, marketing plans, market studies, client development plans, business acquisition plans and all other information or data to the extent solely relating to the Excluded Assets.

Section 5.4 Consents and Filings; Further Assurances.

(a) The Buyer and the Sellers shall use commercially reasonable efforts to take, or cause to be taken, such actions as are necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents as promptly as practicable, including to (i) obtain from Governmental Authorities and other Persons all consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement and the Transaction Documents, (ii) promptly make all necessary filings with respect to this Agreement required under applicable Law, and (iii) have vacated, lifted, reversed or overturned any order, decree, ruling, judgment, injunction or other action (whether temporary, preliminary or permanent) that is then in effect and that enjoins, restrains, conditions, makes illegal or otherwise restricts or prohibits the consummation of the transactions contemplated by this Agreement and the Transaction Documents. Each of the parties acknowledge and agrees that no filing under the HSR Act will be made in connection with the transactions contemplated by this Agreement. In furtherance and not in limitation of the foregoing, following the Closing, (A) the Buyer shall manage the defense of any investigation or litigation with any Governmental Authorities arising from or otherwise related to the consummation of the transactions contemplated by this Agreement, (B) to the extent reasonably practicable, the Sellers shall include the Buyer's designated representatives in all discussions, telephone calls, meetings and written communications with a Governmental Authority regarding the Transactions, and Sellers shall cooperate fully with Buyer with respect thereto, (C) the Sellers shall promptly consult with Buyer in response to receipt of any comments, questions or requests for documents or information from any Governmental Authority regarding the Transactions and shall share any responsive documentation or correspondence with Buyer prior to providing any such materials to the Governmental Authority, and (D) Sellers shall provide all information reasonably requested by Buyer in connection with the foregoing.

(b) The Sellers shall give promptly such notice to third parties and shall use commercially reasonable efforts to obtain such third party consents and estoppel certificates as the Buyer may in its sole discretion deem necessary or desirable in connection with the transactions contemplated by this Agreement and the Transaction Documents. The Buyer shall cooperate with and assist the Sellers in giving such notices and obtaining such consents and estoppel certificates.

(c) Sellers, if requested by Buyer at Closing, will provide Buyer with such services that are currently provided by Sellers or its Related Parties. Buyer shall pay Sellers for such transition services in accordance with the terms of the Transition Services Agreement attached as Exhibit J (the "Transition Services Agreement").

(d) With respect to the interest of the Company as tenant under the Sublease Agreement between the Company and GPI, dated October 11, 1975 (collectively the “GPI Resort Lease Interests”), in lieu of the Company assigning such GPI Resort Lease Interests to Buyer hereunder, the Company shall, at the Closing, assign such interests, free and clear of all Encumbrances other than Permitted Encumbrances, to an entity designated by Buyer at or prior to Closing.

Section 5.5 Public Announcements; Discussions. Sellers and Buyer shall use good faith efforts to agree on a joint press release or other public statement with respect to the Transactions. Notwithstanding the foregoing, either party may make any press release or other public announcement with respect to the transactions contemplate hereby as it determines in its sole discretion; provided, however, that if either party desires to make such press release or public announcement prior to Closing, such party shall provide reasonable advance notice to the other party with an opportunity to review and comment upon such press release or public statement with respect to the Transactions.

Section 5.6 Title. Sellers shall take such actions as may be reasonably requested by Buyer in connection with Buyer obtaining a Title Policy with respect to the Land. For the avoidance of doubt, Buyer shall be solely responsible for the costs of any and all title searches, surveys and Title Policies. For clarity, obtaining a Title Policy shall not be a condition to Closing.

Section 5.7 PCMR Litigation. At Closing, Buyer and Sellers shall, and shall cause their Affiliates and Related Parties, as applicable to, take all actions necessary to execute the Settlement Agreement in the form attached as Exhibit K (the “Settlement Agreement”).

Section 5.8 Cooperation With Target Financials. Sellers shall cooperate with all reasonable requests of Buyer in connection with preparation of any financial statements for the Business as may be required by Buyer in connection with disclosure obligations under Law or stock exchange rules, including such requests necessary in order (a) to determine whether financial statements for the Business are required to be prepared under Rule 3-05 of Regulation S-X under the Securities Exchange Act of 1934 (“Target Financials”), and (b) if Target Financials statements are required, to prepare and file such financial statements, including assistance in obtaining audited Target Financials and the associated consent of any auditors of the Business, or to obtain any other consent of auditors for Sellers or the Company that may be required in connection therewith; provided, however, that the Sellers shall have no responsibility or liability for (and Buyer shall indemnify, defend and hold harmless the Sellers in respect of) any and all Losses that may be suffered or incurred as a result of such financial statements.

Section 5.9 Employee Matters.

(a) On or before the date selected by Buyer, which date shall be within five Business Days after the Closing Date (the “Transition Date”), the Buyer shall, or shall cause one of its Affiliates to, extend offers of employment to each employee of the

Business listed on Schedule 5.9 of the Seller Disclosure Letter (“Business Employee”) who is actively at work as of the Closing Date, which offers shall be subject to Buyer’s customary and generally applicable conditions of employment (all such employees who accept the Buyer’s offer of employment are referred to as the “Transferring Employees”). Subject to the requirements of applicable Law, Seller will deliver such other employee information regarding the Business Employees as may be reasonably requested by Buyer at Closing. For purposes of this Agreement, any Business Employee who is not at work on the Closing Date due to a short-term absence (including due to vacation, holiday, jury duty, illness, authorized short-term leave of absence or short-term disability) shall be deemed to be “actively at work”; provided, that any such individuals that are on authorized short-term leave of absence or short-term disability shall not be deemed to constitute “Transferring Employees” until such time as they return to active employment and accept the Buyer’s offer of employment. The Company shall terminate the employment of all Transferring Employees immediately prior to the Transition Date, provided, that the Company shall terminate the employment of any Business Employee who at Closing is on a short-term leave of absence or short-term disability and who subsequently becomes a Transferring Employee no later than the date such Transferring Employee commences active employment with the Buyer. Buyer will reimburse Seller at a fixed rate per day for each day during the Transition Date pursuant to the terms of the Transition Services Agreement.

(b) The Sellers shall comply with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (“COBRA”), as set forth in Section 4980B of the Code and Part 6 of Title I of ERISA, with respect to any employee, former employee or beneficiary of any such employee or former employee who is covered under any group health plan, as defined in Section 5000(b)(1) of the Code (a “Group Health Plan”), maintained by the Seller as of the Transition Date or whose “qualifying event” within the meaning of Section 4980B(f) of the Code occurs on or prior to the Closing Date, whether pursuant to the provisions of COBRA or otherwise. The Buyer shall comply with the provisions of COBRA with respect to Transferring Employees who are covered under any Group Health Plan maintained by the Buyer after the Transition Date.

(c) Nothing contained in this Agreement shall create any third party beneficiary rights in any Transferring Employee, any beneficiary or dependents thereof, or any collective bargaining representative thereof, with respect to the compensation, terms and conditions of employment and benefits that may be provided to any Transferring Employee by the Buyer or under any benefit plan that the Buyer may maintain.

(d) Nothing contained in this Agreement shall confer upon any Transferring Employee any right with respect to continued employment by the Buyer, nor shall anything herein interfere with the right of the Buyer to terminate the employment of any Transferring Employee at any time, with or without cause, following the effective date of his or her employment with the Buyer, or restrict the Buyer in the exercise of its independent business judgment in modifying any of the terms and conditions of the employment of the Transferring Employees.

ARTICLE VI TAX MATTERS

Section 6.1 Cooperation. Following the Closing, Sellers and Buyer shall, and shall cause their Affiliates to, reasonably cooperate with each other with respect to Tax matters, including by affording each other and their Representatives complete access (including for inspection and copying) at all reasonable times to the books and records of Sellers and the Business, and furnishing each other with any and all Tax information as the other may reasonably request, with respect to Tax matters pertaining to the Business Assets or the Business; provided, however, that notwithstanding this Section 6.1 or anything in this Agreement to the contrary, in no event shall Buyer be required to provide or disclose any income Tax Return or any information relating to any period (or portion thereof) beginning after the Closing Date.

Section 6.2 Pro Rations. All real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Business Assets for a taxable period that includes (but does not end on) the Closing Date will be apportioned between Sellers and Buyer as of the Closing Date based on the number of days of such taxable period prior to and including the Closing Date and the number of days of such taxable period following the Closing Date, but only to the extent that such Taxes were not included in the Working Capital on the Closing Balance Sheet. Upon presentation of an invoice by the party entitled to any payment under this Section 6.2, together with such documentation reasonably necessary to establish the amount owed by each party, the other party will, promptly, but in no event later than 30 days after such request and documentation are presented, reimburse the requesting party for the amount due, provided that such reimbursement shall be equitably adjusted for the amount of such Taxes taken into account as a liability in the Closing Balance Sheet as finally determined. Buyer will be responsible for any Transfer Taxes.

ARTICLE VII CONDITIONS TO CLOSING

Section 7.1 General Conditions. The respective obligations of the Buyer and the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions in this Section 7.1, any of which may, to the extent permitted by applicable Law, be waived in writing by either party in its sole discretion (provided, that such waiver shall only be effective as to the obligations of such party):

(a) No Injunction or Prohibition. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent), or pursuant to any Action obtained an order, in each case that is then in effect and that enjoins, restrains, conditions, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or the Transaction Documents.

Section 7.2 Conditions to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall also be subject to the fulfillment, at or prior to the Closing, of each of the following conditions in this Section 7.2, any of which may be waived in writing by the Sellers in their sole discretions:

(a) Representations, Warranties and Covenants. The representations and warranties of the Buyer contained in this Agreement or any Transaction Document or any schedule, certificate or other document delivered pursuant hereto or thereto or in connection with the Transactions or thereby shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date, in each case except where such failures to be true and correct, individually or in the aggregate, has not had or is reasonably not likely to have a Material Adverse Effect. The Buyer shall have performed all obligations and agreements and complied with all covenants and conditions required by this Agreement or any Transaction Document to be performed or complied with by it prior to or at the Closing. For the avoidance of doubt, this Section 7.2(a) shall not be a representation or warranty in addition to or separate from the representations and warranties set forth in Article IV.

(b) Deliveries. The Sellers shall have received an executed copy of each of the Transaction Documents or documents listed in Section 2.2(c) as being required to be delivered by the Buyer.

Section 7.3 Conditions to Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall also be subject to the fulfillment, at or prior to the Closing, of each of the following conditions in this Section 7.3, any of which may be waived in writing by the Buyer in its sole discretion:

(a) Representations, Warranties and Covenants. The representations and warranties of Sellers contained in this Agreement or any Transaction Document or any schedule, certificate or other document delivered pursuant hereto or thereto or in connection with the Transactions or thereby shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date, in each case except where such failures to be true and correct, individually or in the aggregate, has not had or is reasonably not likely to have a Material Adverse Effect. Each Seller shall have performed all obligations and agreements and complied with all covenants and conditions required by this Agreement or any Transaction Document to be performed or complied with by it prior to or at the Closing. For the avoidance of doubt, this Section 7.3(a) shall not be a representation or warranty in addition to or separate from the representations and warranties set forth in Article IV.

(b) Deliveries. The Buyer shall have received an executed copy of each of the Transaction Documents or documents listed in Section 2.2(b) as being required to be delivered by the Sellers.

ARTICLE VIII INDEMNIFICATION

Section 8.1 Survival of Representations and Warranties. The representations and warranties of the Sellers and the Buyer contained in Article III and Article IV of this Agreement and, except as expressly provided in the Buy/Sell Agreement, the Transaction Documents and any schedule, certificate or other document delivered pursuant hereto or thereto or in connection with the Transactions or thereby shall terminate upon the Closing; provided, however, that the foregoing shall not apply to claims for intentional fraud.

Section 8.2 Indemnification by POWDR. POWDR shall save, defend, indemnify and hold harmless the Buyer and its Representatives, successors and assigns of each of the foregoing from and against any and all losses, damages, liabilities, deficiencies, claims, interest, awards, judgments, penalties, Taxes, costs and expenses (including reasonable attorneys' fees, costs and other out-of-pocket expenses incurred in defending the foregoing) (hereinafter collectively, "Losses"), asserted against, incurred, sustained or suffered by any of the foregoing as a result of, arising out of or relating to any Excluded Liability.

Section 8.3 Indemnification by the Buyer. The Buyer shall save, defend, indemnify and hold harmless each of the Sellers and their respective Representatives, successors and assigns of each of the foregoing from and against any and all Losses asserted against, incurred, sustained or suffered by any of the foregoing as a result of, arising out of or relating to any Assumed Liability.

Section 8.4 Procedures.

(a) In order for a party (the "Indemnified Party") to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a Loss or a claim or demand made by any Person or Governmental Authority against the Indemnified Party (a "Third Party Claim"), such Indemnified Party shall deliver notice thereof to the party against whom indemnity is sought (the "Indemnifying Party") with reasonable promptness after receipt by such Indemnified Party of written notice of the Third Party Claim and shall provide the Indemnifying Party with such information with respect thereto as the Indemnifying Party may reasonably request. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this Article VIII except to the extent that the Indemnifying Party is prejudiced by such failure.

(b) The Indemnifying Party shall have the right, upon written notice to the Indemnified Party within 15 days of receipt of notice from the Indemnified Party of the commencement of such Third Party Claim, to assume the defense thereof at the expense of the Indemnifying Party (which expenses shall not be applied against any indemnity limitation herein) with counsel selected by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third Party Claim for, or Action including equitable or injunctive relief or any claim that would

impose criminal liability or damages, and the Indemnified Party shall have the right to defend, at the expense of the Indemnifying Party, any such Third Party Claim or Action. Notwithstanding the foregoing, Buyer shall assume the defense of the Tendered Claims, but in each case only to the extent such tender does not adversely affect available insurance coverage under applicable policies. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has failed to assume the defense thereof. If the Indemnifying Party does not expressly elect to assume the defense of such Third Party Claim within the time period and otherwise in accordance with the first sentence of this Section 8.4(b), the Indemnified Party shall have the sole right to assume the defense of such Third Party Claim. If the Indemnifying Party assumes the defense of such Third Party Claim, the Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless the employment of such counsel shall have been specifically authorized in writing by the Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party shall, at the Indemnifying Party's expense, cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party shall not, without the prior written consent of the Indemnified Party, enter into any settlement or compromise or consent to the entry of any judgment with respect to such Third Party Claim if such settlement, compromise or judgment (i) involves a finding or admission of wrongdoing, (ii) does not include an unconditional written release by the claimant or plaintiff of the Indemnified Party from all liability in respect of such Third Party Claim, (iii) imposes equitable remedies or any obligation on the Indemnified Party other than solely the payment of money damages for which the Indemnified Party will be indemnified hereunder. If the Indemnified Party assumes the defense of any Third Party Claim, the Indemnified Party shall not, without the prior written consent of the Indemnifying Party, enter into any settlement or compromise or consent to the entry of any judgment with respect to such Third Party Claim without the consent of the Indemnifying Party.

(c) The indemnification required hereunder in respect of a Third Party Claim owing by an Indemnifying Party shall be made by payment of the amount of actual Losses in connection therewith within five Business Days after receipt by the Indemnifying Party of notice of such Losses.

(d) The Indemnifying Party shall not be entitled to require that any action be made or brought against any other Person before action is brought or claim is made against it hereunder by the Indemnified Party.

(e) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall

deliver notice of such claim with reasonable promptness to the Indemnifying Party. The failure to provide such notice, however, shall not release the Indemnifying Party from any of its obligations under this Article VIII except to the extent that the Indemnifying Party is prejudiced by such failure.

Section 8.5 Limits on Indemnification. Notwithstanding anything to the contrary contained in this Agreement:

(a) An Indemnified Party shall take and shall cause its Affiliates to take all reasonable steps to mitigate any Loss upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto;

(b) Sellers will not cancel, let lapse or reduce coverage of any insurance policy covering an Insured Claim, and will cooperate with Buyer, including acting or refraining from acting at Buyer's reasonable direction (and at Buyer's sole cost and expense), with respect to any applicable insurance claim or coverage in connection with the defense, prosecution or settlement of any Insured Claim; and

(c) the amount of any Losses for which indemnification is provided under this Article VIII shall be net of any amounts actually recovered or recoverable by the Indemnified Party pursuant to any contract to which it is a Party, any applicable insurance coverage or otherwise with respect to such Losses (net of any Tax or costs and expenses incurred in connection with such recovery). An Indemnified Party shall use its commercially reasonable efforts to recover under such insurance coverage and from any third party alleged to be responsible for any Losses prior to seeking indemnification under this Agreement.

Section 8.6 Exclusive Remedy. Except to the extent of the remedies provided for in Section 10.11 (Enforcement), and except in the case of intentional fraud, the sole and exclusive remedy for any and all claims arising (directly or indirectly) under, out of, or related to this Agreement (including the transactions contemplated hereby and any representations and warranties set forth herein, made in connection herewith), or the sale and purchase of the Business Assets, shall be the rights of indemnification set forth in Article VIII only, and no Person will have any other entitlement, remedy or recourse, whether in contract, tort or otherwise, or whether at law or in equity, it being agreed that all of such other remedies, entitlements and recourse are expressly waived and released by the parties hereto to the fullest extent permitted by Law. The provisions of this Section 8.6, and the remedies provided in Section 10.11, were specifically bargained for among Buyer and the Sellers in arriving at the Purchase Price and in agreeing to provide the specific representations and warranties set forth herein. The Sellers have specifically relied upon the provisions of this Section 8.6, in agreeing to the Purchase Price and in agreeing to provide the specific representations and warranties set forth herein.

Section 8.7 Tax Treatment of Indemnity Payments. The Sellers and Buyer agree to treat any indemnity payment made pursuant to this Article VIII as an adjustment to the Purchase Price for federal, state, local and foreign income tax purposes

ARTICLE IX TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Buyer and the Sellers; or

(b) (i) by the Sellers, if the Buyer breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement or any Transaction Document and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 7.2, (B) cannot be cured following delivery to the Buyer of written notice of such breach or failure to perform and (C) has not been waived by the Sellers or (ii) by the Buyer, if the Sellers breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement or any Transaction Document and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 7.3, (B) cannot be cured following delivery to the Sellers of written notice of such breach or failure to perform and (C) has not been waived by the Buyer.

The party seeking to terminate this Agreement pursuant to this Section 9.1 (other than Section 9.1(a)) shall give prompt written notice of such termination to the other party.

Section 9.2 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party except (a) for the provisions of Sections 3.12 and 4.5 relating to broker's fees and finder's fees, Section 5.6 relating to public announcements, Section 10.1 relating to fees and expenses, Section 10.4 relating to notices, Section 10.7 relating to third-party beneficiaries, Section 10.8 relating to governing Law, Section 10.9 relating to submission to jurisdiction and this Section 9.2 and (b) that nothing herein shall relieve either party from liability for any willful breach of this Agreement.

ARTICLE X GENERAL PROVISIONS

Section 10.1 Fees and Expenses. Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement and the Transaction Documents and the Transactions shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated. In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by the other.

Section 10.2 Amendment and Modification. This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party.

Section 10.3 Waiver. No failure or delay of either party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of either party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party.

Section 10.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by e-mail, only upon written confirmation expressly acknowledging receipt by e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

(i) if to the Sellers, to:

POWDR CORP.
1790 Bonanza, Suite W201
Park City, Utah 84060
Attention: CEO and CFO
E-mail: johncumming@powder.com & jsilbey@powdr.com

and to

AMERICAN INVESTMENT COMPANY
PO Box 4902
148 South Redmond Street
Jackson, WY 83001
Attention: Matthew Ireland, Colby Rollins, Cathy Handley
Email: Matt@aicpvt.com, colby@aicpvt.com & cathy@aicpvt.com

with a copy (which shall not constitute notice) to:

Weil Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Jon-Paul Bernard
E-mail: jon-paul.bernard@weil.com

(ii) if to the Buyer, to:

VR CPC Holdings, Inc.
390 Interlocken Crescent
Broomfield, CO 81620
Attention: Michael Z. Barkin, EVP & CFO
E-mail: MBarkin@vailresorts.com

with a copy to:

VR CPC Holdings, Inc.
390 Interlocken Crescent
Broomfield, CO 81620
Attention: Randall E. Mehrberg, EVP & General Counsel
E-mail: RMehrberg@vailresorts.com & MWarren@vailresorts.com

and with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
1801 California St., Suite 4200
Denver, Colorado 80202
Attention: Beau Stark
Email: bstark@gibsondunn.com

Section 10.5 Interpretation. When a reference is made in this Agreement to a Section, Article, Exhibit or Schedule such reference shall be to a Section, Article, Exhibit or Schedule of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit or Schedule are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits, Annexes and Schedules attached hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word “including” and words of similar import when used in this Agreement will mean “including, without limitation,” unless otherwise specified. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to the Agreement as a whole and not to any particular provision in this Agreement. The term “or” is not exclusive. The word “will” shall be construed to have the same meaning and effect as the word “shall.” References to days mean calendar days unless otherwise specified.

Section 10.6 Entire Agreement. This Agreement (including the Exhibits and Schedules hereto), the Transaction Documents constitute the entire agreement, and supersede all prior written agreements, arrangements, communications and understandings

and all prior and contemporaneous oral agreements, arrangements, communications and understandings between the parties with respect to the subject matter hereof and thereof. Notwithstanding any oral agreement or course of conduct of the parties or their Representatives to the contrary, no party to this Agreement shall be under any legal obligation to enter into or complete the Transactions unless and until this Agreement shall have been executed and delivered by each of the parties.

Section 10.7 No Third Party Beneficiaries. Except as provided in Article VIII, nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement.

Section 10.8 Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the Transactions shall be governed by, and construed in accordance with, the internal Laws of the State of Utah, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Utah.

Section 10.9 Submission to Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by the other party or its successors or assigns shall be brought and determined in the Third Judicial District Court in and for Summit County, Utah (or, if such court lacks subject matter jurisdiction, in any appropriate Utah State or federal court), and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the Transactions, except, however, that each of the parties hereby irrevocably submits to the jurisdiction of the federal and state courts sitting in Utah to the extent necessary to enforce the right of the Buyer to specific performance. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Utah as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the Transactions, (a) any claim that it is not personally subject to the jurisdiction of the courts in Utah (or to the extent provided above, Utah) as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such

suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 10.10 Assignment; Successors. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, by either party without the prior written consent of the other party, and any such assignment without such prior written consent shall be null and void; provided, however, that the Buyer may assign this Agreement to any Affiliate of the Buyer without the prior consent of the Sellers; provided further, that no assignment shall relieve the assignor of any of its obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and permitted assigns.

Section 10.11 Enforcement. The parties 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. Accordingly, each of the parties shall be entitled to specific performance of the terms hereof, including an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any Utah State or federal court, this being in addition to any other remedy to which such party is entitled at law or in equity. Each of the parties hereby further waives (a) any defense in any action for specific performance that a remedy at law would be adequate and (b) any requirement under any Law to post security as a prerequisite to obtaining equitable relief. Without limiting the foregoing, the parties agree that the covenants under Article II are covenants for which specific performance will be available. In connection with any action for equitable relief under this Section 10.11, the costs and expenses of the prevailing party (including reasonable attorneys' fees, costs and other out-of-pocket expenses incurred in defending the foregoing), shall be paid by the losing party, as determined by such State or federal court.

Section 10.12 Currency. All references to "dollars" or "\$" or "US\$" in this Agreement or any Transaction Document refer to United States dollars, which is the currency used for all purposes in this Agreement and any Transaction Document.

Section 10.13 Severability. Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein.

Section 10.14 Waiver of Jury Trial. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR

RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 10.15 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 10.16 Facsimile or Electronic Signature. This Agreement may be executed by facsimile or .pdf signature and a facsimile or .pdf signature shall constitute an original for all purposes.

Section 10.17 Time of Essence. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

Section 10.18 No Presumption Against Drafting Party. Each of the Buyer and the Sellers acknowledges that each party to this Agreement has been represented by legal counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of Law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS:

GREATER PARK CITY COMPANY

By: /s/ John Cumming
Name: John Cumming
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS

POWDR CORP.

By: /s/ John Cumming
Name: John Cumming
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS:

GREATER PROPERTIES, INC.

By: /s/ Colby Rollins
Name: Colby Rollins
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS:

PARK PROPERTIES, INC.

By: /s/ Colby Rollins
Name: Colby Rollins
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SELLERS:

POWDR DEVELOPMENT COMPANY

By: /s/ John Cumming
Name: John Cumming
Title: Chief Executive Officer

IN WITNESS WHEREOF, the Buyer and the Sellers have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

BUYER:

VR CPC HOLDINGS, INC.

By: /s/ Michael Z. Barkin
Name: Michael Z. Barkin
Title: EVP & Chief Financial Officer

SUPPLEMENTAL INDENTURE

Dated as of October 5, 2014

to

INDENTURE

Dated as of April 25, 2011

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

6.50 % Senior Subordinated Notes due 2019

SUPPLEMENTAL INDENTURE, dated as of October 5, 2014, among Vail Resorts, Inc., a Delaware corporation (the “Issuer”), the Guarantors named on the signature pages hereto (the “Guarantors”), the Additional Guarantor named on the signature pages hereto (the “Additional Guarantor”), and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the “Trustee”).

WHEREAS, the Issuer and the Guarantors have heretofore executed and delivered to the Trustee an Indenture dated as of April 25, 2011 (the “Indenture”) providing for the issuance of \$390,000,000 aggregate principal amount of 6.50% Senior Subordinated Notes due 2019 of the Company (the “Notes”); and

WHEREAS, subsequent to the execution of the Indenture and the issuance of \$390,000,000 aggregate principal amount of the Notes, the Additional Guarantor has become a guarantor under the Credit Agreement; and

WHEREAS, pursuant to and as contemplated by Sections 4.18 and 9.01 of the Indenture, the parties hereto desire to execute and deliver this Supplemental Indenture for the purpose of providing for the Additional Guarantor to expressly assume all the obligations of a Guarantor under the Notes and the Indenture;

NOW, THEREFORE, in consideration of the above premises, each party agrees, for the benefit of the other and for the equal and ratable benefit of the Holders of the Notes, as follows:

I.

ASSUMPTION OF GUARANTEES

The Additional Guarantor, as provided by Section 4.18 of the Indenture, jointly and severally, hereby unconditionally expressly assumes all of the obligations of a Guarantor under the Notes and the Indenture to the fullest as set forth in Article 12 of the Indenture; and the Additional Guarantor may expressly exercise every right and power of a Guarantor under the Indenture with the same effect as if it had been named a Guarantor therein.

II.

MISCELLANEOUS PROVISIONS

A. Terms Defined.

For all purposes of this Supplemental Indenture, except as otherwise defined or unless the context otherwise requires, terms used in capitalized form in this Supplemental Indenture and defined in the Indenture have the meanings specified in the Indenture.

B. Indenture.

Except as amended hereby, the Indenture and the Notes are in all respects ratified and confirmed and all the terms shall remain in full force and effect.

C. Governing Law.

THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

D. Successors.

All agreements of the Company, the Guarantors and the Additional Guarantor in this Supplemental Indenture, the Notes and the Guarantees shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

E. Duplicate Originals.

The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

F. Trustee Disclaimer.

The Trustee is not responsible for the validity or sufficiency of this Supplemental Indenture.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, all as of the date first written above.

ISSUER:

VAIL RESORTS, INC.

By: /s/ Michael Z. Barkin

Name: Michael Z. Barkin

Title: Chief Financial Officer

GUARANTORS:

ALL MEDIA ASSOCIATES, INC.
ALL MEDIA HOLDINGS, INC.
ARRABELLE AT VAIL SQUARE, LLC
BOOTH CREEK SKI HOLDINGS, INC.
BEAVER CREEK ASSOCIATES, INC.
BEAVER CREEK CONSULTANTS, INC.
BEAVER CREEK FOOD SERVICES, INC.
BRYCE CANYON LODGE COMPANY
BCRP INC.
BRECKENRIDGE RESORT PROPERTIES, INC.
THE CHALETS AT THE LODGE AT VAIL, LLC
COLORADO MOUNTAIN EXPRESS, INC.
COLTER BAY CAFÉ COURT, LLC
COLTER BAY CONVENIENCE STORE, LLC
COLTER BAY CORPORATION
COLTER BAY GENERAL STORE, LLC
COLTER BAY MARINA, LLC
CRYSTAL PEAK LODGE OF BRECKENRIDGE, INC.
EPICSKI, INC.
FLAGG RANCH COMPANY
GILLETT BROADCASTING, INC.
GRAND TETON LODGE COMPANY
HEAVENLY VALLEY, LIMITED PARTNERSHIP
HVLP KIRKWOOD SERVICES, LLC
JACKSON HOLE GOLF & TENNIS CLUB SNACK SHACK, LLC
JACKSON LAKE LODGE CORPORATION
JENNY LAKE LODGE, INC.
JENNY LAKE STORE, LLC
JACKSON HOLE GOLF AND TENNIS CLUB, INC.
JHL&S LLC
KEYSTONE CONFERENCE SERVICES, INC.
KEYSTONE DEVELOPMENT SALES, INC.
KEYSTONE FOOD & BEVERAGE COMPANY
KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY
LA POSADA BEVERAGE SERVICE, LLC
LODGE PROPERTIES INC.
LODGE REALTY, INC.
LAKE TAHOE LODGING COMPANY
MESA VERDE LODGE COMPANY
NORTHSTAR GROUP COMMERCIAL PROPERTIES LLC
NORTHSTAR GROUP RESTAURANT PROPERTIES, LLC
NATIONAL PARK HOSPITALITY COMPANY
ONE SKI HILL PLACE, LLC
PROPERTY MANAGEMENT ACQUISITION CORP., INC.
RCR VAIL, LLC
ROCKRESORTS ARRABELLE, LLC
ROCKRESORTS CHEECA, LLC

ROCKRESORTS DR, LLC
ROCKRESORTS EQUINOX, INC.
ROCKRESORTS HOTEL JEROME, LLC
ROCKRESORTS INTERNATIONAL MANAGEMENT COMPANY
ROCKRESORTS LAPOSADA, LLC
ROCKRESORTS, LLC
ROCKRESORTS ROSARIO, LLC
ROCKRESORTS SKI TIP, LLC
ROCKRESORTS TEMPO, LLC
ROCKRESORTS WYOMING, LLC
ROCKRESORTS INTERNATIONAL, LLC
SOHO DEVELOPMENT, LLC
SSI VENTURE LLC
SSV HOLDINGS, INC.
SSV ONLINE HOLDINGS, INC.
SSV ONLINE LLC
STAMPEDE CANTEEN, LLC
TETON HOSPITALITY SERVICES, INC.
TRIMONT LAND COMPANY
THE VAIL CORPORATION
VAIL ASSOCIATES HOLDINGS, LTD.
VAIL ASSOCIATES INVESTMENTS, INC.
VAIL/ARROWHEAD, INC.
VAIL/BEAVER CREEK RESORT PROPERTIES, INC.
VAMHC, INC.
VAIL ASSOCIATES REAL ESTATE, INC.
VA RANCHO MIRAGE I, INC.
VA RANCHO MIRAGE II, INC.
VA RANCHO MIRAGE RESORT, L.P.
VAIL FOOD SERVICES, INC.
VAIL HOLDINGS, INC.
VAIL HOTEL MANAGEMENT COMPANY, LLC
VAIL RESORTS DEVELOPMENT COMPANY
VAIL RESORTS LODGING COMPANY
VAIL RR, INC.
VAIL SUMMIT RESORTS, INC.
VAIL TRADEMARKS, INC.
THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.
VR ACQUISITION, INC.
VR CPC HOLDINGS, INC.
VR HEAVENLY CONCESSIONS, INC.
VR HEAVENLY I, INC.
VR HEAVENLY II, INC.
VR HOLDINGS, INC.
VR US HOLDINGS, INC.
ZION LODGE COMPANY

By: /s/ Mark L. Schoppet

Name: Mark L. Schoppet

Title: Authorized Person

ADDITIONAL GUARANTOR:

VR CPC SERVICES, LLC,

a Delaware limited liability company

By: /s/ Michael Z. Barkin

Name: Michael Z. Barkin

Title: Chief Financial Officer

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST

COMPANY, N.A., as Trustee

By: /s/ Teresa Petta

Name: Teresa Petta

Title: Vice President

Vail Resorts

Management Incentive Plan

Senior Executives
Grades 33 & Above

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. and its wholly owned subsidiaries (collectively, the "Company") by:

Rewarding and recognizing performance in one or more of the following areas:

- Financial - Financial results at the end of the fiscal year are compared to EBITDA targets determined at the beginning of the fiscal year. EBITDA (Earnings before Interest, Taxes and Depreciation and Amortization excluding stock based compensation) results are consolidated into various divisions of the Company and are defined in the funding section below.
- Division Goal Attainment - Specified division goals are used instead of EBITDA results for the real estate development division.
- Individual employee performance, including adherence to the Company's mission and values.

Effective Dates

The Plan is effective and will remain in effect until amended or terminated. The Plan Year will run concurrently with the fiscal year under which the employee is governed.

Eligibility

All full-time employees of the Company at grade levels 33 and above as identified in the Company's compensation grade structures are eligible to participate in the Plan.

Target Percentages

The target bonus percentages for employees are determined by the Compensation Committee in its sole discretion on a yearly basis by the end of the first quarter of each fiscal year and while the attainment of Resort, Mountain, Retail and Lodging EBITDA performance targets and corresponding funding levels and VRDC Goals are substantially uncertain.

Target Incentives

Each employee's target bonus incentive is calculated based on the target bonus percentage of his or her annual salary as of the last day of the measurement period the employee was classified in a Grade 33 position, except where proration is needed as defined in the proration of target incentives section.

Funding

The funding at the end of the fiscal year is based on the final EBITDA results or Division Goal Attainment of the Company's business divisions and the eligible employee's incentive target amounts as determined by the Compensation Committee and as defined in Exhibits A and B.

Division Definitions

EBITDA Results for each of the Company's business divisions are defined as follows:

- Resort EBITDA results include the EBITDA results for all Mountain resorts, Lodging divisions and Retail divisions combined.
- Retail EBITDA results include all EBITDA results of the Retail division combined.
- Corporate Lodging EBITDA results include the pre-corporate allocated G&A EBITDA results of the Lodging division combined.
- Division Goal Attainment - Specified division goals that are required for the development division (VRDC employees.)

The funding is based on the EBITDA results of the division where the employee works, the scope of his or her responsibilities and where his or her salary expense is charged.

For Corporate executives, the Plan is 90% funded based on Resort EBITDA and 10% funded based on the attainment of the VRDC Goals.

For Mountain executives, the Plan is 90% funded based on Resort EBITDA and 10% funded based on the attainment of the VRDC Goals.

For Lodging executives, the Plan is 90% funded based on Resort EBITDA and 10% funded based on the attainment of the VRDC Goals.

For Retail executives, the Plan is 75% funded based on Retail EBITDA and 25% funded based on Resort EBITDA.

For VRDC executives, the Plan is 75% funded based on the attainment of one or more of the VRDC performance goals and 25% funded based on Resort EBITDA.

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.

Funding Variable:

At each fiscal year-end, the funding will be based on the percentage of EBITDA target achieved. The schedule attached hereto as Exhibit A is used to determine the percent of the target incentive funded by Resort, Mountain, Retail and Lodging EBITDA performance. The Compensation Committee will establish the Resort, Mountain, Retail and Lodging EBITDA performance targets and corresponding funding levels and the VRDC Goals and may amend Exhibit A by the end of the first quarter of each fiscal year and while the attainment of such goals

is substantially uncertain. EBITDA results are rounded to the nearest whole percentage using simple rounding.

Individual Performance Rating Variable

For all employees excluding the Chief Executive Officer, the target incentive will be influenced based on individual performance. The Chief Executive Officer's total bonus will be equal to, and based solely on, the funded target incentive amount.

Individual performance for all employees participating in the Plan will be determined through the applicable fiscal year performance review process, which will be determined by the Chief Executive Officer. With the exception of promoted employees, the final performance score will determine the incentive payment with higher performing employees receiving larger rewards than their lower performing peers. For those employees promoted into a higher level position, any applicable incentive payments will be calculated by applying the Meets Expectations performance variable to the incentive target for the new position.

Example Payout:

- Grade 33 Corporate employee
- \$200,000 annual salary
- Target incentive % = 42.5%
- **Target incentive \$ = \$200,000 x 42.5% = \$85,000**

- Resort EBITDA results are at 101% of target
- **Resort EBITDA funding = 107.5%**

- VRDC Goal met at 100%
- **VRDC Goal funding = 100%**

With Resort EBITDA funding 90% of the plan and VRDC goals funding 10% of the plan, funded incentive = 106.75% x 85,000 = \$90,738.

Resort Funding: (107.5% x 90%) or 96.75%
VRCD Funding: + (100.0% x 10%) or 10.00%
Funding % = 106.75%

- Individual performance rating of "Achieves Expectations"
- "Achieves Expectations" = 100% of funded incentive

- \$90,738 x 100% = \$90,738 payout

The incentive payout can be 0% to 130% of the target amount as displayed in [Exhibit B](#).

Proration for New Hires

An employee hired into a position eligible for this Plan will receive a prorated incentive for the Plan Year based on the hire date and following schedule. Anyone hired after April 30 will not be eligible to receive an award in that fiscal year, except at the sole discretion of the Compensation Committee.

Month of Hire	Prorate %
<i>August, September, October</i>	100%
<i>November, December, January</i>	67%
<i>February, March, April</i>	33%
<i>May, June, July</i>	0%

Proration for Internal Promotes

The proration calculation for employees who have been promoted into a plan eligible position will be based on number of days in each role and performance rating earned in each position. For the purposes of this plan, a promotion is defined as position change resulting in an increase in grade assignment and individual bonus target percentage.

Example of Prorated Bonus due to Promotion

SVP	\$250,000	42.5%	\$106,250	100%	100%	92	\$26,781
VP	\$225,000	35.0%	\$78,750	100%	100%	273	\$58,901
Final Amount							\$85,682

Pro-Ration for Leave of Absence

Individual incentive 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 prorated to reflect the time on leave.

Plan Payouts

Individual incentive 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, by the close of the first quarter following the previous fiscal year end. Payouts will be rounded to the nearest whole dollar amount.

Termination of Employment

Incentive payments under the Plan do not vest 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. 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 or long-term disability under the Company long-term disability plan, such employee, if he or she would have otherwise received a payout under the Plan but for his or her death or disability, shall be entitled to receive a pro-rated payment for the portion of the fiscal year the employee was actively employed.

If an employee terminates employment and is subsequently rehired, eligibility under this Plan restarts with the employee's rehire date.

Material Restatement of Financial Results

In the event that the Board determines there has been a material restatement of publicly issued financial results from those previously issued to the public, the Board will review all incentive payments made to executive officers on the basis of having met or exceeded specific performance targets and, if such payments would have been lower had they been calculated based on such restated results, the Board will, to the extent permitted by governing law, seek to recoup for the benefit of our company such payments made in excess of the amount that would have been paid based on the restated results. This will apply to all incentive payments made during the three-year period prior to the restatement, beginning with payments earned for the 2012 fiscal year. For purposes of this policy, the term "executive officers" has the meaning given in Rule 3b-7 under the Securities Exchange Act of 1934, as amended, and the term "incentive payments" means bonuses and awards under the Plan.

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.

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 does not give any employee the right to continued employment with the Company. The Plan does not create a contract of employment with any employee and does not alter the at-will nature of employee's employment with the Company.

Exhibit A

EBITDA Funding Matrix

Percent of the EBITDA Target Obtained for the Division	Percent of Incentive Target Funded Grade 33+
<80%	0.0%
80%	15.00%
81%	16.00%
82%	17.00%
83%	18.00%
84%	19.00%
85%	20.00%
86%	21.00%
87%	22.00%
88%	23.00%
89%	24.00%
90%	25.00%
91%	30.00%
92%	35.00%
93%	40.00%
94%	45.00%
95%	50.00%
96%	60.00%
97%	70.00%
98%	80.00%
99%	90.00%
100%	100.00%
101%	107.50%
102%	115.00%
103%	122.50%
104%	130.00%
105%	137.50%
106%	145.00%
107%	152.50%
108%	160.00%
109%	167.50%
110%	175.00%
111%	177.50%
112%	180.00%
113%	182.50%
114%	185.00%
115%	187.50%
116%	190.00%
117%	192.50%
118%	195.00%
119%	197.50%
>=120%	200.00%

Exhibit B
Performance Rating Variable

The following table illustrates how an individual's performance rating affects the overall Management Incentive Plan Payout.

Performance Rating Chart	
Performance Rating	% Incentive Influenced
Greatly Exceeds Expectations	130%
Exceeds Expectations	115%
Achieves Expectations	100%
Meets Most Expectations	70%
Meets Some Expectations	0%

**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 8, 2014

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

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

I, Michael Z. Barkin, 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 8, 2014

/s/ MICHAEL Z. BARKIN

Michael Z. Barkin

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, 2014 (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 8, 2014

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

Date: December 8, 2014

/s/ MICHAEL Z. BARKIN

Michael Z. Barkin

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.

