

Vail Resorts Announces Fiscal 2003 Third Quarter And Nine Month Results

VAIL, Colo. - June 12, 2003 - Vail Resorts, Inc. (NYSE: MTN) announced today results for the third quarter of fiscal 2003, ending April 30, 2003.

THIRD QUARTER PERFORMANCE

Mountain revenue for the third quarter of fiscal 2003 was \$211.7 million, a 9.6% increase from \$193.2 million for the comparable period last year. Excluding the May 2002 acquisition of the Heavenly Ski Resort, third quarter "same-store" mountain revenue at the Company's four Colorado resorts declined 6.0% compared to the same period last year.

Lodging revenue for the third quarter fell \$3.6 million, or 7.3%, to \$45.5 million.

Resort revenue, the combination of the mountain and lodging segments, rose \$14.9 million, or 6.1%, to \$257.2 million. Real estate revenue for the third quarter rose \$7.6 million to \$11.9 million, a 175.0% increase compared to the same period last year. Total revenue rose \$22.5 million, or 9.1%, to \$269.1 million.

Income from operations for the third quarter declined \$3.3 million, or 3.8%, to \$84.8 million compared to the same period last year.

Earnings before interest, income taxes, depreciation and amortization ("EBITDA") for the mountain segment increased 1.4% to \$93.3 million. Excluding the Heavenly acquisition, "same-store" mountain EBITDA for the quarter fell 14.2% compared to the same period last year.

Lodging EBITDA decreased \$2.5 million, or 17.7%, to \$11.6 million for the quarter; \$0.4 million of the decrease was attributed to the Ritz-Carlton, Bachelor Gulch, which opened in November of fiscal 2003. As the Company uses the equity method of accounting for the Ritz-Carlton, included in the third quarter Ritz-Carlton, Bachelor Gulch loss is \$1.7 million of depreciation and interest expense.

Third quarter resort EBITDA was \$104.9 million, a 1.1% decrease from the comparable period last year, and "same-store" resort EBITDA, excluding Heavenly and the Ritz-Carlton, fell 14.3% versus the third quarter in fiscal 2002.

Real estate EBITDA for the quarter rose \$2.2 million to \$1.2 million.

Third quarter net income fell \$11.5 million to \$35.5 million, or \$1.01 per diluted share, compared to \$47.0 million, or \$1.34 per diluted share, for the same period last year.

NINE MONTH PERFORMANCE

Mountain revenue for the nine months ended April 30, 2003 was \$435.3 million, an 18.1% increase from \$368.6 million for the comparable period last year. Excluding the acquisition of the Heavenly Ski Resort, the nine month "same-store" mountain revenue rose 1.9% compared to the same period last year.

Lodging revenue for the nine months rose \$10.3 million, or 9.4%, to \$120.6 million and resort revenue increased \$77.0 million, or 16.1%, to \$555.9 million. Real estate revenue for the period rose \$19.5 million to \$73.9 million, a 35.9% increase compared to the same period last year. Total revenue rose \$96.5 million, or 18.1%, to \$629.7 million.

Income from operations for the nine months decreased \$5.0 million, or 5.1%, to \$92.5 million compared to the same period last year.

Mountain EBITDA increased 6.8% to \$128.8 million. Included in the nine-month fiscal 2003 mountain EBITDA is \$2.5 million of severance expense as reported in the first and second fiscal quarters. Excluding the Heavenly acquisition, "same-store" mountain EBITDA for the nine months fell 9.7% compared to the same period last year.

Lodging EBITDA decreased \$7.9 million, or 51.8%, to \$7.4 million for the nine months, with \$3.7 million of the decrease attributed to the Ritz-Carlton, Bachelor Gulch, including \$3.7 million of depreciation and interest expense.

Resort EBITDA for the nine month period was \$136.2 million, a 0.2% increase from the comparable period last year, and resort EBITDA excluding Heavenly and the Ritz-Carlton fell 11.8% versus the nine months ended April 30, 2002. Included in resort EBITDA is \$2.5 million of severance expense associated with the first and second fiscal quarters.

Real estate EBITDA for the nine months rose \$3.5 million to \$17.2 million.

Net income for the nine month period fell \$15.1 million to \$27.5 million, or \$0.78 per diluted share, compared to \$42.6 million, or \$1.21 per diluted share, for the same period last year.

Adam Aron, Chairman and Chief Executive Officer, commented, "The financial results for the first half of our fiscal year were impressive and robust, but as talk of war with Iraq heightened after New Year's Day in January, we began to experience a slowdown of bookings at our resorts. Then, with the actual outbreak of war during the busiest weeks of our ski season, both our mountain and lodging segments were adversely affected. Visitation at all our Colorado resorts was below last year's levels for the month of March. RockResorts owned hotels, as well as the non-branded Vail Resorts Lodging Company owned hotels, also saw reduced year-over-year occupancy and ADR in the month of March. The contrast between Vail Resorts' financial success in the first half of this fiscal year and the war-impacted third quarter could not be more dramatic," added Aron.

Aron continued, "Despite the lackluster financial performance by the Company during the quarter, there is, nonetheless, much good news to report in this fiscal year. Beaver Creek had a record ski season with some 718,000 skier visits, in no small part due to the new and beautiful Ritz-Carlton, Bachelor Gulch. The Heavenly acquisition was successful even beyond our expectations, with skier visits and lift ticket revenue at Heavenly increasing 12.5% and 19.3%, respectively, when compared to the prior year under a different ownership. The cost savings program we implemented in October 2002 was successful, as the projected cost savings were in fact realized. In addition, the affluent real estate market continued at a brisk pace, RockResorts secured a new 20-year management agreement for the Cheeca Lodge, and a new four-year or longer \$425 million bank revolving credit line and institutional term loan was completed, in management's judgement, on favorable terms."

Aron further stated, "Looking ahead, we see no reason at this point to change the guidance we issued on April 29th for the balance of fiscal 2003. As for fiscal 2004, given the unfortunate state of the world and the still weak national economy, Vail Resorts management believes it is prudent to continue to very tightly manage the Company's costs. As we finalize fiscal 2003 and prepare for fiscal 2004, we are undergoing another extensive cost cutting program. At this juncture, we have identified numerous ways to significantly enhance the Company's permanent cost structure and believe we can make additional expense reductions of more than \$25 million in fiscal 2004. We have also scrutinized our capital expenditure plan for calendar 2003 and have been able to trim down our expenditures to a range of \$80 to \$90 million for the year. Importantly, we expect to achieve these financial improvements without compromising our long-standing tradition of offering a world-class vacation experience and excellent guest service. Our employees will also be pleased to know that we plan to attain these savings without having to implement sweeping company-wide layoffs."

CONFERENCE CALL

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

Vail Resorts, Inc. is the premier mountain resort operator in North America. The Company's subsidiaries operate the mountain resorts of Vail, Beaver Creek, Breckenridge and Keystone in Colorado, Heavenly Resort in California and Nevada and the Grand Teton Lodge Company in Jackson Hole, Wyoming. In addition, the Company's RockResorts luxury resort hotel company operates 10 resort hotels throughout the United States. The Vail Resorts corporate website is www.vailresorts.com and the consumer websites are www.snow.com and www.rockresorts.com. Vail Resorts is a publicly held company traded on the New York Stock Exchange (NYSE: MTN).

Statements in this press release, other than statements of historical information, are forward looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Such risks and uncertainties include but are not limited to general business and economic conditions; failure to achieve anticipated cost savings and anticipated operational efficiency, or conversely adverse consequences from cost reductions; competitive factors in the ski and resort industries; failure to successfully integrate acquisitions; uncertainties and issues related to the restatement of earnings, including the change in accounting for the revenue recognition of club membership fees or the SEC investigation of same; the impact of the September 11 terrorist attacks on the travel industry and the Company or additional terrorist attacks; uncertainties and impacts of the threat of war or actual war; continued or worsening economic slowdown; the impacts of SARS or similar unforeseen global events on the travel industry and the Company; expenses or adverse consequences arising from current or potential litigation against the Company; implications arising from the implementation of FIN No. 46 and other such new FASB/governmental legislation, rulings or interpretations; and the weather. Investors are also

directed to other risks discussed in documents filed by the Company with the Securities and Exchange Commission.

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