

Vail Resorts Announces Fiscal Second Quarter Results

- FY 2003 second quarter resort EBITDA, excluding previously announced severance charges, 14.8% better than same quarter last year
- FY 2003 second quarter mountain EBITDA, excluding previously announced severance charges, 26.5% better than same quarter last year
- FY 2003 second quarter Colorado skier visits 4.9% better than same period last year
- Heavenly second quarter skier visits up 14.2% over same period with paid skier visits up 20.7% and free/complimentary skiers down 32.9%
- Lodging and real estate segments performed as expected

VAIL, Colo. - March 12, 2003 - Vail Resorts, Inc. (NYSE: MTN) announced today financial results for the second quarter ended January 31, 2003.

SECOND QUARTER PERFORMANCE

Mountain revenue for the second quarter of fiscal 2003 was \$189.2 million, a 29.6% increase from \$146.0 million for the comparable period last year. Lodging revenue for the second quarter increased \$2.5 million, or 7.6%, to \$35.0 million, and total resort revenue, the combination of the mountain and lodging segments, grew 25.6% to \$224.1 million. Real estate revenue for the second quarter fell to \$22.6 million from \$35.0 million. Total revenue for the quarter was \$246.8 million compared to \$213.5 million in the same period in 2002, an increase of 15.6%.

Excluding the May 2002 acquisition of the Heavenly Ski Resort, second quarter "same-store" mountain revenue grew 11.2%. Excluding the fiscal 2002 acquisitions of the Vail Marriott and the Lodge at Rancho Mirage hotels and a majority interest in RockResorts, "same-store" lodging revenue grew 8.1% for the quarter.

Mountain earnings before interest, income taxes, depreciation and amortization ("EBITDA") increased \$12.8 million, or 24.2%, to \$65.5 million. Included in mountain EBITDA for the quarter is a \$1.2 million severance charge associated with the previously announced management restructuring. Excluding this severance charge, mountain EBITDA grew 26.5% to \$66.7 million. Excluding the fiscal 2002 acquisitions and the fiscal 2003 severance, mountain EBITDA for the quarter increased \$4.5 million, or 8.5%.

Lodging EBITDA decreased \$5.9 million to a negative EBITDA of \$4.2 million. The Company's lodging acquisitions in fiscal 2002 are the major reasons for the lodging EBITDA decline, namely: (a) \$1.4 million in reduced EBITDA at the Vail Marriott and the Lodge at Rancho Mirage in the second fiscal quarter this year versus the same period last year, due in part to owning both hotels for the full quarter this year compared to a partial quarter last year during a seasonally slow period; (b) \$1.0 million of additional marketing and management expense in the quarter to build the RockResorts brand, from which the Company expects long-term benefit over time; and (c) the Company's \$2.0 million share of startup expenses and net losses associated with the newly opened Ritz-Carlton, Bachelor Gulch (in accordance with the Company's equity income treatment of minority interest joint ventures, lodging EBITDA for the second quarter includes \$1.0 million of depreciation and interest expense related to the Ritz-Carlton for the three months ended January 31, 2003). Excluding the fiscal 2002 acquisitions and the Ritz-Carlton joint venture, "same store" lodging EBITDA decreased only \$1.5 million.

Total resort EBITDA for the quarter, excluding real estate, increased \$6.8 million, or 12.6%, to \$61.3 million. Excluding severance, resort EBITDA increased 14.8% to \$62.5 million. Excluding the fiscal 2002 acquisitions and the fiscal 2003 second quarter severance charge, total resort EBITDA increased \$3.0 million, or 5.8%, to \$55.4 million.

Real estate EBITDA fell \$7.2 million to \$1.1 million, as expected, due to the timing of lot sales.

Net income for the quarter decreased 22.6% to \$16.8 million, or \$0.48 per diluted share, compared to \$21.7 million, or \$0.62 per diluted share, for the comparable period last year.

SIX MONTH PERFORMANCE

Mountain revenue for the six months ended January 31, 2003 was \$223.6 million, a 27.5% increase from \$175.4 million for the comparable period last year. Lodging revenue for the six months increased \$13.9 million, or 22.8%, to \$75.0 million, and total resort revenue grew 26.3% to \$298.6 million. Real estate revenue for the six-month period rose to \$62.0 million from \$50.0

million, an increase of 23.9%. Total revenue for the first half of the fiscal year was \$360.6 million compared to \$286.5 million in the same period in 2002, an increase of 25.9%.

Excluding the fiscal 2002 acquisitions, "same-store" mountain revenue grew 10.5% while "same-store" lodging revenue grew 11.5% for the six months ended January 31, 2003.

Mountain EBITDA increased \$7.0 million, or 24.3%, to \$35.5 million. Included in mountain EBITDA is a \$2.5 million severance charge associated with the previously announced management restructuring.

Excluding this severance charge, mountain EBITDA grew 33.0% to \$38.0 million. Excluding the fiscal 2002 acquisitions and severance, mountain EBITDA increased \$3.8 million, or 13.2%.

Lodging EBITDA decreased \$5.5 million to a negative EBITDA of \$4.2 million. Among other factors previously described, included in lodging EBITDA is the Company's \$3.3 million proportionate share of the loss from hotel operations related to the Ritz-Carlton, Bachelor Gulch, which includes \$1.0 million of depreciation and interest expense for the six months ended January 31, 2003. Excluding the fiscal 2002 acquisitions, "same store" lodging EBITDA increased \$1.2 million.

Total resort EBITDA, excluding real estate, increased \$1.5 million, or 5.0%, to \$31.3 million. Excluding severance, resort EBITDA increased 13.3% to \$33.8 million. Excluding the fiscal 2002 acquisitions and the fiscal 2003 severance charge, total resort EBITDA increased \$4.9 million, or 17.9%, to \$32.6 million.

Real estate EBITDA rose \$1.3 million, or 9.2%, to \$16.0 million.

Net loss for the six month period increased to a loss of \$8.0 million, or \$0.23 per diluted share, compared to a loss of \$4.4 million, or \$0.13 per diluted share, for the comparable period last year.

Adam Aron, Chairman and Chief Executive Officer, commented, "Vail Resorts' record resort EBITDA performance in the second quarter would be impressive under any circumstance, but given the current political and economic environment it is particularly gratifying. Our mountain segment had an exceptionally strong performance, growing skier days, revenues and EBITDA compared to last year. Heavenly responded beyond our greatest expectations to Vail Resorts' initial management, marketing and product improvements with a 21% year-over-year increase in paid skier days by January 31; and Beaver Creek is poised to have a record year, in great part due to the opening of the Ritz-Carlton, Bachelor Gulch. In light of the current depressed state of the U.S. lodging industry, our lodging segment performed as expected during the quarter. With the travel industry in a prolonged slump for more than a year, we are pleased with Vail Resorts' success - especially at our premier ski resorts - in the first half of fiscal 2003."

Commenting on the remainder of fiscal 2003 and the 2002-2003 ski season, Aron said, "While the mountain segment performed quite well in the second quarter for Vail Resorts, since then we have seen a slowing down in visitation at our ski resorts even though ski conditions continue to be excellent. And we have seen no significant rebound in our lodging business as of yet. As of today, we have completed more than half of our fiscal year and over 75% of the 2002-2003 ski season. We are still contending with the very distinct possibility of war, a weak national economy, and the impacts of the challenges in the U.S. airline industry. While we continue to both create exceptional guest experiences and tightly manage our expenses, the repeated uncertainties that we and every other American face, namely the ever-present threat of war and its aftermath, cause us to be concerned about our performance in the current quarter and for the remainder of the fiscal year."

Aron added further, "We continue to project without change that mountain EBITDA for fiscal 2003 will range from \$117 million to \$127 million before severance payouts. However, whereas in December we might have hoped to exceed that range, the imminence of war and the dampening effect it is likely to have on travel now have us believe mountain EBITDA could be closer to the lower end of the range. Additionally, we are reducing our fiscal 2003 estimate of lodging EBITDA to a range of \$5 million to \$13 million. Similarly, we originally gave a range for fiscal 2003 for total resort EBITDA - mountain and lodging segments combined - of \$132 million to \$142 million. We are now reducing that range to \$128 million to \$138 million before severance payouts; still a very healthy increase over the \$107 million of resort EBITDA actually recorded in fiscal 2002. The estimated range of real estate EBITDA remains unchanged at \$15 million to \$17 million. It is important to note that these guidance ranges may be less than certain depending upon if, and under what circumstances, the United States finds itself at war."

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.

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 the anticipated cost savings and anticipated operational efficiency, or conversely adverse consequences from the cost reductions and/or position eliminations; competitive factors in the ski and resort industries; failure to successfully integrate acquisitions; uncertainties and issues arising, positive or negative, 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 and/or misinterpretation of same; uncertainties and impacts of the threat of war or actual war; continued or worsening economic slowdown or additional terrorist attacks; 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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