

VAIL RESORTS

EXTRAORDINARY RESORTS
EXCEPTIONAL EXPERIENCES

Reconciliation of Non-GAAP Financial Measures

Resort, Mountain, Lodging and Real Estate Reported EBITDA and Resort, Mountain, Lodging and Real Estate Reported EBITDA excluding stock-based compensation have been presented herein as measures of the Company's financial operating performance. Reported EBITDA, Reported EBITDA excluding stock-based compensation and Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) are not measures of financial performance or liquidity under accounting principles generally accepted in the United States of America ("GAAP"), and they might not be comparable to similarly titled measures of other companies. Reported EBITDA, Reported EBITDA excluding stock-based compensation and Net Debt should not be considered in isolation or as an alternative to, or substitute for, measures of financial performance or liquidity prepared in accordance with GAAP including net income, net change in cash and cash equivalents or other financial statement data. The Company believes that Reported EBITDA and Reported EBITDA excluding stock-based compensation are indicative measures of the Company's operating performance, and each similar to performance metrics generally used by investors to evaluate companies in the resort and lodging industries. The Company primarily uses Reported EBITDA excluding stock-based compensation targets in evaluating performance. The Company believes that Net Debt is an important measurement as it is an indicator of the Company's ability to obtain additional capital resources for its future cash needs.

Presented below is a reconciliation of Reported EBITDA and Reported EBITDA excluding stock-based compensation to net income for the Company calculated in accordance with GAAP for the three and nine months ended April 30, 2008 and 2007.

	(In thousands)	
	Three Months Ended	
	April 30,	
	(Unaudited)	
	2008	2007
Mountain revenue, net	\$ 325,726	\$ 308,712
Mountain operating expense excluding stock-based compensation	(156,852)	(152,011)
Mountain equity investment income, net	698	1,660
Mountain Reported EBITDA excluding stock-based compensation	169,572	158,361
Mountain stock-based compensation	(955)	(986)
Mountain Reported EBITDA	168,617	157,375
Lodging revenue, net	43,590	43,643
Lodging operating expense excluding stock-based compensation	(35,172)	(30,820)
Lodging Reported EBITDA excluding stock-based compensation	8,418	12,823
Lodging stock-based compensation	(341)	(306)
Lodging Reported EBITDA	8,077	12,517
Resort Reported EBITDA*	176,694	169,892
Resort Reported EBITDA excluding stock-based compensation*	177,990	171,184
Real Estate revenue, net	54,474	17,134
Real Estate operating expense excluding stock-based compensation	(52,713)	(24,805)
Real Estate Reported EBITDA excluding stock-based compensation	1,761	(7,671)
Real Estate stock-based compensation	(849)	(456)
Real Estate Reported EBITDA	912	(8,127)
Total Reported EBITDA	177,606	161,765
Depreciation and amortization	(25,471)	(23,513)
Relocation and separation charges	--	(166)
Gain (loss) on disposal of fixed assets, net	24	(242)
Investment income	2,459	4,334
Interest expense, net	(8,441)	(8,039)
Loss on sale of business	--	(601)
Contract dispute charges	--	(184)
Gain on put options, net	--	690
Minority interest in income of consolidated subsidiaries, net	(4,621)	(5,343)
Income before provision for income taxes	141,556	128,701
Provision for income taxes	(54,215)	(50,193)
Net income	\$ 87,341	\$ 78,508

* Resort represents the sum of Mountain and Lodging

	(In thousands)	
	Nine Months Ended	
	April 30,	
	(Unaudited)	
	2008	2007
Mountain revenue, net	\$ 647,984	\$ 626,902
Mountain operating expense excluding stock-based compensation	(399,093)	(389,291)
Mountain equity investment income, net	3,592	3,990
Mountain Reported EBITDA excluding stock-based compensation	252,483	241,601
Mountain stock-based compensation	(2,849)	(3,064)
Mountain Reported EBITDA	249,634	238,537
Lodging revenue, net	121,734	116,848
Lodging operating expense excluding stock-based compensation	(112,590)	(97,374)
Lodging Reported EBITDA excluding stock-based compensation	9,144	19,474
Lodging stock-based compensation	(940)	(859)
Lodging Reported EBITDA	8,204	18,615
Resort Reported EBITDA*	257,838	257,152
Resort Reported EBITDA excluding stock-based compensation*	261,627	261,075
Real Estate revenue, net	111,978	100,272
Real Estate operating expense excluding stock-based compensation	(102,629)	(100,220)
Gain on sale of real property	709	--
Real Estate Reported EBITDA excluding stock-based compensation	10,058	52
Real Estate stock-based compensation	(2,256)	(1,550)
Real Estate Reported EBITDA	7,802	(1,498)
Total Reported EBITDA	265,640	255,654
Depreciation and amortization	(69,854)	(66,857)
Relocation and separation charges	--	(1,401)
Loss on disposal of fixed assets, net	(367)	(332)
Investment income	7,697	8,815
Interest expense, net	(23,620)	(24,885)
Loss on sale of business	--	(601)
Contract dispute credit (charges), net	11,920	(4,460)
Gain on put options, net	--	690
Minority interest in income of consolidated subsidiaries, net	(7,468)	(9,707)
Income before provision for income taxes	183,948	156,916
Provision for income taxes	(69,901)	(61,197)
Net income	\$ 114,047	\$ 95,719

* Resort represents the sum of Mountain and Lodging

Presented below is a reconciliation of Total Reported EBITDA to net income for the Company calculated in accordance with GAAP for the twelve months ended April 30, 2008. Also presented is a reconciliation of Net Debt to Long-term Debt and the calculation of Net Debt to Total Reported EBITDA.

	(In thousands) Twelve Months Ended April 30, 2008
Mountain Reported EBITDA	\$ 218,825
Lodging Reported EBITDA	7,788
Resort EBITDA*	226,613
Real Estate Reported EBITDA	6,820
Total Reported EBITDA	233,433
Depreciation and amortization	(90,660)
Relocation and separation charges	(32)
Loss on disposal of fixed assets, net	(1,118)
Investment income	11,284
Interest expense, net	(31,359)
Loss on sale of businesses, net	(38)
Contract dispute credit, net	11,739
Minority interest in income of consolidated subsidiaries, net	(5,565)
Income before provision for income taxes	127,684
Provision for income taxes	(47,956)
Net income	\$ 79,728

* Resort represents the sum of Mountain and Lodging

	(In thousands) As of April 30, 2008
Long-term debt	\$ 575,275
Long-term debt due within one year	74,192
Total debt	649,467
Less: cash and cash equivalents	304,133
Net debt	\$ 345,334
Net debt to Total Reported EBITDA	1.48

Presented below is a reconciliation of net income excluding stock-based compensation, tax effected, to net income of the Company calculated in accordance with GAAP for the three and nine months ended April 30, 2008 and 2007. Also presented is a reconciliation of net income per diluted share excluding stock-based compensation, tax effected, to net income per diluted share of the Company calculated in accordance with GAAP for the three and nine months ended April 30, 2008 and 2007. The Company has presented these non-GAAP measures as it believes that this presentation provides a more comparable measure of the Company's historical results from ongoing operations for the three and nine months ended April 30, 2008 and April 30, 2007 to prior periods.

(In thousands, except per share amounts)	Three Months Ended April 30, (Unaudited)	
	2008	2007
Net income excluding stock-based compensation	\$ 88,672	\$ 79,599
Stock-based compensation expense, before benefit from income taxes	(2,145)	(1,748)
Adjustment for benefit from income taxes	814	657
Net income	\$ 87,341	\$ 78,508
Diluted net income per share excluding stock-based compensation	\$ 2.28	\$ 2.02
Stock-based compensation expense per diluted common share, before benefit from income taxes	(0.06)	(0.04)
Adjustment for benefit from income taxes, per diluted common share	0.02	0.02
Diluted net income per share	\$ 2.24	\$ 1.99

(In thousands, except per share amounts)	Nine Months Ended April 30, (Unaudited)	
	2008	2007
Net income excluding stock-based compensation	\$ 117,799	\$ 99,136
Stock-based compensation expense, before benefit from income taxes	(6,045)	(5,473)
Adjustment for benefit from income taxes	2,293	2,056
Net income	\$ 114,047	\$ 95,719
Diluted net income per share excluding stock-based compensation	\$ 3.01	\$ 2.52
Stock-based compensation expense per diluted common share, before benefit from income taxes	(0.15)	(0.14)
Adjustment for benefit from income taxes, per diluted common share	0.06	0.05
Diluted net income per share	\$ 2.91	\$ 2.44

A reconciliation of the low and high ends of the forecasted guidance range given for Reported EBITDA and Reported EBITDA excluding stock-based compensation for the Company's fiscal year ending July 31, 2008 is presented below.

	(In thousands)	
	For the Year Ending	
	July 31, 2008	
	Low End	High End
	Range	Range
Resort Reported EBITDA excluding stock-based compensation ⁽¹⁾	\$ 235,000	\$ 245,000
Resort segment stock-based compensation	(5,000)	(5,000)
Resort Reported EBITDA ⁽¹⁾	230,000	240,000
Real Estate Reported EBITDA excluding stock-based compensation	57,000	63,000
Real Estate segment stock-based compensation	(3,000)	(3,000)
Real Estate Reported EBITDA	54,000	60,000
Total Reported EBITDA	284,000	300,000
Depreciation and amortization	(91,500)	(90,500)
Loss on disposal of fixed assets, net	(1,000)	(1,000)
Investment income	12,000	12,500
Interest expense, net	(31,000)	(30,000)
Contract dispute credit, net	11,920	11,920
Minority interest in income of consolidated subsidiaries, net	(5,000)	(6,000)
Income before provision for income taxes	179,420	196,920
Provision for income taxes	(67,900)	(74,800)
Net income	\$ 111,520	\$ 122,120

(1) Resort represents the sum of Mountain and Lodging. The Company provides Reported EBITDA ranges for the Mountain and Lodging segments, as well as for the two combined. Readers are cautioned to recognize that the low end of the expected ranges provided for the Lodging and Mountain segments, while possible, do not sum to the low end of the Resort Reported EBITDA range provided because we do not necessarily expect or assume that we will actually hit the low end of both ranges, as the actual Resort Reported EBITDA will depend on the actual mix of the Lodging and Mountain components. Similarly, the high end of the ranges for the Lodging and Mountain segments do not sum to the high end of the Resort range.

A reconciliation of the low and high ends of the forecasted guidance range given for net income excluding stock-based compensation for the Company's fiscal year ending July 31, 2008 is presented below.

	(In thousands)	
	For the Year Ending	
	July 31, 2008	
	Low End	High End
	Range	Range
Net income excluding stock-based compensation	\$ 116,520	\$ 127,120
Stock-based compensation expense, before benefit from income taxes	(8,000)	(8,000)
Adjustment for benefit from income taxes	3,000	3,000
Net income	\$ 111,520	\$ 122,120