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

FORM 10-Q QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

Quarterly Report Pursuant To Section 13 Or 15(d) The Securities Exchange Act
Of 1934

For the quarterly period ended April 30, 1999

Transition Report Pursuant To Section 13 Or 15(d) The Securities Exchange
Act Of 1934

For the transition period from _____ to _____

Commission File Number: 1-9614

Vail Resorts, Inc.

(Exact name of registrant as specified in its charter)

Delaware

51-0291762

(State or other jurisdiction of
incorporation or organization)

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

Post Office Box 7 Vail, Colorado

81658

(Address of principal executive offices)

(Zip Code)

(970) 476-5601

(Registrant's telephone number, including area code)

None.

(Former name, former address and former fiscal year, if changed since last
report)

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

As of June 11, 1999, 7,439,834 shares of Class A Common Stock and
27,089,201 shares of Common Stock were issued and outstanding.

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VAIL RESORTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	April 30, 1999	July 31, 1998
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents.....	\$ 10,063	\$ 19,512
Receivables.....	47,917	26,487
Inventories.....	19,581	8,893
Deferred income taxes.....	12,126	12,126
Other current assets.....	4,717	4,708
	-----	-----
Total current assets.....	94,404	71,726
Property, plant and equipment, net.....	553,104	501,371
Real estate held for sale.....	152,141	138,916
Deferred charges and other assets.....	19,028	13,977
Intangible assets, net.....	196,133	186,132
	-----	-----
Total assets.....	\$ 1,014,810	\$ 912,122
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses.....	\$ 89,419	\$ 55,012
Income taxes payable.....	2,239	2,239
Long-term debt due within one year (Note 6).....	530	1,734
	-----	-----
Total current liabilities.....	92,188	58,985
Long-term debt (Note 6).....	293,332	282,280
Other long-term liabilities.....	28,398	28,886
Deferred income taxes.....	101,338	79,347
Commitments and contingencies (Note 3).....	--	--
Minority interest in net assets of consolidated joint venture.....	9,582	--
Stockholders' equity:		
Common stock--		
Class A common stock, \$.01 par value, 20,000,000 shares authorized, 7,439,834 and 7,639,834 shares issued and outstanding at April 30, 1999 and July 31, 1998, respectively.....	74	76
Common stock, \$.01 par value, 80,000,000 shares authorized, 27,087,701 and 26,817,346 shares issued and outstanding at April 30, 1999 and July 31, 1998, respectively.....	271	269
Additional paid-in capital.....	402,592	401,563
Retained earnings.....	87,035	60,716
Total stockholders' equity.....	489,972	462,624
	-----	-----
Total liabilities and stockholders' equity.....	\$ 1,014,810	\$ 912,122
	=====	=====

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Three Months Ended April 30, 1999	Three Months Ended April 30, 1998
	-----	-----
Net revenues:		
Resort.....	\$ 188,220	\$ 170,051
Real estate.....	14,022	3,912
	-----	-----
Total net revenues.....	202,242	173,963
Operating expenses:		
Resort.....	111,097	82,413
Real estate.....	14,108	3,292
Corporate expense.....	1,733	1,544
Depreciation and amortization.....	13,434	11,488
	-----	-----
Total operating expenses.....	140,372	98,737
Income from operations.....	61,870	75,226
Other income (expense):		
Investment income.....	738	570
Interest expense.....	(5,755)	(4,869)
Gain on disposal of fixed assets.....	18	378
Other expense.....	(9)	(101)
Minority interest in consolidated joint venture.....	(1,914)	--
	-----	-----
Income before income taxes.....	54,948	71,204
Provision for income taxes.....	(24,701)	(29,541)
	-----	-----
Net income.....	\$ 30,247	\$ 41,663
	=====	=====
Net income per common share (Note 4):		
Basic.....	\$ 0.87	\$ 1.21
	=====	=====
Diluted.....	\$ 0.87	\$ 1.20
	=====	=====

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except share and per share amounts)
(Unaudited)

	Nine Months Ended April 30, 1999	Nine Months Ended April 30, 1998
	-----	-----
Net revenues:		
Resort.....	\$379,346	\$324,195
Real estate.....	31,409	65,760
	-----	-----
Total net revenues.....	410,755	389,955
Operating expenses:		
Resort.....	273,900	200,552
Real estate.....	26,248	58,939
Corporate expense.....	4,555	4,313
Depreciation and amortization.....	38,181	31,163
	-----	-----
Total operating expenses.....	342,884	294,967
Income from operations.....	67,871	94,988
Other income (expense):		
Investment income.....	1,643	1,665
Interest expense.....	(17,593)	(16,064)
Gain on disposal of fixed assets.....	44	296
Other income (expense).....	130	(802)
Minority interest in consolidated joint venture.....	(3,715)	--
	-----	-----
Income before income taxes.....	48,380	80,083
Provision for income taxes.....	(22,061)	(33,226)
	-----	-----
Net income.....	\$ 26,319	\$ 46,857
	=====	=====
Net income per common share (Note 4):		
Basic.....	\$ 0.76	\$ 1.37
Diluted.....	\$ 0.76	\$ 1.35
	=====	=====

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended April 30, 1999	Nine Months Ended April 30, 1998
	-----	-----
Cash flows from operating activities:		
Net income.....	\$ 26,319	\$ 46,857
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	38,181	31,163
Non-cash cost of real estate sales.....	8,326	47,397
Non-cash compensation related to stock grants.....	268	268
Non-cash equity (income) loss.....	1,424	(2,769)
Deferred financing costs amortized.....	448	440
Gain on disposal of fixed assets.....	(44)	(296)
Deferred income taxes, net.....	22,061	33,226
Minority interest in consolidated joint venture.....	3,715	--
Changes in assets and liabilities:		
Accounts receivable, net.....	(20,420)	(10,166)
Inventories.....	(6,074)	(989)
Accounts payable and accrued expenses.....	29,652	588
Other assets and liabilities.....	(2,550)	(9,496)
	-----	-----
Net cash provided by operating activities.....	101,306	136,223
Cash flows from investing activities:		
Cash paid in hotel acquisitions, net of cash acquired.....	(33,800)	(54,250)
Cash paid by consolidated joint venture in acquisition of retail operations....	(10,516)	--
Resort capital expenditures.....	(53,691)	(79,853)
Investments in real estate.....	(22,850)	(17,403)
	-----	-----
Net cash used in investing activities.....	(120,857)	(151,506)
Cash flows from financing activities:		
Refund of development bond reserve fund.....	--	3,297
Proceeds from the exercise of stock options.....	628	6,919
Payments under Rights.....	--	(5,707)
Proceeds from borrowings under long-term debt.....	132,866	331,297
Payments on long-term debt.....	(123,392)	(319,058)
	-----	-----
Net cash provided by financing activities.....	10,102	16,748
Net (decrease) increase in cash and cash equivalents.....	(9,449)	1,465
Cash and cash equivalents:		
Beginning of period.....	19,512	10,217
	-----	-----
End of period.....	\$ 10,063	\$ 11,682
	=====	=====

See accompanying notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

Vail Resorts, Inc., a Delaware corporation ("Vail Resorts"), is a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in two business segments: resorts and real estate development. The Vail Corporation, a wholly-owned subsidiary of Vail Resorts, and its subsidiaries (collectively, "Vail Associates") operate four of the world's largest skiing facilities on Vail, Breckenridge, Keystone and Beaver Creek mountains in Colorado. Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary of Vail Associates, conducts the Company's real estate development activities. The Company's resort business, which is currently composed primarily of ski operations and related amenities, is seasonal in nature with a typical ski season beginning in mid-October to early November and continuing through late April to mid-May.

In the opinion of the Company, the accompanying consolidated condensed financial statements reflect all adjustments necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. Results for interim periods are not indicative of the results for the entire year. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 1998, included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1998.

2. Accounting Policies

The Company adopted the provisions of SFAS 130, "Reporting Comprehensive Income" as of August 1, 1998. SFAS 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. The adoption of this statement had no impact on the Company's financial statements, as there are no differences between net income and comprehensive income for the periods reported herein.

3. Commitments and Contingencies

Smith Creek Metropolitan District ("SCMD") and Bachelor Gulch Metropolitan District ("BGMD") were organized in November 1994 to cooperate in the financing, construction and operation of basic public infrastructure serving the Company's Bachelor Gulch Village development. SCMD was organized primarily to own, operate and maintain water, street, traffic and safety, transportation, fire protection, parks and recreation, television relay and translation, sanitation and certain other facilities and equipment of BGMD. SCMD is comprised of approximately 150 acres of open space land owned by the Company and members of the Board of Directors of SCMD. In two planned unit developments, Eagle County has granted zoning approval for 1,395 dwelling units within Bachelor Gulch Village, including various single family homesites, cluster homes, townhomes, and lodging units. As of April 30, 1999, the Company has sold 104 single-family homesites and six parcels to developers for the construction of various types of dwelling units. Currently, SCMD has outstanding \$44.5 million of variable rate revenue bonds maturing on October 1, 2035, which have been enhanced with a \$47.2 million letter of credit issued against the Company's Credit Facility as defined herein. It is anticipated that as the Bachelor Gulch community expands, BGMD will become self supporting and that within 25 to 30 years will issue general obligation bonds, the proceeds of which will be used to retire the SCMD revenue bonds. Until that time, the Company has agreed to subsidize the interest payments on the SCMD revenue bonds. The Company has estimated that the present value of this aggregate subsidy to be \$14.3 million at April 30, 1999. The Company has allocated \$10.3 million of that amount to the Bachelor Gulch Village homesites which were sold as of April 30, 1999 and has recorded that amount as a liability in the accompanying financial statements. The total subsidy incurred as of April 30, 1999 and July 31, 1998 was \$3.6 million and \$2.9 million, respectively.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS -(Continued)
(Unaudited)

3. Commitments and Contingencies (continued)

At April 30, 1999, the Company had various other letters of credit outstanding in the aggregate amount of \$17.7 million.

On October 19, 1998, fires on Vail Mountain destroyed certain of the Company's facilities including the Ski Patrol Headquarters, a day skier shelter, the Two Elk Lodge restaurant and the chairlift drive housing for the High Noon Lift (Chair #5). Chair #5 and three other chairlifts, which sustained minor damage, have been repaired and are currently fully operational. All of the facilities damaged are fully covered by the Company's property insurance policy. Although the Company is unable to estimate the total amount which will be recovered through insurance proceeds, the Company does not expect to record a loss related to the property damage. The incident is also covered under the Company's business interruption insurance policy. The Company is unable to estimate at this time the impact the incident will have in terms of business interruption, however the Company expects the incident will not have a material impact on its results of operations and cash flows due to mitigating measures being undertaken by the Company and the insurance coverage.

The Company has executed as lessee operating leases for the rental of office space, employee residential units and office equipment through fiscal 2008. For the nine months ended April 30, 1999, and April 30, 1998, lease expense related to these agreements of \$4.8 million and \$5.4 million, respectively, was recorded and is included in the accompanying consolidated statements of operations.

Future minimum lease payments under these leases as of April 30, 1999 are as follows:

Due during fiscal year ending July 31:	
1999.....	\$ 1,332,451
2000.....	2,992,051
2001.....	2,563,510
2002.....	1,743,934
2003.....	1,689,097
Thereafter.....	6,174,261
Total.....	\$ 16,495,304

The Company is a party to various lawsuits arising in the ordinary course of business. In the opinion of management, all matters are adequately covered by insurance or, if not covered, are without merit or are of such kind, or involve such amounts as would not have a material effect on the financial position, results of operations and cash flows of the Company if disposed of unfavorably.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

4. Net Earnings Per Common Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income available to common shareholders by the weighted average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised resulting in the issuance of common shares that would then share in the earnings of the Company.

	Three Months Ended April 30, 1999		Nine Months Ended April 30, 1999	
	Basic	Diluted	Basic	Diluted
Net earnings per common share:				
Net earnings.....	\$ 30,247	\$ 30,247	\$ 26,319	\$ 26,319
Weighted average shares outstanding.....	34,571	34,571	34,557	34,557
Effect of dilutive stock options.....	--	196	--	252
Total shares.....	34,571	34,767	34,557	34,809
Net earnings per common share.....	\$ 0.87	\$ 0.87	\$ 0.76	\$ 0.76

	Three Months Ended April 30, 1998		Nine Months Ended April 30, 1998	
	Basic	Diluted	Basic	Diluted
Net earnings per common share:				
Net earnings.....	\$ 41,663	\$ 41,663	\$ 46,857	\$ 46,857
Weighted average shares outstanding.....	34,303	34,303	34,183	34,183
Effect of dilutive stock options.....	--	480	--	458
Total shares.....	34,303	34,783	34,183	34,641
Net earnings per common share.....	\$ 1.21	\$ 1.20	\$ 1.37	\$ 1.35

5. Acquisitions and Business Combinations

On August 1, 1998, the Company entered into a joint venture with one of the largest retailers of ski- and golf-related sporting goods in Colorado. The two companies merged their retail operations into a joint venture named SSI Venture LLC. The Company contributed its retail and rental operations to the joint venture and holds a 51.9% share of the joint venture. Specialty Sports, Inc. contributed 30 stores located in Denver, Boulder, Aspen, Telluride, Vail and Breckenridge to the joint venture and holds a 48.1% share in the joint venture. The owners and operators of Specialty Sports, Inc., the Gart family, have been operating in the sporting goods industry in Colorado since 1929 and run the day-to-day operations of SSI Venture LLC. Vail Resorts participates in the strategic and financial management of the joint venture. SSI Venture LLC is a fully consolidated entity in the Company's accompanying financial statements with the minority interest in earnings and net assets appropriately reflected on the financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

5. Acquisitions and Business Combinations (continued)

On August 13, 1998, the Company purchased 100% of the outstanding stock of The Village at Breckenridge Acquisition Corp., Inc. and Property Management Acquisition Corp., Inc. (collectively, "VAB") for a total purchase price of \$33.8 million. VAB owned and operated The Village at Breckenridge, which is strategically located at the base of Peak 9 at Breckenridge Mountain Resort. Included in the acquisition were the 60-room Village Hotel, the 71-room Breckenridge Mountain Lodge, two property management companies which currently hold contracts for approximately 360 condominium units, eight restaurants, approximately 28,000 square feet of retail space leased to third parties, and approximately 32,000 square feet of convention and meeting space. In addition, the acquisition includes the Maggie Building, which is generally considered to be the primary base lodge of Breckenridge Mountain Resort, but until now had neither been owned nor managed by the Company. This transaction also included VAB's other Breckenridge assets, including the Bell Tower Mall and certain other real estate parcels which the Company sold on April 10, 1999, to East West Partners of Avon, Colorado for \$10 million. The acquisition was funded with proceeds from the Company's revolving credit facility.

6. Long-Term Debt

Long-term debt as of April 30, 1999 and July 31, 1998 is summarized as follows (in thousands):

	Maturity(d)	April 30, 1999	July 31, 1998
Industrial Development Bonds(a).....	1999-2020	\$ 63,200	\$ 64,560
Credit Facilities (b).....	2003	225,688	218,000
Other(c).....	1999-2028	4,974	1,454
		293,862	284,014
Less: Maturities due within 12 months.....		530	1,734
		\$ 293,332	\$ 282,280

(a) The Company has \$41.2 million of outstanding Industrial Development Bonds (the "Industrial Development Bonds") issued by Eagle County, Colorado that mature, subject to prior redemption, on August 1, 2019. These bonds accrue interest at 6.95% per annum, with interest being payable semi-annually on February 1 and August 1. In addition, the Company has outstanding two series of refunding bonds. The Series 1990 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of \$19.0 million, which matures in installments in 2006 and 2008. These bonds bear interest at a rate of 7.75% for bonds maturing in 2006 and 7.875% for bonds maturing in 2008. The Series 1991 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of \$3 million and bear interest at 7.125% for bonds maturing in 2002 and 7.375% for bonds maturing in 2010.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

6. Long-Term Debt (continued)

(b) The Company's credit facilities consist of a revolving credit facility ("Credit Facility") that provides for debt financing up to an aggregate principal amount of \$450 million. Borrowings under the Credit Facility bear interest annually at the Company's option at the rate of (i) LIBOR (4.90% at April 30, 1999) plus a margin ranging from 0.50% to 1.25% or (ii) the agent's prime lending rate, (7.75% at April 30, 1999) plus a margin of up to 0.125%. The Company also pays a quarterly unused commitment fee ranging from 0.125% to 0.30%. The interest margins fluctuate based upon the ratio of the Company's total Funded Debt to the Company's Resort EBITDA (as defined in the underlying Credit Facility). The Credit Facility matures on December 19, 2002.

On December 30, 1998, SSI Venture LLC established a credit facility ("SSV Facility") that provides debt financing up to an aggregate principal amount of \$20 million. The SSV Facility consists of (i) a \$10 million Tranche A revolving credit facility and (ii) a \$10 million Tranche B term loan facility. The SSV Facility matures on the earlier of December 31, 2003 or the termination date of the Credit Facility discussed above. Vail Associates guarantees the SSV Facility. Minimum amortization under the Tranche B Term Loan Facility is \$625,000, \$1.38 million, \$1.75 million, \$2.25 million, \$2.63 million, and \$1.38 million during the fiscal years 1999, 2000, 2001, 2002, 2003, and 2004, respectively. The SSV Facility bears interest annually at the rates prescribed above for the Credit Facility. SSI Venture LLC also pays a quarterly unused commitment fee at the same rates as the unused commitment fee for the Credit Facility.

(c) Other obligations bear interest at rates ranging from 0.0% to 6.5% and have maturities ranging from 1999-2028.

(d) Maturity years based on fiscal year end July 31.

Aggregate maturities for debt outstanding are as follows (in thousands):

Due during fiscal years ending July 31.	As of April 30, 1999
1999.....	\$ 340
2000.....	548
2001.....	430
2002.....	439
2003.....	227,243
Thereafter.....	64,862

Total Debt.....	\$ 293,862
	=====

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Continued)
(Unaudited)

7. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 8 3/4% Senior Subordinated Notes due 2009 (see Note 8), are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by all of the Company's consolidated subsidiaries (collectively, and excluding the Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for SSI Venture, LLC and Vail Associates Investments, Inc. (together, the Non-Guarantor Subsidiaries"). SSI Venture, LLC is a 51.9%-owned joint venture which owns and operates certain retail and rental operations. Vail Associates Investments, Inc. is a 100%-owned corporation which owns certain real estate held for sale.

Presented below is the consolidated condensed financial information of Vail Resorts, Inc. (the "Parent Company"), the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries as of April 30, 1999 and for the nine months then ended. As SSI Venture LLC began operations on August 1, 1998, no financial information for SSI Venture, LLC existed prior to that date. In addition, in the Company's opinion, the financial information of Vail Associates Investments, Inc. as of and prior to July 31, 1998 is immaterial to the financial position of the Company and would not provide additional meaningful information to investors. Therefore, the Company has not presented herein comparative consolidated condensed financial information for the nine months ended April 30, 1998.

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

VAIL RESORTS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Supplemental Condensed Consolidating Balance Sheet
April 30, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents.....	\$ --	\$ 9,246	\$ 817	\$ --	\$ 10,063
Receivables.....	321	47,395	201	--	47,917
Inventories, net.....	--	5,871	13,710	--	19,581
Deferred income taxes.....	1,634	10,492	--	--	12,126
Other current assets.....	--	4,454	657	--	5,111
Total current assets.....	1,955	77,458	15,385	--	94,798
Property, plant and equipment, net.....	--	541,758	11,346	--	553,104
Real estate held for sale.....	--	147,815	4,326	--	152,141
Deferred charges and other assets.....	373	18,111	544	--	19,028
Intangible assets, net.....	--	183,898	12,235	--	196,133
Investments in subsidiaries and advances to (from) subsidiaries.....	492,091	195,112	(5,780)	(681,423)	--
Total assets.....	\$ 494,419	\$ 1,164,152	\$ 38,056	\$ (681,423)	\$ 1,015,204
Current liabilities:					
Accounts payable and accrued expenses.....	\$ 1,080	\$ 80,409	\$ 7,930	\$ --	\$ 89,419
Income taxes payable.....	2,239	--	--	--	2,239
Long-term debt due within one year.....	--	464	66	--	530
Total current liabilities.....	3,319	80,873	7,996	--	92,188
Long-term debt.....	--	283,644	9,688	--	293,332
Other long-term liabilities.....	1,128	27,270	--	--	28,398
Deferred income taxes.....	--	101,732	--	--	101,732
Minority interest in net assets of consolidated joint venture.....	--	--	9,582	--	9,582
Total stockholders' equity.....	489,972	670,633	10,790	(681,423)	489,972
Total liabilities and stockholders' equity..	\$ 494,419	\$ 1,164,152	\$ 38,056	\$ (681,423)	\$ 1,015,204

VAIL RESORTS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Supplemental Condensed Consolidating Statement of Operations
For the Nine Months Ended April 30, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues	\$ --	\$ 348,017	\$ 64,326	\$ (1,588)	\$ 410,755
Total operating expenses	916	287,545	56,011	(1,588)	342,884
Income (loss) from operations	(916)	60,472	8,315	--	67,871
Other income (expense)	187	(15,371)	(592)	--	(15,776)
Minority interest in net income of consolidated joint venture	--	--	(3,715)	--	(3,715)
Income (loss) before income taxes	(729)	45,101	4,008	--	48,380
Benefit (provision) for income taxes ..	332	(22,393)	--	--	(22,061)
Net income (loss) before equity in income of consolidated subsidiaries ...	(397)	22,708	4,008	--	26,319
Equity in income of consolidated subsidiaries	26,716	4,008	--	(30,724)	--
Net income (loss)	\$ 26,319	\$ 26,716	\$ 4,008	\$ (30,724)	\$ 26,319

VAIL RESORTS, INC.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS - (Continued)
(Unaudited)

Supplemental Condensed Consolidating Statement of Cash Flows
For the Nine Months Ended April 30, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
	-----	-----	-----	-----	-----
Cash flows provided by (used in) operating activities.....	\$ (397)	\$ 92,142	\$ 9,561	\$ --	\$ 101,306
Cash flows from investing activities:					
Cash paid in hotel acquisitions, net of cash acquired	--	(33,800)	--	--	(33,800)
Cash paid by consolidated joint venture in acquisition of retail operations	--	--	(10,516)	--	(10,516)
Resort capital expenditures	--	(49,370)	(4,321)	--	(53,691)
Investments in real estate	--	(22,850)	--	--	(22,850)
Net cash used in investing activities	--	(106,020)	(14,837)	--	(120,857)
Cash flows from financing activities:					
Proceeds from the exercise of stock options	628	--	--	--	628
Proceeds from borrowings under long-term debt	--	128,020	4,846	--	132,866
Payments on long-term debt	--	(123,392)	--	--	(123,392)
Advances to (from) affiliates	(231)	(1,016)	1,247	--	--
Net cash provided by financing activities	397	3,612	6,093	--	10,102
Net increase (decrease) in cash and cash equivalents	--	(10,266)	817	--	(9,449)
Cash and cash equivalents:					
Beginning of period	--	19,512	--	--	19,512
End of period	\$ --	\$ 9,246	\$ 817	\$ --	\$ 10,063
	=====	=====	=====	=====	=====

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS--(Continued)
(Unaudited)

8. Subsequent Events

On June 14, 1999, the Company purchased 100% of the outstanding shares of Grand Teton Lodge Company, a Wyoming corporation, from CSX Corporation for a total purchase price of \$50 million. The Grand Teton Lodge Company operates four resort properties in northwestern Wyoming: Jenny Lake Lodge, Jackson Lake Lodge, Colter Bay Village and Jackson Hole Golf & Tennis Club. Grand Teton Lodge Company operates the first three properties, all located within Grand Teton National Park, under a concessionaire contract with the National Park Service. Jackson Hole Golf & Tennis Club is located outside the park on property owned by Grand Teton Lodge Company and includes approximately 30 acres of developable land.

The Company completed a \$200 million private debt offering of Senior Subordinated Notes (the "Notes") on May 11, 1999. The Notes have a fixed annual interest rate of 8.75% which will be paid every six months on May 15 and November 15, beginning November 15, 1999. The Notes will mature on May 15, 2009 and no principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the Notes. Substantially all of the Company's subsidiaries have guaranteed the Notes. The Notes are subordinated to certain of the Company's debts, including the Credit Facility, and will be subordinated to certain of the Company's future debts. The proceeds of the offering were used to reduce the Company's outstanding debt under the Credit Facility. The private debt offering is not registered with the Securities and Exchange Commission. Pursuant to the terms of the offering, the Company will register with the Securities and Exchange Commission exchange notes with substantially the same terms as the Notes to enable holders of the Notes to make a market in the Notes.

In conjunction with the private debt offering the Company amended its Credit Facility effective May 1, 1999. The amended Credit Facility provides the Company additional financial flexibility. Borrowings under the amended Credit Facility bear interest annually at the Company's option at the rate of (i) LIBOR (4.90% at April 30, 1999) plus a margin ranging from 0.75% to 2.25% or (ii) the agent's prime lending rate, (7.75% at April 30, 1999) plus a margin of up to 0.75%. The Company also pays a quarterly unused commitment fee ranging from 0.20% to 0.50%. The interest margins fluctuate based upon the ratio of the Company's total Funded Debt to the Company's Resort EBITDA (as defined in the underlying Credit Facility). The Credit Facility matures on December 19, 2002.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations of the Company should be read in conjunction with the Company's July 31, 1998, Annual Report on Form 10-K and the consolidated condensed interim financial statements as of April 30, 1999 and July 31, 1998, and for the three and nine month periods ended April 30, 1999 and 1998, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding the financial position, results of operations and cash flows of the Company.

Three Months Ended April 30, 1999 versus Three Months Ended April 30, 1998

	Three Months Ended April 30, 1999	Three Months Ended April 30, 1998	Increase	Percentage Increase
	(dollars in thousands) (unaudited)			
Resort Revenue.....	\$188,220	\$170,051	\$18,169	10.7
Resort Operating Expense.....	111,097	82,413	28,684	34.8

Resort Revenue. Resort Revenue for the three months ended April 30, 1999 and 1998 is presented by category as follows:

	Three Months Ended April 30,1999	Three Months Ended April 30,1998	Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in thousands, except ETP amounts) (unaudited)			
Lift Ticket.....	\$ 75,637	\$ 82,523	\$(6,886)	(8.3)
Ski School.....	22,151	22,115	36	0.2
Dining.....	27,497	23,769	3,728	15.7
Retail/Rental.....	26,878	10,136	16,742	165.2
Hospitality.....	22,990	19,709	3,281	16.6
Other.....	13,067	11,799	1,268	10.7
Total Resort Revenue...	\$188,220	\$170,051	\$18,169	10.7
Total Skier Days.....	2,497	2,565	(68)	(2.7)
ETP.....	\$30.29	\$32.17	\$(1.88)	(5.8)

Lift ticket revenue decreased due to a 2.7% decrease in total skier days as well as a 5.8% decrease in ETP (effective ticket price, ("ETP"), is defined as total lift ticket revenue divided by total skier days). The Company attributes the decrease in skier days to above-average temperatures and below-average snowfall throughout the majority of the ski season, which had a negative impact on the entire Colorado market. In addition, the negative perception resulting from the October 19, 1998 fires on Vail Mountain and the Canadian dollar exchange rate, which favored the Canadian ski industry, also impacted skier days. The decrease in ETP is the result of a shift in the proportion of total skier days to local and Front Range (Denver/Colorado Springs) skier days (non-destination skier days). Lift tickets sold to local and Front Range skiers tend to have a lower ETP than tickets sold to destination guests. This shift mainly occurred due to the popularity of the Buddy Pass, a discounted season pass for Keystone and Breckenridge resorts, which accounted for a significant portion of local and Front Range skier days.

Ski and Snowboard School revenue remained level despite a decrease in total skier days through price increases, increased participation and expansion of the children's ski school at Beaver Creek during the three months ended April 30, 1999 compared to the three months ended April 30, 1998.

Dining revenue increased primarily as a result of the addition of eight dining operations with the acquisition of VAB on August 13, 1998, coupled with modest growth at existing facilities. The Company also added TenMile Station, the first new on-mountain restaurant at Breckenridge in over 10 years.

The increase in Retail/Rental revenue is due to the addition of approximately 30 retail and rental outlets provided by the joint venture (SSI Venture LLC) the Company entered into with Specialty Sports, Inc. as of August 1, 1998. Specialty Sports, Inc. is one of the largest retailers of ski- and golf-related sporting goods in Colorado.

Hospitality revenue increased as a result of strong performance from existing operations due in part to a combination of effective yield management and expansion of the managed property inventory. The acquisition of VAB also contributed significantly. In addition to adding lodging capacity, VAB added additional property management operations. VAB also runs a vacation services operation/travel agency.

Other revenue increased primarily due to increases in brokerage and commercial leasing revenue, expanded licensing and sponsorship contracts and expanded contract services for Beaver Creek, Bachelor Gulch and Arrowhead Villages during the three months ended April 30, 1999 compared to the three months ended April 30, 1998.

Resort Operating Expense. Resort Operating Expense for the three months ended April 30, 1999 was \$111.1 million, an increase of \$28.7 million, or 34.8%, compared to the three months ended April 30, 1998. The increase in Resort Operating Expense is primarily attributable to the incremental operating expenses contributed by VAB and SSI Venture LLC. A portion of the increase can also be attributed to the increased variable expenses associated with the increased level of resort revenue derived from non-lift businesses such as dining, retail/rental and hospitality operations. These operations tend to have a greater level of variable operating expenses proportionate to revenues as compared to lift operations. These increases are partially offset by cost saving measures that have been implemented at all levels of the Company's operations throughout the fiscal year.

Real Estate Revenue. Revenue from real estate operations for the three months ended April 30, 1999 was \$14.0 million, an increase of \$10.1 million, or 258.4%, compared to the three months ended April 30, 1998. The increase is primarily attributable to the sale of the Bell Tower Mall and certain other real estate parcels that the Company sold to East West Partners of Avon for \$10 million. Other real estate revenue for the three months ended April 30, 1999 consisted of the sales of one single family home site and one multi-family site at Bachelor Gulch. Real estate revenue for the three months ended April 30, 1998 consisted primarily of the sales of one single-family homesite at Bachelor Gulch, a parcel of land near Aspen which was sold to the United States Forest Service, and the Company's investment in Keystone/Intrawest LLC, which is accounted for using the equity method.

Real Estate Operating Expense. Real estate operating expense for the three months ended April 30, 1999 was \$14.1 million, an increase of \$10.8 million, or 328.6%, compared to the three months ended April 30, 1998. The increase in real estate operating expense is primarily due to the cost of sales associated with the sale of the Bell Tower Mall and certain other real estate parcels as discussed above. Other real estate cost of sales for the three months ended April 30, 1999 consisted primarily of the cost of sales and real estate commissions associated with the sales of one single family homesite and one multi-family homesite at Bachelor Gulch. Real estate cost of sales for the three months ended April 30, 1998 consisted primarily of the cost of sales and real estate commissions associated with the sales of one single-family homesite at Bachelor Gulch and one parcel of land near Aspen, which was sold to the United States Forest Service. Real estate operating expenses include selling, general and administrative expenses associated with the Company's real estate operations.

Corporate expense. Corporate expense increased by \$189,000, or 12.2%, for the three months ended April 30, 1999 as compared to the three months ended April 30, 1998. The increase is primarily attributable to an increase in professional service fees. Corporate expense includes certain executive salaries, directors' and officers' insurance, investor relations expenses and tax, legal, audit, transfer agent, and other consulting fees.

Depreciation and Amortization. Depreciation and amortization expense increased by \$1.9 million, or 16.9%, for the three months ended April 30, 1999 as compared to the three months ended April 30, 1998. The increase was primarily attributable to the inclusion of depreciation and amortization associated with the VAB acquisition and the SSI Venture LLC discussed above, and an increased fixed asset base due to fiscal 1999 capital improvements.

Interest expense. During the three months ended April 30, 1999 and April 30, 1998, the Company recorded interest expense of \$5.8 million and \$4.9 million, respectively, relating primarily to the Company's Credit Facility and the Industrial Development Bonds. The increase in interest expense for the three months ended April 30, 1999 compared to the three months ended April 30, 1998, is attributable to a higher average balance outstanding on the Credit Facility due to amounts borrowed for the VAB acquisition in the first quarter and the SSV Facility. The increase in interest expense was partially offset by favorable interest rates.

Nine Months Ended April 30, 1999 versus Nine Months Ended April 30, 1998

	Nine Months Ended April 30, 1999	Nine Months Ended April 30, 1998	Increase	Percentage Increase
	(dollars in thousands) (unaudited)			
Resort Revenue.....	\$379,346	\$324,195	\$55,151	17.0
Resort Operating Expense.....	273,900	200,552	73,348	36.6

Resort Revenue. Resort Revenue for the nine months ended April 30, 1999 and 1998 is presented by category as follows:

	Nine Months Ended April 30, 1999	Nine Months Ended April 30, 1998	Increase (Decrease)	Percentage Increase (Decrease)
Lift Ticket.....	\$135,667	\$146,458	\$(10,791)	(7.4)
Ski School.....	37,833	38,639	(806)	(2.1)
Dining.....	52,325	45,972	6,353	13.8
Retail/Rental.....	66,198	19,727	46,471	235.6
Hospitality.....	50,886	39,057	11,829	30.3
Other.....	36,437	34,342	2,095	6.1
Total Resort Revenue.....	379,346	324,195	55,151	17.0
Total Skier Days.....	4,579	4,706	(127)	(2.7)
ETP.....	\$29.63	\$31.12	\$(1.49)	(4.8)

Lift ticket revenue decreased due to a 2.7% decrease in total skier days as well as a 4.8% decrease in ETP. The Company attributes the decrease in skier days to above-average temperatures and below-average snowfall throughout the majority of the ski season, which had a negative impact on the entire Colorado market. In addition, the October 19, 1998 fires on Vail mountain and the Canadian dollar exchange rate which favored the Canadian ski industry also impacted skier days. The decrease in ETP is the result of a shift in the proportion of total skier days to local and Front Range skier days. Lift tickets sold to local and Front Range skiers tend to have a lower ETP than tickets sold to destination guests. This shift mainly occurred due to the popularity of the Buddy Pass, which accounted for a significant portion of local and Front Range skier days.

Ski and Snowboard School revenue decreased due to a decrease in skier days and the shift in the proportion of total skier days to local and Front Range skier days as Front Range skiers are less likely to purchase lessons than destination skiers.

Dining revenue increased primarily as a result of the addition of 12 dining operations acquired in four hotel acquisitions, coupled with modest growth at existing facilities. The Lodge at Vail acquisition added two fine dining establishments, eight restaurants were added with the acquisition of VAB, and the Inn at Keystone and the Great Divide Lodge (formerly the Breckenridge Hilton) each added one dining facility. The Company also added TenMile Station, the first new on-mountain restaurant at Breckenridge in over 10 years.

The increase in Retail/Rental revenue is due to the addition of approximately 30 retail and rental outlets provided by SSI Venture LLC.

Hospitality revenue increased as a result of strong performance from existing operations due in part to a combination of effective yield management and expansion of the managed property inventory. The acquisitions of the Lodge at Vail, the Great Divide Lodge, and the Inn at Keystone in fiscal 1998 and VAB in fiscal 1999 also contributed significantly. In addition to adding lodging capacity, the Lodge at Vail and the Village at Breckenridge each added additional property management operations. The Village at Breckenridge also runs a vacation services operation/travel agency.

Other revenue increased as a result of the increased popularity of the summer mountain activities including the new Alpine Slide at Breckenridge mountain, expanded contract services for Beaver Creek, Bachelor Gulch, and Arrowhead Villages, growth in club operations, expanded licensing and sponsorship contracts, and increases in commercial leasing revenue.

Resort Operating Expense. Resort Operating Expense for the nine months ended April 30, 1999 was \$273.9 million, an increase of \$73.3 million, or 36.6%, compared to the nine months ended April 30, 1998. The increase in resort operating expense is primarily attributable to the incremental operating expenses contributed by VAB, SSI Venture L.L.C. the Inn at Keystone, the Lodge at Vail and the Great Divide Lodge. A portion of the increase can also be attributed to the increase variable expenses associated with the increased level of resort revenue derived from non-lift businesses such as dining, retail/rental and hospitality operations. These operations tend to have a greater level of variable operating expenses proportionate to revenues as compared to lift operations. These increases have been partially offset by cost saving measures that have been implemented at all levels of the Company's operations throughout the fiscal year.

Real Estate Revenue. Revenue from real estate operations for the nine months ended April 30, 1999 was \$31.4 million, a decrease of \$34.4 million, or 52.2%, compared to the nine months ended April 30, 1998. The decrease is attributed to the sell-out of homesites at Bachelor Gulch Village in fiscal 1998. Revenue for the nine months of fiscal 1999 consists primarily of the sales of the Bell Tower Mall, one luxury residential penthouse condominium at the Lodge at Vail, the sale of three development sites at Arrowhead Village, the sale of two single family homesites and one multi-family homesite at Bachelor Gulch and the Company's investment in Keystone/Intrawest LLC. Profits from Keystone/Intrawest LLC during the nine months ended April 30, 1999 included the sale of 137 village condominium units, primarily at the River Run development, and 57 single-family homesites surrounding an 18-hole golf course development. Real estate revenue for the nine months ended April 30, 1998 consisted primarily of the sales of 37 single-family homesites at Bachelor Gulch, two multi-family homesite at Arrowhead, six luxury residential condominiums at the Golden Peak base area of Vail mountain and the Company's investment in Keystone/Intrawest LLC.

Real Estate Operating Expense. Real estate operating expense for the nine months ended April 30, 1999 were \$26.2 million, a decrease of \$32.7 million, or 55.5%, compared to the nine months ended April 30, 1998. The decrease in real estate operating expense is due to the sell-out of homesites at Bachelor Gulch Village in fiscal 1998. Real estate cost of sales for the nine months ended April 30, 1999 consists primarily of the cost of sales and real estate commissions associated with the sale of the Bell Tower Mall, one luxury residential penthouse condominium at the Lodge at Vail, three development sites at Arrowhead Village, and two single family homesites and one multi-family homesite at Bachelor Gulch. Real estate cost of sales for the nine months ended April 30, 1998 consisted primarily of the cost of sales and real estate commissions associated with the sales of 37 single-family homesites at Bachelor Gulch, two development sites at Arrowhead, and six luxury residential condominiums at the Golden Peak base area of Vail mountain. Real estate operating expenses include selling, general and administrative expenses associated with the Company's real estate operations.

Corporate expense. Corporate expense increased by \$242,000, or 5.6%, for the nine months ended April 30, 1999 as compared to the nine months ended April 30, 1998. The increase is primarily attributable to an increase in professional service fees. Corporate expense includes certain executive salaries, directors' and officers' insurance, investor relations expenses and tax, legal, audit, transfer agent, and other consulting fees.

Depreciation and Amortization. Depreciation and amortization expense increased by \$7.0 million, or 22.5%, for the nine months ended April 30, 1999 as compared to the nine months ended April 30, 1998. The increase was primarily attributable to the inclusion of depreciation and amortization associated with the three hotel acquisitions in fiscal 1998 and one hotel acquisition and the SSI Venture LLC discussed above in fiscal 1999 and an increased fixed asset base due to fiscal 1999 capital improvements.

Interest expense. During the nine months ended April 30, 1999, and the nine months ended April 30, 1998, the Company recorded interest expense of \$17.6 million and \$16.1 million, respectively, relating primarily to the Company's Credit Facility and the Industrial Development Bonds in fiscal 1999 and fiscal 1998, as well as the

Company's Credit Facility and the Industrial Development Bonds. The increase in interest expense for the nine months ended April 30, 1999 compared to the nine months ended April 30, 1998, is attributable to a higher average balance outstanding on the Credit Facility due to amounts borrowed for the VAB acquisition and working capital funding to SSI Venture LLC made during the first quarter, and the SSV Facility established in the second quarter. The increase in interest expense was partially offset by favorable interest rates.

Liquidity and Capital Resources

The Company has historically provided for operating expenditures, debt service, capital expenditures and acquisitions through a combination of cash flow from operations, short-term and long-term borrowings and sales of real estate.

The Company's cash flows from investing activities have historically consisted of payments for acquisitions, resort capital expenditures, and investments in real estate. During the nine months ended April 30, 1999, the Company made payments of \$33.8 million for the acquisition of one hotel property, \$10.5 million for the acquisition of retail operations by SSI Venture LLC, \$53.7 million for resort capital expenditures, and \$22.9 million for investments in real estate.

During the nine months ended April 30, 1999, the Company acquired one hotel property. On August 13, 1998 the Company purchased 100% of the outstanding stock of VAB for a total purchase price of \$33.8 million. VAB owned and operated The Village at Breckenridge, which is strategically located at the base of Peak 9 at Breckenridge Mountain Resort. Included in the acquisition were the 60-room Village Hotel, the 71-room Breckenridge Mountain Lodge, two property management companies which currently hold contracts for 360 condominium units, eight restaurants, approximately 28,000 square feet of retail space leased to third parties, and approximately 32,000 square feet of convention and meeting space. In addition, the acquisition includes the Maggie Building, which is generally considered to be the primary base lodge of Breckenridge Mountain Resort, but until now has neither been owned nor managed by the Company. This transaction also included VAB's other Breckenridge assets, including the Bell Tower Mall and certain other real estate parcels which the Company sold on April 10, 1999 to East West Partners of Avon, Colorado for \$10 million. The acquisition was funded with proceeds from the Company's revolving credit facility.

On August 1, 1998, the Company entered into a joint venture with one of the largest retailers of ski- and golf-related sporting goods in Colorado. The two companies merged their retail operations into a joint venture named SSI Venture LLC. The Company contributed its retail and rental operations to the joint venture and holds a 51.9% share of the joint venture. Specialty Sports, Inc. contributed 30 stores located in Denver, Boulder, Aspen, Telluride, Vail and Breckenridge to the joint venture and holds a 48.1% share in the joint venture. The owners and operators of Specialty Sports, Inc., the Gart family, have been operating in the sporting goods industry in Colorado since 1929 and run the day-to-day operations of SSI Venture LLC. Vail Resorts participates in the strategic and financial management of the joint venture.

Resort capital expenditures for the nine months ended April 30, 1999 were \$53.7 million. Investments in real estate for that period were \$22.9. The primary projects included in resort capital expenditures were (i) trail and infrastructure improvements and a new high speed quad chairlift at Keystone Mountain, (ii) upgrades to the snowmaking system at Keystone, (iii) terrain and facilities improvements and a new on-mountain restaurant at Breckenridge Mountain, (iv) expansion of the children's ski school at Beaver Creek, (v) expansion of Adventure Ridge at Vail, (vi) development of Adventure Point at Keystone, (vii) expansion of the grooming fleet at all four resorts, (viii) upgrades to office and front line information systems, (ix) significant renovations of the Great Divide Lodge as well as minor renovations of the Company's other hotels, and (x) infrastructure for the Category III expansion on Vail Mountain. The primary projects included in investments in real estate were (i) continuing infrastructure related to Beaver Creek, Bachelor Gulch and Arrowhead Villages, (ii) construction of the Arrowhead Alpine Club, (iii) golf course development, and (iv) investments in developable land at strategic locations at all four mountain resorts.

The Company estimates that it will make resort capital expenditures totaling between \$20 and \$25 million during the remainder of fiscal 1999. The primary projects are anticipated to include (i) continued hotel renovations, (ii) fleet replacement at all four resorts, (iii) continued upgrades to office and front line information systems, (iv) infrastructure for the Category III expansion on Vail Mountain, (v) trail and infrastructure improvements across all four resorts, and (vi) the purchase of two warehouse units near the town of Avon. Investments in real estate during the remainder of fiscal 1999 are expected to total approximately \$5 million. The primary projects are anticipated to include (i) infrastructure related to Bachelor Gulch and Arrowhead Villages, (ii) construction of the Arrowhead Alpine Club and Bachelor Gulch Club (iii) golf course development, and (iv) investments in developable land at strategic locations at all four resorts. The Company plans to fund capital expenditures and investments in real estate for the remainder of fiscal 1999 with cash flow from operations and borrowings under its revolving credit facility.

During the nine months ended April 30, 1999, the Company generated \$10.1 million in cash from its financing activities consisting of net long-term debt borrowings of \$9.4 million and \$0.6 million received from the exercise of employee stock options.

During the nine months ended April 30, 1999, 62,160 employee stock options were exercised at exercise prices ranging from \$10.00 to \$10.75. Additionally, 8,751 shares were issued to management under the Company's restricted stock plan.

Based on current levels of operations and cash availability, management believes the Company is in a position to satisfy its current working capital, debt service, and capital expenditure requirements for at least the next twelve months.

Statements in this Form 10-Q, 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, competitive factors in the ski and resort industry, the ability to integrate acquisitions and the weather.

Year 2000 Compliance

The Year 2000 issue is a result of certain computer programs being written using two digits rather than four to define the applicable year. Computer programs which are date-sensitive may recognize a date using "00" as the year 1900 rather than the year 2000, which could result in major computer system or program failures or miscalculations or equipment malfunctions. The Company recognizes that the impact of the Year 2000 issue extends beyond traditional computer hardware and software to embedded hardware and software contained in equipment used in operations, such as chairlifts, alarm systems and elevators, as well as to third parties.

State of Readiness. The Year 2000 issue is being addressed within the Company, under the direction of the information systems department, by its individual business units. The Company has established a Year 2000 task force consisting of representatives from all major business units to coordinate the Company's Year 2000 efforts and progress is reported periodically to a Year 2000 executive committee consisting of certain senior management members.

The Company has committed resources to conduct risk assessments and to take corrective action, where required, within each of the following areas: information technology, operations equipment, and external parties. Information technology includes telecommunications as well as traditional computer software and hardware in the mainframe, midrange and distributed applications environments. Operations equipment includes all automation and embedded chips used in business operations. External parties include any third party with whom the Company interacts, or upon whom the Company relies in the performance of day-to-day operations. The Company's program for addressing the Year 2000 issue includes the following phases: (1) inventory; (2) assessment; (3) remediation; (4) testing; and (5) contingency planning. Approximately 10% of the Company's normal information technology work has been deferred due to the fact that personnel of the information systems department have dedicated certain portions of

their time to the Year 2000 issue. However, the Company plans to complete and implement its information technology projects as planned.

The Company has traditionally upgraded and replaced its information technology systems on a regular basis. As a result of this process, most of the Company's information technology systems and applications are currently Year 2000 compliant. In the remaining information technology area, inventory and assessment audits in the telecommunications, mainframe, midrange and distributed applications areas are substantially complete with remediation, verification and testing expected to be completed by October 31, 1999. With respect to operations equipment, the Company has identified areas that it considers "mission critical", in that a Year 2000 failure could impact the health or safety of employees or resort guests or could have a material adverse effect on the Company. The Company is engaging a third party consultant to assist the Company in completing inventory and assessment audits of operations equipment. The Company has extended its targeted completion date for these audits to October 31, 1999 to allow the outside consulting firm to perform the necessary work. Remediation, verification and testing with respect to operations equipment are now expected to be completed by November 30, 1999.

The Company is communicating with its significant suppliers to determine the extent to which the Company is vulnerable to those third parties' failure to remediate their own Year 2000 issue. However, there can be no guarantee that the systems of other companies on which the Company's systems rely will be timely converted, or that a failure to convert by another company, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the Company. Many of the external parties that the Company relies on provide commodity goods or services that are widely available from a range of vendors; therefore, third party impact on the Company is expected to be minimal. The Company is seeking confirmation of Year 2000 compliance from critical suppliers and is identifying alternative suppliers as part of its contingency plans. The Company will seek letters of compliance or other satisfactory evidence of compliance (for example, web site disclosures) from certain non-critical suppliers based on risk assessment of such suppliers. Risk assessment with respect to external parties is expected to be completed by July 31, 1999, and monitoring of risk in this area will continue throughout 1999, as many external parties will not have completed their work with respect to the Year 2000 issue.

Costs. The total estimated multi-year cost of the Year 2000 project is estimated to be between \$900,000 and \$1,100,000 and is being funded from operating cash flow. These costs are not expected to be material to the Company's consolidated results of operations, liquidity or capital resources. Of the total project cost, approximately \$600,000 is attributable to the purchase of new software or equipment that will be capitalized. The remaining costs will be expensed as incurred. In a number of instances, the Company may decide to install new software or upgraded versions of current software programs that are Year 2000 compliant. In these instances, the Company may capitalize certain costs of the new system in accordance with current accounting guidelines. As of April 30, 1999 \$360,000 of the total estimated Year 2000 project costs have been incurred of which \$300,000 has been expensed and \$60,000 was capitalized. Fiscal 1998 expensed costs were approximately \$150,000, and expensed costs for the nine months ended April 30, 1999 were approximately \$150,000. Costs exclude expenditures for systems that were replaced under the Company's regularly planned schedule.

Risks. Failure to address a Year 2000 issue could result in a business disruption that could materially affect the Company's operations, liquidity or capital resources. The Company believes that the most reasonably likely worst case scenario would consist of isolated instances of minor system or equipment failures, for which the Company will have developed contingency plans.

There is still uncertainty around the scope of the Year 2000 issue and its implications for the Company. At this time the Company cannot quantify the potential impact of these failures. Due to the general uncertainty inherent in the Year 2000 problem, as well as, in part, the uncertainty of the Year 2000 readiness of suppliers and the current status of the Company's Year 2000 program, the Company is unable to determine at this time whether any Year 2000 failures will have material adverse consequences on the Company's results of operations, liquidity or financial condition. The Company's Year 2000 program and related contingency plans are being developed to address issues within the Company's control and to reduce the level of the Company's uncertainty about its Year 2000 issues. The program minimizes, but does not eliminate, the issues relating to external parties. Further, there can be no assurance

that the Company will successfully identify or remediate its potential Year 2000 problems and failure to do so may have a material adverse effect on the Company.

Contingency Plans. The Company is developing contingency plans, and expects to complete them by October 31, 1999. The Company will consider, among other factors, the results and responses from its communications with material third parties in determining the nature and the scope of contingency plans. However, generally, the Company's contingency plans will include, but are not limited to, development of manual work-arounds to system failures, identification of alternative sources for goods and services and reasonable increases in the amount of on-hand goods and supplies. Typically these plans address the anticipated consequences of single events, while the scope of the Year 2000 issues may cause multiple concurrent events for a longer duration. Development of contingency plans for multiple concurrent events is in progress and is expected to be completed by November 30, 1999.

The costs of the project, estimated completion dates, worst-case scenario and other forward-looking statements above are based on management's best estimates, which were derived utilizing numerous assumptions of future events, including the continued availability of certain resources, third party modification plans and other factors. However, there can be no guarantees that these estimates will be achieved, or that events will occur as projected, and actual results could differ materially from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, timely implementation of, and allocation of resources to, the Company's Year 2000 program, success of the Company in identifying computer systems and non-information technology systems that contain two digit date codes, the Company's appropriate risk assessment and prioritization of such systems, the nature and amount of programming and testing required and the time it actually takes to upgrade, replace or otherwise take corrective action with respect to each of the affected systems and the success of the Company's suppliers and other external parties with which the Company interacts in addressing their Year 2000 issues.

Recent Developments

On October 19, 1998, fires on Vail Mountain destroyed certain of the Company's facilities including the Ski Patrol Headquarters, a day skier shelter, the Two Elk Lodge restaurant and the chairlift drive housing for the High Noon Lift (Chair #5). The fires have been determined to have been deliberately set and are under investigation by federal, state and local law enforcement officials. Chair #5 and three other chairlifts, which sustained minor damage, have been repaired and are currently fully operational. All of the facilities damaged are fully covered by the Company's property insurance policy. The Company has placed temporary structures at the Two Elk Lodge and Ski Patrol Headquarters sites. These facilities will provide food service and other amenities during the reconstruction period of the Two Elk Lodge and Ski Patrol Headquarters. In addition, the Company has constructed a 200-seat pavilion and relocated and covered the patio food delivery system at the Mid-Vail Restaurant, and has provided portable radiant heaters on the patios at Mid-Vail Restaurant and Eagle's Nest to accommodate overflow from Two Elk Lodge. The fires did not affect Vail Mountain's opening day for the 1998-1999 season and had little, if any, impact on the World Alpine Ski Championships that were hosted January 30, 1999 through February 14, 1999. Although the Company is unable to estimate the total amount which will be recovered through insurance proceeds, the Company does not expect to record a loss related to the property damage. The incident is also covered under the Company's business interruption insurance policy. The Company is unable to estimate at this time the impact the incident will have in terms of business interruption, however the Company expects the incident will not have a material impact on its financial results due to mitigating measures being undertaken by the Company and the insurance coverage.

On June 14, 1999 the Company purchased 100% of the outstanding shares of Grand Teton Lodge Company, a Wyoming corporation, from CSX Corporation for a total purchase price of \$50 million. The Grand Teton Lodge Company operates four resort properties in northwestern Wyoming: Jenny Lake Lodge, Jackson Lake Lodge, Colter Bay Village and Jackson Hole Golf & Tennis Club. Grand Teton Lodge Company operates the first three properties, all located within the Grand Teton National Park, under a concessionaire contract with the National Park Service. Jackson Hole Golf & Tennis Club is located outside the park on property owned by Grand Teton Lodge Company and includes approximately 30 acres of developable land.

The Company completed a \$200 million private debt offering of Senior Subordinated Notes (the "Notes") on May 11, 1999. The Notes have a fixed annual interest rate of 8.75% with interest due semi-annually on May 15, and November 15, beginning November 15, 1999. The Notes will mature on May 15, 2009 and no principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the Notes. Substantially all of the Company's subsidiaries have guaranteed the Notes. The Notes are subordinated to certain of the Company's debts, including the Credit Facility, and will be subordinated to certain of the Company's future debts. The proceeds of the offering were used to reduce the Company's outstanding debt under the Credit Facility. The private debt offering is not registered with the Securities and Exchange Commission. Pursuant to the terms of the offering, the Company will register with the Securities and Exchange Commission exchange notes with substantially the same terms as the Notes to enable holders of the Notes to make a market in the Notes.

In conjunction with the private debt offering the Company amended its Credit Facility effective May 1, 1999. The amended Credit Facility provides the Company additional financial flexibility. Borrowings under the amended Credit Facility bear interest annually at the Company's option at the rate of (i) LIBOR (4.90% at April 30, 1999) plus a margin ranging from 0.75% to 2.25% or (ii) the agent's prime lending rate, (7.75% at April 30, 1999) plus a margin of up to 0.75%. The Company also pays a quarterly unused commitment fee ranging from 0.20% to 0.50%. The interest margins fluctuate based upon the ratio of the Company's total Funded Debt to the Company's Resort EBITDA (as defined in the underlying Credit Facility). The Credit Facility matures on December 19, 2002.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. The Company enters into interest rate swap agreements "Swap Agreements" to reduce its exposure to interest rate fluctuations on its floating-rate debt. Swap Agreements exchange floating-rate for fixed-rate interest payments periodically over the life of the agreement without exchange of the underlying notional amounts. The notional amounts of interest rate agreements are used to measure interest to be paid or received and do not represent an amount of exposure to credit loss. For interest rate instruments that effectively hedge interest rate exposures, the net cash amounts paid or received on the agreements are accrued and recognized as an adjustment to interest expense. As of April 30, 1999, the Company had Swap Agreements in effect with notional amounts totaling \$150.0 million, of which \$75.0 million will mature in February 2000. The remaining \$75.0 million will mature December 2002. Borrowings not subject to Swap Agreements at April 30, 1999 totaled \$66.0 million. Swap Agreement rates are based on one-month LIBOR. Based on average floating-rate borrowings outstanding during the three months ended April 30, 1999, a 100-basis point change in LIBOR would have caused the Company's monthly interest expense to change by \$55,000. The Company believes that these amounts are not significant to the earnings of the Company.

Item 1. Legal Proceedings.

None

Item 2. Changes in Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None

Item 4. Submission of Matters to a Vote of Security-Holders.

None

Item 5. Other Information.

None

Item 6. Exhibits and Reports on Form 8-K.

a) Index to Exhibits

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

Exhibit Number -----	Description -----	Sequentially Numbered Page ----
3.1	Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on the Effective Date. (Incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No 33-52854) including all amendments thereto.)	
3.2	Amended and Restated By-Laws adopted on the Effective Date. (Incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
4.2	Form of Class 2 Common Stock Registration Rights Agreements between the Company and holders of Class 2 Common Stock. (Incorporated by reference to Exhibit 4.13 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	

Exhibit Number -----	Description -----	Sequentially Numbered Page ----
10.1	Management Agreement by and between Beaver Creek Resort Company of Colorado and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.1 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.2	Forest Service Term Special Use Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.2 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.3	Forest Service Special Use Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.3 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.4	Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.4 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.5	Employment Agreement dated October 8, 1992 between Vail Associates, Inc. and Andrew P. Daly. (Incorporated by reference to Exhibit 10.15 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.6	Employment Agreement dated October 30, 1992 between Vail Associates, Inc. and James Kent Myers. (Incorporated by reference to Exhibit 10.10 of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.7	Joint Liability Agreement by and among Gillett Holdings, Inc. and the subsidiaries of Gillett Holdings, Inc. (Incorporated by reference to Exhibit 10.10 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.8(a)	Management Agreement between Gillett Holdings, Inc. and Gillett Group Management, Inc. dated as of the Effective Date. (Incorporated by reference to Exhibit 10.11 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.8(b)	Amendment to Management Agreement by and among the Company and its subsidiaries dated as of November 23, 1993. (Incorporated by reference to Exhibit 10.12(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.9(a)	Tax Sharing Agreement between Gillett Holdings, Inc. dated as of the Effective Date. (Incorporated by reference to Exhibit 10.12 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.9(b)	Amendment to Tax Sharing Agreement by and among the Company and its subsidiaries dated as of November 23, 1993. (Incorporated by reference to Exhibit 10.13(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	

Exhibit Number -----	Description -----	Sequentially Numbered Page ----
10.10	Form of Gillett Holdings, Inc. Deferred Compensation Agreement for certain GHTV employees. (Incorporated by reference to Exhibit 10.13(b) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.11(a)	Credit Agreement dated as of January 3, 1997 among the Vail Corporation, the Banks named therein and NationsBank of Texas, N.A., as issuing banks and agent. (Incorporated by reference to Exhibit 10.10(p) of the Registration Statement on Form S-2 of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.11(b)	Pledge Agreement dated as of January 3, 1997 among the Vail Corporation and NationsBank of Texas, N.A. as agent. (Incorporated by reference to Exhibit 10.10(r) of the Registration Statement on Form S-2 of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.11(c)	Credit Agreement dated as of October 10, 1997 among the Vail Corporation and NationsBank of Texas, N.A., as lender. (Incorporated by reference to Exhibit 10-11(c) of the report on Form 10-K of Vail Resorts, Inc. for the year ended September 30, 1997.)	
10.11(d)	Trust Indenture dated as of September 1, 1992 between Eagle County, Colorado, and Colorado National Bank, as Trustee, securing Sports Housing Facilities Revenue Refunding Bonds. (Incorporated by reference to Exhibit 10.16(g) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.11(e)	First Amendment to Trust Indenture dated as of November 23, 1993 between Eagle County, Colorado and Colorado National Bank, as Trustee, securing Sports and Housing Facilities Revenue Refunding Bonds. (Incorporated by reference to Exhibit 10.17(f) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.11(f)	Trust Indenture dated as of September 1, 1992 between Eagle County, Colorado, and Colorado National Bank, as Trustee, securing Sports Facilities Revenue Refunding Bonds. (Incorporated by reference to Exhibit 10.16(h) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.11(g)	First Amendment to Trust Indenture dated as of November 23, 1993 between Eagle County, Colorado and Colorado National Bank, as Trustee, securing Sports Facilities Revenue Refunding Bonds. (Incorporated by reference to Exhibit 10.17(h) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.11(i)	First Amendment to Sports and Housing Facilities Financing Agreement and Assignment and Assumption Agreement dated as of November 23, 1993 between Eagle County, Colorado, Vail Associates, Inc. and The Vail Corporation. (Incorporated by reference to Exhibit 10.17(j) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	

Exhibit Number -----	Description -----	Sequentially Numbered Page ----
10.11(j)	Sports Facilities Financing Agreement dated as of September 1, 1992 between Eagle County, Colorado and Beaver Creek Associates, Inc., with Vail Associates, Inc. as Guarantor. (Incorporated by reference to Exhibit 10.16(j) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.11(k)	First Amendment to Sports Facilities Financing Agreement and Assignment and Assumption Agreement dated as of November 23, 1993 by and among Eagle County, Colorado, Beaver Creek Associates, Inc., Vail Associates, Inc., and The Vail Corporation. (Incorporated by reference to Exhibit 10.17(l) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.11(l)	Guaranty dated as of September 1, 1992, by Vail Associates, Inc. delivered to Colorado National Bank, as Trustee. (Incorporated by reference to Exhibit 10.16(k) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.12(a)	Agreement for Purchase and Sale dated as of August 25, 1993 by and among Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(a) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.12(b)	Amendment to Agreement for Purchase and Sale dated September 8, 1993 by and between Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.12(c)	Second Amendment to Agreement for Purchase and Sale dated September 22, 1993 by and between Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(c) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.12(d)	Third Amendment to Agreement for Purchase and Sale dated November 30, 1993 by and between Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail/Arrowhead, Inc. (Incorporated by reference to Exhibit 10.19(d) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.13	1993 Stock Option Plan of Gillett Holdings, Inc. (Incorporated by reference to Exhibit 10.20 of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	

Exhibit Number -----	Description -----	Sequentially Numbered Page ----
10.14	Agreement to Settle Prospective Litigation and for Sale of Personal Property dated May 10, 1993, between the Company, Clifford E. Eley, as Chapter 7 Trustee of the Debtor's Bankruptcy Estate, and George N. Gillett, Jr. (Incorporated by reference to Exhibit 10.21 of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.15	Employment Agreement dated April 1, 1994 between Gillett Holdings, Inc. and James S. Mandel (Incorporated by reference to Exhibit 10.22 of the report on Form 10-K of Gillett Holdings, Inc. for the year ended September 30, 1994.)	
10.16	Employment Agreement dated April 1, 1994 between Vail Associates, Inc. and James S. Mandel (Incorporated by reference to Exhibit 10.23 of the report on Form 10-K of Gillett Holdings, Inc. for the year ended September 30, 1994.)	
10.17	Employment Agreement dated October 1, 1996 between Vail Associates, Inc. and Andrew P. Daly. (Incorporated by reference to Exhibit 10.5 of the report on form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.18	Employment Agreement dated July 29, 1996 between Vail Resorts, Inc. and Adam M. Aron. (Incorporated by reference to Exhibit 10.21 of the report on form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.19	Shareholder Agreement among Vail Resorts, Inc., Ralston Foods, Inc., and Apollo Ski Partners dated January 3, 1997. (Incorporated by reference to Exhibit 2.4 of the report on Form 8-K of Vail Resorts, Inc. dated January 8, 1997.)	
10.20	1996 Stock Option Plan (Incorporated by reference from the Company's Registration Statement on Form S-3, File No. 333-5341).	
10.21	Agreement dated October 11, 1996 between Vail Resorts, Inc. and George Gillett. (Incorporated by reference to Exhibit 10.27 of the report on form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.22	Amended and Restated Credit Agreement among the Vail Corporation (d/b/a "Vail Associates, Inc.") and Nations Bank of Texas, N.A. (Incorporated by reference to Exhibit 10 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 1998.)	
10.23	Sports and Housing Facilities Financing Agreement among the Vail Corporation (d/b/a "Vail Associates, Inc.") and Eagle County, Colorado, dated April 1, 1998. (Incorporated by reference to Exhibit 10 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.24	Credit agreement dated December 30, 1998 among SSI Venture LLC and NationsBank of Texas, N.A. (Incorporated by reference to Exhibit 10.23 of the report on Form of the Vail Resorts, Inc. for the quarter ended January 31, 1999.)	
10.25	Amended and Restarted Credit Agreement among the Vail Corporation (d/b/a "Vail Associates, Inc"), NationsBank, N.A. and NationsBank Montgomery Securities LLC dated as of May 1, 1999.	
27	Financial Data Schedules	

b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on June 14, 1999.

VAIL RESORTS, INC.

Date: June 14, 1999

By /s/

James P. Donohue
Senior Vice President and
Chief Financial Officer

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AMENDED AND RESTATED
CREDIT AGREEMENT

among

THE VAIL CORPORATION
(d/b/a "Vail Associates, Inc.")
Borrower

NATIONSBANK, N.A.
Agent

NATIONSBANC MONTGOMERY SECURITIES LLC
Sole Lead Arranger, Sole Book Manager and Syndication Agent

and

THE LENDERS NAMED HEREIN

\$450,000,000

May 1, 1999

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CREDIT AGREEMENT

This Amended and Restated Credit Agreement is entered into as of May 1, 1999, among The Vail Corporation, a Colorado corporation doing business as "Vail Associates, Inc." ("Borrower"), the Lenders (defined below), NationsBank, N.A., as Agent for itself and the other Lenders, and NationsBanc Montgomery Securities LLC, as Sole Lead Arranger, Sole Book Manager and Syndication Agent.

WHEREAS, Borrower, Lenders and Agent (as successor by merger to NationsBank of Texas, N.A.) are parties to a Credit Agreement dated as of December 19, 1997 (as amended, the "Original Agreement"); and

WHEREAS, the parties wish to amend and restate the Original Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Original Agreement is hereby amended and restated to read in its entirety as follows:

SECTION 1 DEFINITIONS AND TERMS.

1.1 Definitions.

Affiliate means with respect to any Person (the "relevant Person") (i) any other Person that directly, or indirectly through one or more intermediaries, controls the relevant Person (a "Controlling Person") or (ii) any Person (other than the relevant Person) which is controlled by or is under common control with a Controlling Person. As used herein, the term "control" means 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 voting securities, by contract or otherwise.

Agent means NationsBank, N.A., a national banking association, and its successor or successors as agent for Lenders under this Agreement.

Applicable Margin means, for any day, the margin of interest over the Base Rate or LIBOR, as the case may be, that is applicable when any interest rate is determined under this Agreement. The Applicable Margin is subject to adjustment (upwards or downwards, as appropriate) based on the ratio of Funded Debt to Resort EBITDA, as follows:

Ratio of Funded Debt to Resort EBITDA	Applicable Margin for LIBOR Loans	Applicable Margin for Base Rate Loans
Less than 3.25 to 1.00	0.750%	0.000%
Greater than or equal to 3.25 to 1.00, but less than 3.75 to 1.00	1.000%	0.000%
Greater than or equal to 3.75 to 1.00, but less than	1.500%	0%

Ratio of Funded Debt to Resort EBITDA	Applicable Margin for LIBOR Loans	Applicable Margin for Base Rate Loans
4.25 to 1.00		
Greater than or equal to 4.25 to 1.00, but less than 5.00 to 1.00	1.875%	0.375%
Greater than or equal to 5.00 to 1.00	2.250%	0.750%

Prior to Agent's receipt of the Companies' consolidated unaudited Financial Statements for the Companies' fiscal quarter ended April 30, 1999, the ratio of Funded Debt to Resort EBITDA shall be deemed to be greater than 4.25 to 1.00, but less than 5.00 to 1.00. Thereafter, the ratio of Funded Debt to Resort EBITDA shall be calculated on a consolidated basis for the Companies in accordance with GAAP for the most recently completed fiscal quarter of the Companies for which results are available. The ratio shall be determined from the Current Financials and any related Compliance Certificate and any change in the Applicable Margin resulting from a change in such ratio shall be effective as of the date of delivery of such compliance certificate. However, if Borrower fails to furnish to Agent the Current Financials and any related Compliance Certificate when required pursuant to Section 8.1, then the ratio shall be deemed to be greater than 5.00 to 1.00 until Borrower furnishes the required Current Financials and any related Compliance Certificate to Agent. Furthermore, if the Companies' audited Financial Statements subsequently delivered to Agent for any fiscal year pursuant to Section 8.1(a)(ii) result in a different ratio, such revised ratio (whether higher or lower) shall govern effective as of the date of such delivery. For purposes of determining such ratio, Resort EBITDA for any fiscal quarter shall include on a pro forma basis all EBITDA for such period relating to assets acquired (including Restricted Subsidiaries formed or organized) during such period, but shall exclude on a pro forma basis all EBITDA for such period relating to any such assets disposed of in accordance with this Agreement during such period.

Applicable Percentage means, for any day, the commitment fee percentage applicable under Section 4.4 when commitment fees are determined under this Agreement. The Applicable Percentage is subject to adjustment (upwards or downwards, as appropriate) based on the ratio of Funded Debt to Resort EBITDA, as follows:

Ratio of Funded Debt to Resort EBITDA	Applicable Percentage
Less than 3.25 to 1.00	0.200%
Greater than or equal to 3.25 to 1.00, but less than 3.75 to 1.00	0.300%
Greater than or equal to 3.75 to 1.00, but less than 4.25 to 1.00	0.375%
Greater than or equal to 4.25 to 1.00	0.500%

The ratio of Funded Debt to Resort EBITDA shall be determined as described in the definition of "Applicable Margin."

Apollo means any one or more of the following: Apollo Advisors, L.P., a Delaware limited partnership, or any fund, investment vehicle or account managed, advised or controlled by Apollo Advisors, L.P., or any of its Affiliates, other than the Companies.

Base Rate means, for any day, the rate per annum equal to the higher of (a) the sum of the Federal Funds Rate for such day plus 0.5%, and (b) the Prime Rate for such day. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

Base Rate Loan means a Loan bearing interest at the sum of the Base Rate plus the Applicable Margin.

BC Housing L/C means the \$9,232,709 irrevocable transferable L/C expiring June 15, 2002, issued by Agent to Colorado National Bank and any successor thereto as Trustee under the 1997 Trust Indenture with Eagle County, Colorado, as Issuer, relating to \$9,100,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (BC Housing, LLC Project) Series 1997A, under the terms of which such Trustee will be entitled to draw, with respect to such Bonds, up to (a) an amount sufficient to pay (i) the principal of such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to approximately 35 days of accrued interest on such Bonds (at up to 15% per annum), to pay (i) interest on such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest.

Bond L/Cs means the BC Housing L/C, the Smith Creek L/Cs, the Breckenridge Terrace L/C, the Tarnes L/C and any L/C issued by Agent after the date hereof under this Agreement at the request of Borrower in support of revenue bonds or notes for municipal infrastructure or housing projects.

Borrower is defined in the preamble to this Agreement.

Breckenridge Terrace L/C means an irrevocable transferable L/C of up to \$16,250,000 expiring December 15, 2002, to be issued by Agent to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Breckenridge Terrace LLC as Issuer, relating to approximately \$16,000,000 of Breckenridge Terrace LLC Taxable Housing Facilities Revenue Notes (Breckenridge Terrace Project), Series 1999A, under the terms of which such Trustee will be entitled to draw up to (a) an amount sufficient to pay (i) the principal of such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Notes, plus (b) an amount equal to approximately 35 days of accrued interest on such Notes (at up to 15% per annum), to pay (i) interest on such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest.

Business Day means any day, other than Saturday, Sunday, and any other day that commercial banks are authorized or required by Law to be closed in Texas or New York or, for purposes of any LIBOR Loan, in London.

Capital Lease means any capital lease or sublease that has been (or under GAAP should be) capitalized on a balance sheet.

Change of Control Transaction means the occurrence of any transaction or event, other than the issuance and sale in a public offering of equity securities of VRI, as a result of which transaction or event Apollo shall cease to possess, and some other Person shall obtain, in either case directly or indirectly, the power to direct or cause the direction of the management or policies of VRI, whether through the ownership of voting securities, by contract or otherwise.

Closing Date means the date on which counterparts of this Agreement have been executed and delivered to Agent by each party hereto in accordance with Section 14.11.

Code means the Internal Revenue Code of 1986, as amended from time to time, and related rules and regulations from time to time in effect.

Commitment Usage means, at any time, the sum of (a) the aggregate Principal Debt, plus (b) the L/C Exposure.

Committed Sum means the amount (as reduced and canceled under this Agreement) stated beside a Lender's name for the Facility on Schedule 1 as most recently amended under this Agreement.

Companies means VRI and each of VRI's Restricted and Unrestricted Subsidiaries now or hereafter existing.

Compliance Certificate means a certificate substantially in the form of Exhibit D and signed by Borrower's Chief Financial Officer, together with the calculation worksheet described therein.

Conversion Request means a request substantially in the form of Exhibit E.

Current Financials means, initially, the consolidated Financial Statements of the Companies for the period ended January 31, 1999, and thereafter, the consolidated Financial Statements of the Companies most recently delivered to Agent under Section 6.1, 8.1(a) or 8.1(b), as the case may be.

Debt of any Person means at any date, without duplication (and calculated in accordance with GAAP), (a) all Funded Debt of such Person, (b) all obligations of such Person to pay the deferred purchase price of property or services, other than (i) obligations under employment contracts or deferred employee compensation plans and (ii) trade accounts payable and other expenses or payables arising in the ordinary course of business, (c) all Debt of others secured by a Lien on any asset of such Person (or for which the holder of the Debt has an existing Right, contingent or otherwise, to be so secured), whether or not such Debt is assumed by such Person, and (d) all guarantees and other contingent obligations (as a general partner or otherwise) of such Person with respect to Debt of others.

Debtor Relief Laws means the Bankruptcy Reform Act of 1978, as amended from time to time, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments or similar Laws affecting creditors' Rights from time to time in effect.

Default is defined in Section 11.

Default Rate means an annual rate of interest equal from day to day to the lesser of (a) the then-existing Base Rate plus 2%, and (b) the Maximum Rate.

Distribution means, with respect to any shares of any capital stock or other equity securities issued by a Person, (a) the retirement, redemption, purchase or other acquisition for value of those securities by such Person, (b) the payment of any dividend on or with respect to those securities by such Person, (c) any loan or advance by that Person to, or other investment by that Person in, the holder of any of those securities, and (d) any other payment by that Person with respect to those securities.

EBITDA means earnings before interest expenses, taxes and non-cash operating charges (such as depreciation and amortization expense), and extraordinary gains and losses, calculated on a consolidated basis for the Companies in accordance with GAAP.

Eligible Assignee means (i) a Lender; (ii) an Affiliate of a Lender; and (iii) any other Person approved by Agent and, unless a Default or Potential Default exists at the time any assignment is effected in accordance with Section 14.12(c), Borrower, such approval not to be unreasonably withheld or delayed by Borrower, provided, however, that neither Borrower nor an Affiliate of Borrower shall qualify as an Eligible Assignee.

Employee Plan means an employee pension benefit plan covered by Title IV of ERISA and established or maintained by any Company.

Environmental Law means any Law that relates to the pollution or protection of ambient air, water or land or to Hazardous Substances.

ERISA means the Employee Retirement Income Security Act of 1974, as amended, and related rules and regulations.

Facility means the revolving credit facility and L/C Subfacility made available to Borrower under this Agreement.

Federal Funds Rate means, for any day, the annual rate (rounded upwards, if necessary, to the nearest 0.01%) determined (which determination is conclusive and binding, absent manifest error) by Agent to be equal to the weighted average of the rates on overnight federal funds transactions with member banks of the Federal Reserve System arranged by federal funds brokers on that day, as published by the Federal Reserve Bank of New York on the next Business Day, or, if those rates are not published for any day, the average rate charged to Agent (in its individual capacity) on such day on such transactions as determined by Agent.

Financial Hedge means a swap, collar, floor, cap or other contract between Borrower and any Lender or an Affiliate of any Lender (or another Person reasonably acceptable to Agent), which is intended to reduce or eliminate the risk of fluctuations in interest rates and which is legal and enforceable under applicable Law.

Financial Statements of a Person means balance sheets, profit and loss statements, reconciliations of capital and surplus, and statements of cash flow prepared (a) according to GAAP, and (b) other than as stated in Section 1.3, in comparative form to prior year-end figures or corresponding periods of the preceding fiscal year, as applicable.

Forest Service Permit Agreements means (a) that certain Multiparty Agreement regarding Forest Service Term Special Use Permit No. 4056-01; (b) that certain Multiparty Agreement regarding Forest Service Special Use Permit Nos. 4149-01 and 4149-02; (c) any similar agreement or instrument relating to any Forest Service Permit and authorized or contemplated by the provisions of the documents executed in connection with the issuance of the Vail Bonds; and (d) all renewals, extensions and restatements of, and amendments and supplements to, any of the foregoing.

Forest Service Permits means (a) Ski Area Term Special Use Permit Holder No. 4056/01 issued by the Service to Borrower for the Vail ski area on November 23, 1993, and expiring on October 31, 2031; (b) Term Special Use Permit No. Holder 4191/01 issued by the Service to Borrower's wholly-owned subsidiary, Beaver Creek Associates, Inc., for the Beaver Creek ski area on January 29, 1980, and expiring on December 31, 2006; (c) Special Use Permit Holder No. 4191/02 issued by the Service to Beaver Creek Associates, Inc., on January 29, 1980, to supplement Term Special Use Permit Holder No. 4191/01, and expiring on December 31, 2006; (d) Term Special Use Permit Holder No. 5289-01 for Keystone ski area issued by the Service to Ralston Resorts, Inc., now known as Vail Summit Resorts, on December 31, 1996, and expiring on December 31, 2032; (e) Term Special Use Permit Holder No. 5289-04 for Breckenridge ski area issued by the Service to Ralston Resorts, Inc., now known as Vail Summit Resorts, on December 31, 1996, and expiring on December 31, 2029; and (f) any replacements of any of the foregoing.

Funded Debt means the following, calculated on a consolidated basis for the Restricted Companies in accordance with GAAP: (i) all obligations for borrowed money (whether as a direct obligation on a promissory note, bond, zero coupon bond, debenture or other similar instrument, or as an unfulfilled reimbursement obligation on a drawn letter of credit or similar instrument, or otherwise), plus (but without duplication) (ii) all Capital Lease obligations (other than the interest component of such obligations) of any Restricted Company.

Funding Loss means any loss or expense that any Lender reasonably incurs because (a) Borrower fails or refuses (for any reason whatsoever, other than a default by Agent or the Lender claiming such loss or expense) to take any loan that it has requested under this Agreement, or (b) Borrower pays any LIBOR loan or converts any LIBOR loan to a Base Rate Loan, in each case, before the last day of the applicable Interest Period.

GAAP means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board that are applicable from time to time.

Guaranty means each guaranty executed in connection with the Original Agreement or a guaranty executed in connection with this Agreement, in each case substantially in the form of Exhibit B.

Hazardous Substance means any substance that is defined or classified as a hazardous waste, hazardous material, pollutant, contaminant or toxic or hazardous substance under any Environmental Law.

Intellectual Property means (a) common law, federal statutory, state statutory and foreign trademarks or service marks (including, without limitation, all registrations and pending applications and the goodwill of the business symbolized by or conducted in connection with any such trademark or service mark), trademark or service mark licenses and all proceeds of trademarks or service marks (including, without limitation, license royalties and proceeds from infringement suits), (b) U.S. and foreign patents (including, without limitation, all pending applications, continuations, continuations-in-part, divisions, reissues, substitutions and extensions of existing patents or applications), patent licenses and all proceeds of patents (including, without limitation, license royalties and proceeds from infringement suits), (c) copyrights (including, without limitation, all registrations and pending applications), copyright licenses and all proceeds of copyrights (including, without limitation, license royalties and proceeds from infringement suits), and (d) trade secrets, but does not include (i) any licenses (including, without limitation, liquor licenses) or any permits (including, without limitation, sales tax permits) issued by a Tribunal and in which (y) the licensee's or permittee's interest is defeasible by such Tribunal and (z) the licensee or permittee has no right beyond the terms, conditions and periods of the license or permit, or (ii) trade names or "dba"s to the extent they do not constitute trademarks or service marks.

Interest Period is determined in accordance with Section 3.9.

Laws means all applicable statutes, laws, treaties, ordinances, rules, regulations, orders, writs, injunctions, decrees and judgments.

L/C means (a) each of the Bond L/Cs and each existing letter of credit issued by Agent for the account of any of the Companies and described on Part A of Schedule 2.3, and (b) each other letter of credit (in such form as shall be customary in respect of obligations of a similar nature and as shall be reasonably requested by Borrower) issued by Agent under this Agreement and an L/C Agreement.

L/C Agreement means a letter of credit application and agreement (in form and substance satisfactory to Agent in its reasonable discretion) submitted by Borrower to Agent for an L/C for the account of any Company.

L/C Exposure means, without duplication, the sum of (a) the aggregate face amount of all undrawn and uncanceled L/Cs, plus (b) the aggregate unpaid reimbursement obligations of Borrower under drawings, drafts or other forms of demand honored under any L/C.

L/C Request means a request substantially in the form of Exhibit G.

L/C Subfacility means a subfacility for the issuance of L/Cs, as described in Section 2.3.

Lenders means each of the lenders named on the attached Schedule 1 or on the most recently amended Schedule 1, if any, delivered by Agent under this Agreement, and, subject to this Agreement, their respective successors and assigns (but not any Participant who is not otherwise a party to this Agreement).

LIBOR means, with respect to any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "LIBOR" shall mean, for any LIBOR Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page (or any successor page or any successor service for the purpose of displaying London interbank offered rates of major banks) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page (or any successor page), the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

LIBOR Loan means a Loan bearing interest at the sum of LIBOR plus the Applicable Margin.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

Litigation means any action by or before any Tribunal.

Loan means any amount disbursed by any Lender to Borrower or on behalf of any Company under the Loan Papers, either as an original disbursement of funds, the continuation of an amount outstanding, or payment under an L/C.

Loan Date is defined in Section 2.2(a).

Loan Papers means (a) this Agreement and the Notes, (b) each Guaranty, (c) all L/Cs and L/C Agreements, (d) any Financial Hedge between Borrower and any Lender or an Affiliate of any Lender, and (e) all renewals, extensions and restatements of, and amendments and supplements to, any of the foregoing.

Loan Request means a request substantially in the form of Exhibit C.

Material Adverse Event means any (a) material impairment of the ability of the Restricted Companies as a whole to perform their payment or other material obligations under the Loan Papers or material impairment of the ability of Agent or any Lender to enforce any of the material obligations of the Restricted Companies as a whole under the Loan Papers, or (b) material and adverse effect on the financial condition of the Restricted Companies as a whole.

Material Agreement means, for any Person, any agreement (excluding purchase orders for material, services or inventory in the ordinary course of business) to which that Person is a party, by which that Person is bound, or to which any assets of that Person may be subject, and that is not cancelable by that Person upon 30 or fewer days' notice without liability for further payment, other than nominal penalty, and that requires that Person to pay more than \$2,000,000 during any 12-month period.

Maximum Amount and Maximum Rate respectively mean, for a Lender, the maximum non-usurious amount and the maximum non-usurious rate of interest that, under applicable Law, such Lender is permitted to contract for, charge, take, reserve or receive on the Obligation held by such Lender.

Moody's means Moody's Investors Service, Inc.

Multiemployer Plan means a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA or Section 414(f) of the Code to which any Company (or any Person that, for purposes of Title IV of ERISA, is a member of Borrower's controlled group or is under common control with Borrower within the meaning of Section 414 of the Code) is making, or has made, or is accruing, or has accrued, an obligation to make contributions.

Note means a promissory note executed under the Original Agreement or a promissory note executed under this Agreement, in each case substantially in the form of Exhibit A, as amended, supplemented or restated.

Obligation means all present and future indebtedness and obligations, and all renewals, increases and extensions thereof, or any part thereof, now or hereafter owed to Agent and Lenders (and, with regard to any Financial Hedge, to an Affiliate of any Lender) by the Companies under the Loan Papers, together with all interest accruing thereon, fees, costs and expenses (including, without limitation, all attorneys' fees and expenses incurred in the enforcement or collection thereof) payable under the Loan Papers or in connection with the protection of Rights under the Loan Papers.

Original Agreement is defined in the Recitals to this Agreement.

Participant is defined in Section 14.12(b).

PBGC means the Pension Benefit Guaranty Corporation, or any successor thereof, established under ERISA.

Permitted Debt means:

- (a) the Obligation;
- (b) Debt which existed on the date of the Original Agreement and which is listed on Part B of Schedule 2.3;
- (c) Debt arising from endorsing negotiable instruments for collection in the ordinary course of business;

(d) Subordinated Debt (and guarantees by Restricted Companies of Subordinated Debt of other Restricted Companies, if such guarantees are subordinated, upon terms satisfactory to Agent, to the payment and collection of the Obligation);

(e) in addition to the foregoing, (i) Debt of Unrestricted Subsidiaries which is non-recourse to the Restricted Companies and their assets, (ii) fees and other amounts payable under the Forest Service Permits in the ordinary course of business, and (iii) inter-Company Debt between Restricted Companies; and

(f) in addition to the foregoing, up to \$100,000,000 of additional Debt of the Companies in the aggregate at any point in time.

Permitted Liens means:

(a) Liens directly securing the Obligation;

(b) Liens created by, or pursuant to, the Forest Service Permit Agreements for the benefit of the holders of the Vail Bonds and Liens on the amounts in the Bond Fund established and maintained in accordance with the provisions of the documents executed in connection with the issuance of the Vail Bonds (and Liens created on all or any portion of the same assets in connection with any refinancing of such bonds);

(c) Liens on the amounts in the Bond Fund, Redemption Fund and Rebate Fund established and maintained in accordance with the provisions of the documents executed in connection with the issuance of the Summit Bonds (and Liens created on all or any portion of the same assets in connection with any refinancing of such bonds);

(d) Liens on assets of Unrestricted Subsidiaries securing Debt which is non-recourse to the Restricted Companies and their assets;

(e) purchase money liens which encumber only the assets acquired;

(f) pledges or deposits made to secure payment of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits or to participate in any fund in connection with workers' compensation, unemployment insurance, pensions or other social security programs;

(g) good-faith pledges or deposits made to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or to secure statutory obligations, surety or appeal bonds or indemnity, performance or other similar bonds in the ordinary course of business;

(h) encumbrances and restrictions on the use of real property which do not materially impair the use thereof;

(i) the following, if either (1) no amounts are due and payable and no Lien has been filed or agreed to, or (2) the validity or amount thereof is being contested in good faith by lawful proceedings diligently conducted, reserve or other provision required by GAAP has been made, levy and execution thereon have been (and continue to be) stayed or payment thereof is covered in full (subject to the customary deductible) by insurance: (i) Liens for Taxes; (ii) Liens upon, and defects of title to, property, including any attachment of property or other legal process prior to adjudication of a dispute on the merits; (iii) Liens imposed by operation of law (including, without limitation, Liens of mechanics, materialmen, warehousemen, carriers and landlords, and similar Liens); and (iv) adverse judgments on appeal;

(j) any interest or title of a lessor or licensor in assets being leased or licensed to a Company;

(k) licenses, leases or subleases granted to third Persons which do not interfere in any material respect with the business conducted by the Companies;

(l) any Lien on any asset of any corporation that becomes a Subsidiary of VRI, which Lien exists at the time such corporation becomes a Subsidiary of VRI and is not created in contemplation thereof;

(m) in respect of Water Rights, the provisions of the instruments evidencing such Water Rights and any matter affecting such Water Rights which does not affect the Companies' rights to sufficient quantity and quality of water to conduct business as in effect on the date hereof or any expansion planned as of the date hereof (including, without limitation, any Lien of the Colorado Water Conservation Board, or its successors and assigns, on stock owned by any Company in a Colorado ditch and reservoir company formed in accordance with the Colorado Corporation Code, as amended);

(n) in respect of the Forest Service Permits, the provisions of the instruments evidencing such permits and all rights of the U.S. and its agencies with respect thereto or with respect to the land affected thereby; and

(o) Liens on cash accounts not to exceed \$250,000 in the aggregate at the FirstBank of Vail established in connection with collateralizing a portion, if any, of certain second mortgage loans made by such bank, and guaranteed by Borrower, as part of the Vail Associates Home Mortgage Program for Borrower's employees.

Person means any individual, partnership, entity or Tribunal.

Potential Default means the occurrence of any event or existence of any circumstance that would, upon notice or lapse of time or both, become a Default.

Prime Rate means the per annum rate of interest established from time to time by Agent as its prime rate, which rate may not be the lowest rate of interest charged by Agent to its customers.

Principal Debt means, at any time, the unpaid principal balance of all Loans.

Pro Rata and Pro Rata Part means, when determined for any Lender, if no Default or Potential Default exists, the proportion (stated as a percentage) that its Committed Sum bears to the Total Commitment, or if a Default or Potential Default exists, the proportion (stated as a percentage) that the Principal Debt owed to it bears to the aggregate Principal Debt owed to all Lenders.

Purchaser is defined in Section 14.12(c).

Quarterly Date means each January 31, April 30, July 31 and October 31.

Representatives means representatives, officers, directors, employees, attorneys and agents.

Required Lenders means Lenders holding more than (a) 50% of the Total Commitment, if no Default or Potential Default exists, or (b) 50% of the outstanding Principal Debt, if a Default or Potential Default exists.

Reserve Requirement means, with respect to any LIBOR Loan for the relevant Interest Period, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal Reserve System against "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which LIBOR is to be determined, or (ii) any category of extensions of credit or other assets which include LIBOR Loans. LIBOR shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

Resort EBITDA means EBITDA, plus insurance proceeds (up to a maximum of \$10,000,000 in the aggregate in any fiscal year) received by the Restricted Companies under policies of business interruption insurance, minus EBITDA related to real estate activities and minus any portion of EBITDA attributable to Unrestricted Subsidiaries.

Responsible Officer means the chairman, president, chief executive officer or chief financial officer of Borrower.

Restricted Company means VRI, VHI, Borrower and all of VRI's other direct and indirect Subsidiaries (other than Unrestricted Subsidiaries).

Restricted Subsidiary means VHI, Borrower and all of VRI's other direct and indirect Subsidiaries (other than Unrestricted Subsidiaries).

Rights means rights, remedies, powers, privileges and benefits.

S&P means Standard & Poor's Ratings Group (a division of McGraw Hill, Inc.).

Senior Debt means Funded Debt other than Subordinated Debt.

Senior Subordinated Debt Indenture means the Indenture dated as of May 11, 1999, between VRI, as Issuer, United States Trust Company of New York, as Trustee, and certain of VRI's Subsidiaries, as Guarantors.

Service means the U.S. Department of Agriculture Forest Service or any successor agency.

Smith Creek L/Cs means the \$27,581,370 irrevocable transferable L/C and the \$19,625,206 irrevocable transferable L/C, each expiring October 15, 2002, and issued to Colorado National Bank and any successor thereto as Trustee under the 1995 Trust Indenture with Smith Creek Metropolitan District as Issuer, as supplemented by the 1997 First Supplemental Trust Indenture, relating to the Smith Creek Metropolitan District, Eagle County, Colorado, Variable Rate Revenue Bonds, Series 1995 (in the amount of \$26,000,000) and Series 1997 (in the amount of \$18,500,000), under the terms of which such Trustee will be entitled to draw, with respect to the applicable series of Bonds, up to (a) an amount sufficient to pay (i) the principal of the "Outstanding Bonds" (as defined in such Indenture) when due, or (ii) the portion of the purchase price of Outstanding Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to approximately 185 days of accrued interest on the Outstanding Bonds (at 12% per annum or such higher rate as such Trustee may designate in accordance with such Indenture), to pay (i) interest on the Outstanding Bonds when due, or (ii) the portion of the purchase price of Outstanding Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest.

Solvent means, as to a Person, that (a) the aggregate fair market value of its assets exceeds its liabilities, (b) it has sufficient cash flow to enable it to pay its Debts as they mature, and (c) it does not have unreasonably small capital to conduct its businesses.

Subordinated Debt means any unsecured indebtedness for borrowed money for which a Company is directly and primarily obligated that (i) does not have any stated maturity before the latest maturity of any part of the Obligation, (ii) has terms that are no more restrictive upon the Company than the terms of the Loan Papers, and (iii) is subordinated, upon terms satisfactory to Agent, to the payment and collection of the Obligation; and, in any event, "Subordinated Debt" includes notes, guarantees and all other obligations now or hereafter arising under or pursuant to the Senior Subordinated Debt Indenture.

Subsidiary means with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

Summit Bonds means (a) the Summit County, Colorado, Sports Facilities Refunding Revenue Bonds (Keystone Resorts Management, Inc. Project) Series 1990, in the original principal amount of \$20,360,000 (of which, approximately \$19,000,000 is outstanding on the date hereof), (b) the Summit County, Colorado, Sports Facilities Refunding Revenue Bonds (Keystone Resorts Management, Inc. Project) Series 1991, in the original principal amount of \$3,000,000 (all of which remains outstanding on the date hereof), and (c) refinancings of any of the foregoing.

Tarnes L/C means an irrevocable transferable L/C of up to \$8,250,000 expiring December 15, 2002, to be issued by Agent to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Eagle County, Colorado, as Issuer, relating to approximately \$8,000,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (The Tarnes at BC, LLC Project), Series 1999A, under the terms of which such Trustee will be entitled to draw up to (a) an amount sufficient to pay (i) the principal of such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to approximately 35 days of accrued interest on such Bonds (at up to 15% per annum), to pay (i) interest on such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest.

Taxes means, for any Person, taxes, assessments or other governmental charges or levies imposed upon it, its income, or any of its properties, franchises or assets.

Termination Date means the earlier of (a) December 19, 2002, and (b) the effective date that Lenders' commitments to lend under this Agreement are otherwise canceled or terminated.

Total Commitment means, at any time, the sum of all Committed Sums for all Lenders (as reduced or canceled under this Agreement) then in effect.

Tribunal means any (a) local, state, or federal judicial, executive, or legislative instrumentality, (b) private arbitration board or panel, or (c) central bank.

Trustee means any Trustee designated as the beneficiary of a Bond L/C.

Type means any type of Loan determined with respect to the applicable interest option.

UCP means The Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500 (or any revision thereof).

Unrestricted Subsidiary means Eagle Park Reservoir Company, SSI Venture LLC, Vail Associates Investments, Inc., Boulder/Beaver, LLC, and any existing Subsidiary or newly-formed Subsidiary created by Borrower pursuant to Section 8.11 (which may be a partnership, joint venture, corporation, limited liability company or other entity) (a) which does not own any Forest Service Permit or the stock of any Restricted Company or any of the assets described on Schedule 2, (b) which has (and whose other partners, joint venturers, members or shareholders have) no Debt or other material obligation which is recourse to any Restricted Company or to the assets of any Restricted Company (other than with respect to limited guarantees or other recourse agreements of the Companies which are permitted to be incurred hereunder within the \$100,000,000 of recourse Debt allowed under clause (f) of the definition of "Permitted Debt"), and (c) which has been designated by Borrower as an Unrestricted Subsidiary by notice to Agent. Subject to Section 14.10(b)(v), Agent shall execute documentation reasonably required to release any Restricted Subsidiary which is redesignated by Borrower as an Unrestricted Subsidiary from its Guaranty.

U.S. means the United States of America.

Vail Bonds means (a) the Eagle County, Colorado, Sports Facilities Revenue Refunding Bonds Series 1998, in the original principal amount of \$41,200,000, and (b) refinancings of any of the foregoing.

Vail Summit Resorts means Vail Summit Resorts, Inc. (f/k/a "Ralston Resorts, Inc."), a Colorado corporation and a wholly-owned Subsidiary of Borrower.

VHI means Vail Holdings, Inc., a Colorado corporation and the direct owner of Borrower.

VRI means Vail Resorts, Inc., a Delaware corporation and the indirect owner of Borrower.

Water Rights means all water rights and conditional water rights that are appurtenant to real property owned by the Companies or that have been used or are intended for use in connection with the conduct of the business of the Companies, including but not limited to (a) ditch, well, pipeline, spring and reservoir rights, whether or not adjudicated or evidenced by any well or other permit, (b) all rights with respect to groundwater underlying any real property owned by the Companies, (c) any permit to construct any water well, water from which is intended to be used in connection with such real property, and (d) all right, title and interest of the Companies under any decreed or pending plan of augmentation or water exchange plan.

Year 2000 Compliant and Year 2000 Problem are defined in Section 7.20.

1.2 Number and Gender of Words. The singular number includes the

plural where appropriate and vice versa, and words of any gender include each other gender where appropriate.

1.3 Accounting Principles. Under the Loan Papers and any documents

delivered thereunder, unless otherwise stated, (a) GAAP in effect on the date of this Agreement determines all accounting and financial terms and compliance with financial covenants, (b) otherwise, all accounting principles applied in a current period must be comparable in all material respects to those applied during the preceding comparable period, and (c) while VRI has any consolidated Restricted Subsidiaries, all accounting and financial terms and compliance with financial covenants must be on a consolidating and consolidated basis, as applicable.

SECTION 2 COMMITMENT.

2.1 Credit Facility. Subject to the provisions in the Loan Papers,

each Lender hereby severally and not jointly agrees to lend to Borrower its Pro Rata Part of one or more revolving Loans in an aggregate principal amount outstanding at any time up to such Lender's Committed Sum, which Borrower may borrow, repay, and reborrow under this Agreement. Loans are subject to the following conditions:

(a) Each Loan must occur on a Business Day and no later than the Business Day immediately preceding the Termination Date;

(b) Each Loan must be in an amount not less than (i) \$500,000 or a greater integral multiple of \$100,000 (if a Base Rate Loan), or (ii) \$1,000,000 or a greater integral multiple of \$100,000 (if a LIBOR Loan); and

(c) When determined, (i) Commitment Usage may not exceed the Total Commitment, and (ii) for any Lender, its Pro Rata Part of the Commitment Usage may not exceed such Lender's Committed Sum.

2.2 Loan Procedure.

(a) Borrower may request a Loan by submitting to Agent a Loan Request, which is irrevocable and binding on Borrower. It must be received by Agent no later than 1:00 p.m. on the third Business Day preceding the date on which funds are requested (the "Loan Date") for any LIBOR Loan or no later than 1:00 p.m. on the Business Day immediately preceding the Loan Date for any Base Rate Loan. Agent shall promptly notify each Lender of its receipt of any Loan Request and its contents.

(b) Each Lender shall remit its applicable Pro Rata Part of each requested Loan to Agent's principal office in Dallas, Texas, in funds that are available for immediate use by Agent by 11:00 a.m. on the applicable Loan Date. Subject to receipt of such funds, Agent shall (unless to its actual knowledge any of the applicable conditions precedent have not been satisfied by Borrower or waived by Required Lenders) make such funds available to Borrower as directed in the Loan Request.

(c) Absent contrary written notice from a Lender, Agent may assume that each Lender has made its Pro Rata Part of the requested Loan available to Agent on the applicable Loan Date, and Agent may, in reliance upon such assumption (but shall not be required to), make available to Borrower a corresponding amount. If a Lender fails to make such Pro Rata Part of any requested Loan available to Agent on the applicable Loan Date, Agent may recover the applicable amount on demand (i) from that Lender, together with interest at the Federal Funds Rate during the period commencing on the date the amount was made available to Borrower by Agent and ending on (but excluding) the date Agent recovers the amount from that Lender, or (ii), if that Lender fails to pay its amount upon demand, then from Borrower, together with interest at an annual interest rate equal to the rate applicable to the requested Loan during the period commencing on the Loan Date and ending on (but excluding) the date Agent recovers the amount from Borrower. No Lender is responsible for the failure of any other Lender to fund any part of any Loan.

2.3 L/C Subfacility.

(a) Subject to the terms and conditions of this Agreement and applicable Law, Agent agrees to issue L/Cs denominated in U.S. Dollars under the Facility upon Borrower's delivery of an L/C Request and an L/C Agreement, each of which must be received by Agent no later than 1:00 p.m. on the third Business Day preceding the date on which the requested L/C is to be issued; provided that, Commitment Usage may not exceed the Total Commitment. Each L/C (other than the Bond L/Cs) must expire no later than 13 months from its issuance; provided that any L/C (other than the Bond L/Cs) may, at Borrower's request, provide that it is self-extending upon its expiration date for successive periods of 6 to 12 months each (as selected by Borrower), unless Agent has given the beneficiary thereunder at least 30 days (but no more than 120 days) prior written notice to the contrary (provided, however, that such notice shall in no event be given by Agent unless (i) Agent is directed so to do by Borrower, (ii) a Default exists, or (iii) such extension would extend the

expiration date beyond the Termination Date). Amounts drawn under the Bond L/Cs are subject to reinstatement upon the terms set forth therein. In no event may any L/C have an expiration date later than the Termination Date.

(b) Immediately upon Agent's issuance of any L/C, Agent shall be deemed to have sold and transferred to each Lender, and each Lender shall be deemed irrevocably and unconditionally to have purchased and received from Agent, without recourse or warranty, an undivided interest and participation (to the extent of such Lender's Pro Rata Part) in the L/C and all applicable Rights of Agent in the L/C (other than Rights to receive the fronting fees provided for in Section 4.3). Agent shall provide copies of L/Cs to Lenders upon request and shall distribute quarterly schedules of the outstanding L/Cs to each Lender.

(c) To induce Agent to issue and maintain L/Cs, and to induce Lenders to participate in issued L/Cs, Borrower agrees to pay or reimburse Agent (i) on or before the date when any draft, draw or other form of demand is presented under any L/C, the amount paid or to be paid by Agent (subject to a credit, in the case of a Bond L/C, for any portion of such reimbursement received by Agent directly from the relevant Trustee for the account of Borrower under the relevant Indenture) and (ii) promptly, upon demand, the amount of any additional fees Agent customarily charges for the application and issuance of an L/C, for amending L/C Agreements, for honoring drafts, draws or other forms of demands, and taking similar action in connection with letters of credit. If Borrower (or, in the case of a drawing under a Bond L/C, the relevant Trustee) has not reimbursed Agent for any drafts or draws or other forms of demands paid or to be paid and Borrower has not requested a Loan to fund such reimbursement obligations within 24 hours following Agent's demand for reimbursement, Agent is irrevocably authorized to fund Borrower's reimbursement obligations as a Loan under this Agreement (and the proceeds of the Loan shall be advanced directly to Agent to pay Borrower's unpaid reimbursement obligations). If funds cannot be advanced because the Facility has been terminated under Section 12.1, then Borrower's reimbursement obligation shall constitute a demand obligation. Borrower's obligations under this Section 2.3(c) are absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense (other than payment) that Borrower may have at any time against Agent or any other Person. Agent shall promptly distribute reimbursement payments received from Borrower to all Lenders according to their Pro Rata Part. From the date due to the date paid, unpaid reimbursement amounts accrue interest that is payable on demand at the Default Rate.

(d) Agent shall promptly notify Borrower of the date and amount of any draft, draw or other form of demand presented for honor under any L/C and the date and amount of any payment by Agent in connection therewith (but failure to give notice will not affect Borrower's obligations under this Agreement). Agent shall pay the requested amount upon presentment of a draft, draw or other form of demand, unless presentment on its face does not comply with the terms of the applicable L/C. When making payment, Agent may disregard (i) any default or potential default that exists under any other agreement and (ii) obligations under any other agreement that have or have not been performed by the beneficiary or any other Person (and Agent is not liable for any of those obligations). Borrower's reimbursement obligations to Agent and Lenders, and each Lender's obligations to Agent, under this Section 2.3 are absolute and unconditional irrespective of, and Agent is not responsible for, (i) the validity, enforceability, sufficiency, accuracy or genuineness of documents or endorsements (even if they are in any respect invalid, unenforceable, insufficient,

inaccurate, fraudulent or forged), (ii) any dispute by any Company with or any Company's claims, setoffs, defenses (other than payment), counterclaims or other Rights against Agent, any Lender or any other Person, or (iii) the occurrence of any Potential Default or Default.

(e) If Borrower (or, in the case of a drawing under a Bond L/C, the relevant Trustee) fails to reimburse Agent as provided in Section 2.3(c) within 24 hours after Agent's demand for reimbursement, and funds cannot be advanced under this Agreement to satisfy the reimbursement obligations, Agent shall promptly notify each Lender of Borrower's failure, of the date and amount paid, and of each Lender's Pro Rata Part of the unreimbursed amount. Each Lender shall promptly and unconditionally make available to Agent in immediately available funds such Pro Rata Part of the unpaid reimbursement obligation. Funds are due and payable to Agent before the close of business on the Business Day when Agent gives notice to each Lender of Borrower's reimbursement failure (if notice is received by such Lender before 2:00 p.m.) (in the time zone where such Lender's office listed on Schedule 1 is located) or on the next succeeding Business Day (if received after 2:00 p.m.). All amounts payable by any Lender accrue interest at the Federal Funds Rate from the day the applicable draft, draw or other form of demand is paid by Agent to (but not including) the date the amount is paid by the Lender to Agent.

(f) Borrower acknowledges that each L/C is deemed issued upon delivery to the beneficiary or Borrower. If Borrower requests any L/C be delivered to Borrower rather than the beneficiary, and Borrower subsequently cancels that L/C, Borrower agrees to return it to Agent together with Borrower's written certification that it has never been delivered to the beneficiary. If any L/C is delivered to the beneficiary under Borrower's instructions, Borrower's cancellation is ineffective without Agent's receipt of the beneficiary's written consent and the L/C. Borrower shall indemnify Agent for all losses, costs, damages, expenses and reasonable attorneys' fees suffered or incurred by Agent resulting from any dispute concerning Borrower's cancellation of any L/C.

(g) Agent agrees with each Lender that it will exercise and give the same care and attention to each L/C as it gives to its other letters of credit. Each Lender and Borrower agree that, in paying any draft, draw or other form of demand under any L/C, Agent has no responsibility to obtain any document (other than any documents expressly required by the respective L/C) or to ascertain or inquire as to any document's validity, enforceability, sufficiency, accuracy or genuineness or the authority of any Person delivering it. Neither Agent nor its Representatives will be liable to any Lender or any Company for any L/C's use or for any beneficiary's acts or omissions. Any action, inaction, error, delay or omission taken or suffered by Agent or any of its Representatives in connection with any L/C, applicable draws, drafts, other forms of demand or documents, or the transmission, dispatch or delivery of any related message or advice, if in good faith and in conformity with applicable Laws and in accordance with the standards of care specified in the UCP, is binding upon the Companies and Lenders and does not place Agent or any of its Representatives under any resulting liability to any Company or any Lender. Agent and its Representatives are not liable to any Company or any Lender for any action taken or omitted, in the absence of gross negligence or willful misconduct, by Agent or its Representative in connection with any L/C.

(h) On the Termination Date, or during the continuance of any Default under Section 11.3, or upon any demand by Agent during the continuance of any other Default, Borrower shall provide to Agent, for the benefit of Lenders, cash collateral in an amount equal to the then-existing L/C Exposure. Any cash collateral provided by Borrower to Agent hereunder shall be deposited by Agent in an interest-bearing cash collateral account maintained with Agent at the office of Agent and invested in obligations issued or guaranteed by the U.S. and, upon cure of any Default or upon the surrender of any L/C, Agent shall deliver the appropriate funds (together with interest earned with respect thereto) on deposit in such collateral account to Borrower.

(i) Borrower shall protect, indemnify, pay and save Agent, each Lender and their respective Representatives harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which any of them may incur or be subject to as a consequence of the issuance of any L/C, any dispute about it, or the failure of Agent to honor a draft, draw or other form of demand under any L/C, unless they arise as a result of Agent's failure to act in accordance with the procedures of the UCP (as modified by any L/C Agreement or other writing between Borrower and Agent).

(j) Although referenced in any L/C, terms of any particular agreement or other obligation to the beneficiary are not incorporated into this Agreement in any manner. The fees and other amounts payable with respect to each L/C are as provided in this Agreement, drafts and draws and other forms of demands under each L/C are part of the Obligation, and the terms of this Agreement control any conflict between the terms of this Agreement and any L/C Agreement.

SECTION 3 TERMS OF PAYMENT.

3.1 Notes and Payments.

(a) The Principal Debt shall be evidenced by Notes, payable to each Lender in the stated principal amount of its Committed Sum.

(b) Borrower must make each payment on the Obligation to Agent's principal office in Dallas, Texas, in funds that will be available for immediate use by Agent by 12:00 noon on the day due; otherwise, but subject to Section 3.8, those funds continue to accrue interest as if they were received on the next Business Day. Agent shall pay to each Lender any payment to which that Lender is entitled on the same day Agent receives the funds from Borrower if Agent receives the payment before 12:00 noon, and otherwise before 12:00 noon on the following Business Day. If and to the extent that Agent does not make payments to Lenders when due, unpaid amounts shall accrue interest at the Federal Funds Rate from the due date until (but not including) the payment date.

3.2 Interest and Principal Payments; Voluntary Commitment Reductions.

(a) Accrued interest on each LIBOR Loan is due and payable on the last day of its Interest Period. If any Interest Period with respect to a LIBOR Loan is a period greater than three months, then accrued interest is also due and payable on the date three months after the commencement of the Interest Period. Accrued interest on each Base Rate Loan is due and payable on each Quarterly Date and on the Termination Date.

(b) The Principal Debt is due and payable on the Termination Date.

(c) If the Commitment Usage ever exceeds the Total Commitment, Borrower shall pay Principal Debt in at least the amount of that excess, together with (i) all accrued and unpaid interest on the principal amount so paid and (ii) any resulting Funding Loss.

(d) Borrower may voluntarily reduce or prepay the Facility as follows:

(i) Without premium or penalty and upon giving at least two Business Days prior written and irrevocable notice to Agent, Borrower may terminate all or reduce part of the unused portion of the Total Commitment. Each partial reduction (unless the remaining portion of such commitment is less) must be in an amount of not less than \$5,000,000 or a greater integral multiple of \$1,000,000, and shall be Pro Rata among all Lenders. Once terminated or reduced, such commitments may not be reinstated or increased.

(ii) Borrower may voluntarily prepay all or any part of the Principal Debt at any time without premium or penalty, subject to the following conditions:

(A) Agent must receive Borrower's written payment notice (which shall specify (1) the payment date, and (2) the Type and amount of the Loan(s) to be paid; such notice shall constitute an irrevocable and binding obligation of Borrower to make a payment on the designated date) by 1:00 p.m. on (x) the third Business Day preceding the date of payment of a LIBOR Loan and (y) the date of payment of a Base Rate Loan;

(B) each partial payment must be in a minimum amount of at least \$500,000 if a Base Rate Loan or \$1,000,000 if a LIBOR Loan or, in either case, a greater integral multiple of \$100,000;

(C) all accrued interest on the principal amount so to be prepaid must also be paid in full on the date of payment; and

(D) Borrower shall pay any related Funding Loss upon demand.

3.3 Interest Options. Except where specifically otherwise provided,

Loans bear interest at an annual rate equal to the lesser of (a) the Base Rate plus the Applicable Margin or LIBOR plus the Applicable Margin for the Interest Period, if any, selected by Borrower (in each case as designated or deemed designated

by Borrower), as the case may be, and (b) the Maximum Rate. Each change in the Base Rate and Maximum Rate is effective, without notice to Borrower or any other Person, upon the effective date of change.

3.4 Quotation of Rates. A Responsible Officer of Borrower may call

Agent before delivering a Loan Request to receive an indication of the interest rates then in effect, but the indicated rates do not bind Agent or Lenders or affect the interest rate that is actually in effect when Borrower delivers its Loan Request or on the Loan Date.

3.5 Default Rate. If permitted by Law, all past-due Principal Debt,

Borrower's past-due payment and reimbursement obligations in connection with L/Cs, and past-due interest accruing on any of the foregoing bears interest from the date due (stated or by acceleration) at the Default Rate until paid, regardless whether payment is made before or after entry of a judgment.

3.6 Interest Recapture. If the designated interest rate applicable to

any Loan exceeds the Maximum Rate, the interest rate on that Loan is limited to the Maximum Rate, but any subsequent reductions in the designated rate shall not reduce the interest rate thereon below the Maximum Rate until the total amount of accrued interest equals the amount of interest that would have accrued if that designated rate had always been in effect. If at maturity (stated or by acceleration), or at final payment of the Notes, the total interest paid or accrued is less than the interest that would have accrued if the designated rates had always been in effect, then, at that time and to the extent permitted by Law, Borrower shall pay an amount equal to the difference between (a) the lesser of the amount of interest that would have accrued if the designated rates had always been in effect and the amount of interest that would have accrued if the Maximum Rate had always been in effect, and (b) the amount of interest actually paid or accrued on the Notes.

3.7 Interest Calculations.

(a) Interest will be calculated on the basis of actual number of days elapsed (including the first day, but excluding the last day), but computed as if each calendar year consisted of 360 days for LIBOR Loans (unless the calculation would result in an interest rate greater than the Maximum Rate, in which event interest will be calculated on the basis of a year of 365 or 366 days, as the case may be), and 365 or 366 days, as the case may be, for Base Rate Loans. All interest rate determinations and calculations by Agent are conclusive and binding absent manifest error.

(b) The provisions of this Agreement relating to calculation of the Base Rate and LIBOR are included only for the purpose of determining the rate of interest or other amounts to be paid under this Agreement that are based upon those rates. Each Lender may fund and maintain its funding of all or any part of each Loan as it selects.

3.8 Maximum Rate. Regardless of any provision contained in any Loan

Paper or any document related thereto, no Lender is entitled to contract for, charge, take, reserve, receive or apply, as interest on all or any part of the Obligation any amount in excess of the Maximum Rate, and, if Lenders ever do so, then any excess shall be treated as a partial payment of principal and any remaining excess shall be refunded to Borrower. In determining if the interest paid or payable exceeds the Maximum Rate, Borrower and Lenders shall, to the maximum extent permitted under applicable Law, (a) treat all Loans as but a single extension of credit (and Lenders and Borrower agree that is the case and that provision in this Agreement for multiple Loans is for convenience only), (b) characterize any nonprincipal payment as an expense, fee or premium

rather than as interest, (c) exclude voluntary payments and their effects, and (d) amortize, prorate, allocate and spread the total amount of interest throughout the entire contemplated term of the Obligation. However, if the Obligation is paid in full before the end of its full contemplated term, and if the interest received for its actual period of existence exceeds the Maximum Amount, Lenders shall refund any excess (and Lenders shall not, to the extent permitted by Law, be subject to any penalties provided by any Laws for contracting for, charging, taking, reserving or receiving interest in excess of the Maximum Amount).

3.9 Interest Periods. When Borrower requests any LIBOR Loan,

Borrower may elect the applicable interest period (each an "Interest Period"), which may be, at Borrower's option, one, two, three or six months, subject to the following conditions: (a) the initial LIBOR Interest Period commences on the applicable Loan Date or conversion date, and each subsequent LIBOR Interest Period commences on the day when the next preceding applicable Interest Period expires; (b) if any LIBOR Interest Period begins on a day for which no numerically corresponding Business Day in the calendar month at the end of the Interest Period exists, then the Interest Period ends on the last Business Day of that calendar month; (c) no LIBOR Interest Period for any portion of Principal Debt may extend beyond the scheduled payment date for that portion of Principal Debt; and (d) no more than 20 LIBOR Interest Periods may be in effect at one time.

3.10 Conversions. Subject to the dollar limits and denominations of

Section 2.1 and the limitations on LIBOR Interest Periods of Section 3.9, Borrower may (a) convert all or part of a LIBOR Loan on the last day of the applicable Interest Period to a Base Rate Loan, (b) convert all or part of a Base Rate Loan at any time to a LIBOR Loan, and (c) elect a new Interest Period for all or part of a LIBOR Loan, in each case by delivering a Conversion Request to Agent no later than 1:00 p.m. on the third Business Day before the conversion date or the last day of the Interest Period, as the case may be (for conversion to a LIBOR Loan or election of a new Interest Period), and no later than 1:00 p.m. one Business Day before the last day of the Interest Period (for conversion to a Base Rate Loan). Absent Borrower's notice of conversion or election of a new Interest Period, a LIBOR Loan shall be converted to a Base Rate Loan when the applicable Interest Period expires.

3.11 Order of Application. If no Default or Potential Default

exists, any payment shall be applied to the Obligation in the order and manner as Borrower directs. If a Default or Potential Default exists or if Borrower fails to give direction, any other payment (including proceeds from the exercise of any Rights hereunder) shall be applied in the following order: (a) to all fees and expenses for which Agent or Lenders have not been paid or reimbursed in accordance with the Loan Papers (and if such payment is less than all unpaid or unreimbursed fees and expenses, then the payment shall be paid against unpaid and unreimbursed fees and expenses in the order of incurrence or due date); (b) to accrued interest on the Principal Debt; and (c) ratably to the remainder of the Obligation.

3.12 Sharing of Payments, Etc. If any Lender obtains any payment

(whether voluntary, involuntary or otherwise) that exceeds its Pro Rata Part of the Commitment Usage then that Lender shall purchase from the other Lenders participations that will cause the purchasing Lender to share the excess payment ratably with each other Lender. If all or any portion of any excess payment is subsequently recovered from the purchasing Lender, then the purchase shall be rescinded and the purchase price restored to the extent of the recovery. Borrower agrees that any Lender purchasing a participation from another Lender under this section may, to the fullest extent permitted by Law, exercise all of its Rights of payment with respect to that participation as fully as if that Lender were the direct creditor of Borrower in the amount of that participation.

3.13 Booking Loans. To the extent permitted by Law, any Lender may

make, carry or transfer its Loans at, to, or for the account of any of its branch offices or the office of any of its Affiliates. However, no Affiliate is entitled to receive any greater payment under Section 3.15 than the transferor Lender would have been entitled to receive with respect to those Loans.

3.14 Basis Unavailable or Inadequate for LIBOR. If, on or before any

date when LIBOR is to be determined for a Loan, Agent or any Lender determines (and Required Lenders agree with that determination) that the basis for determining the applicable rate is not available or that the resulting rate does not accurately reflect the cost to Lenders of making or converting Loans at that rate for the applicable Interest Period, then Agent shall promptly notify Borrower and Lenders of that determination (which is conclusive and binding on Borrower absent manifest error) and the applicable Loan shall bear interest at the sum of the Base Rate plus the Applicable Margin. Until Agent notifies Borrower that those circumstances no longer exist, Lenders' commitments under this Agreement to make, or to convert to, LIBOR Loans are suspended.

3.15 Additional Costs.

(a) With respect to any LIBOR Loan, (i) if any present or future Law imposes, modifies, or deems applicable (or if compliance by any Lender with any requirement of any Tribunal results in) any Reserve Requirement, and if (ii) those reserves reduce any sums receivable by that Lender under this Agreement or increase the costs incurred by that Lender in advancing or maintaining any portion of any LIBOR Loan, then (iii) that Lender (through Agent) shall deliver to Borrower a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it for its reduction or increase (which certificate is conclusive and binding absent manifest error), and (iv) Borrower shall promptly pay that amount to that Lender upon demand. This paragraph shall survive the satisfaction and payment of the Obligation and termination of this Agreement. This paragraph may be invoked by a Lender only if such Lender is generally invoking similar provisions against other Persons to which such Lender lends funds pursuant to facilities similar to the Facility.

(b) With respect to any Loan or L/C, if any present or future Law regarding capital adequacy or compliance by Agent (as issuer of L/Cs) or any Lender with any request, directive or requirement now existing or hereafter imposed by any Tribunal regarding capital adequacy, or any change in its written policies or in the risk category of this transaction, reduces the rate of return on its capital as a consequence of its obligations under this Agreement to a level below that which it otherwise could have achieved (taking into consideration its policies with respect to capital adequacy) by an amount deemed by it to be material (and it may, in determining the amount, utilize reasonable assumptions and allocations of costs and expenses and use any reasonable averaging or attribution method), then (unless the effect is already reflected in the rate of interest then applicable under this Agreement) Agent or that Lender (through Agent) shall notify Borrower and deliver to Borrower a certificate setting forth in reasonable detail the calculation of the amount necessary to compensate it (which certificate is conclusive and binding absent manifest error), and Borrower shall promptly pay that amount to Agent or that Lender upon demand. This paragraph shall survive the satisfaction and payment of the Obligation and termination of this Agreement. This paragraph may be invoked by a Lender only if such Lender is generally invoking similar provisions against other Persons to which such Lender lends funds pursuant to facilities similar to the Facility.

(c) Any Taxes payable by Agent or any Lender or ruled (by a Tribunal) payable by Agent or any Lender in respect of any Loan Paper or any document related thereto shall, if permitted by Law, be paid by Borrower, together with interest and penalties, if any (other than for Taxes imposed on or measured by the overall net income of Agent or that Lender and interest and penalties incurred as a result of the gross negligence or willful misconduct of Agent or any Lender). Agent or that Lender (through Agent) shall notify Borrower and deliver to Borrower a certificate setting forth in reasonable detail the calculation of the amount of payable Taxes, which certificate is conclusive and binding (absent manifest error), and Borrower shall promptly pay that amount to Agent for its account or the account of that Lender, as the case may be. If Agent or that Lender subsequently receives a refund of the Taxes paid to it by Borrower, then the recipient shall promptly pay the refund to Borrower.

3.16 Change in Laws. If any Law makes it unlawful for any Lender to

make or maintain LIBOR Loans, then that Lender shall promptly notify Borrower and Agent, and (a) as to undisbursed funds, that requested Loan shall be made as a Base Rate Loan, and (b), as to any outstanding Loan, (i) if maintaining the Loan until the last day of the applicable Interest Period is unlawful, the Loan shall be converted to a Base Rate Loan as of the date of notice, and Borrower shall pay any related Funding Loss, or (ii) if not prohibited by Law, the Loan shall be converted to a Base Rate Loan as of the last day of the applicable Interest Period, or (iii) if any conversion will not resolve the unlawfulness, Borrower shall promptly pay the Loan, without penalty, together with any related Funding Loss. Concurrently with any payment contemplated by clause (iii) of the immediately preceding sentence, Borrower shall borrow a Base Rate Loan in an equal principal amount from such Lender (on which interest and principal shall be payable contemporaneously with the related LIBOR Loans of the other Lenders) and such Lender shall fund such Base Rate Loan.

3.17 Funding Loss. Borrower agrees to indemnify each Lender against,

and pay to it upon demand, any Funding Loss of that Lender. When any Lender demands that Borrower pay any Funding Loss, that Lender shall deliver to Borrower and Agent a certificate setting forth in reasonable detail the basis for imposing Funding Loss and the calculation of the amount, which calculation is conclusive and binding absent manifest error. The provisions of and undertakings and indemnification set forth in this paragraph shall survive the satisfaction and payment of the Obligation and termination of this Agreement.

3.18 Foreign Lenders. Each Lender that is organized under the Laws of

any jurisdiction other than the U.S. or any State thereof (a) represents to Agent and Borrower that (i) no Taxes are required to be withheld by Agent or Borrower with respect to any payments to be made to it in respect of the Obligation and (ii) it has furnished to Agent and Borrower two duly completed copies of U.S. Internal Revenue Service Form 4224 or Form 1001 (wherein it claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments under the Loan Papers) or Form W-8, or any other successor tax form acceptable to Agent and Borrower, and (b) covenants to (i) provide Agent and Borrower a new tax form upon the expiration, inaccuracy or obsolescence of any previously delivered form according to, and to the extent permitted by, Law, duly executed and completed by it, and (ii) comply from time to time with all Laws with regard to the withholding tax exemption. If any of the foregoing is not true or the applicable forms are not provided, then Borrower and Agent (without duplication) may deduct and withhold from interest payments under the Loan Papers U.S. federal income tax at the full rate applicable under the Code. In addition, Borrower shall not be required to make any payments contemplated by Section 3.15(c) to the extent that such payments would not have been payable if such Lender had furnished the appropriate form

(properly and accurately completed in all respects) which it was otherwise required to furnish in accordance with this Section 3.18.

3.19 Affected Lender's Obligation to Mitigate. Each Lender agrees

that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition which would entitle it to exercise any rights under Sections 3.15 or 3.16, it shall use commercially reasonable efforts to make, fund or maintain the affected Loans of such Lender through another lending office of such Lender if (a) as a result thereof the additional moneys which would otherwise be required to be paid in respect of such Loans of such Lender would be reduced or the illegality or other adverse circumstances which would otherwise affect such Loans of such Lender would cease to exist or the increased cost which would otherwise be required to be paid in respect of such Loans would be reduced and (b) the making, funding or maintaining of such Loans through such other lending office would not otherwise materially adversely affect such Loans or such Lender.

3.20 Replacement Lender. In the event Borrower becomes obligated to

pay any additional amounts to any Lender pursuant to Sections 3.15 or 3.16 as a result of any event or condition described in any of such Sections, then, unless such Lender has theretofore taken steps to remove or cure, and has removed or cured, the conditions creating the cause of such obligation to pay such additional amounts, Borrower may designate a substitute lender acceptable to Agent (such lender herein called a "Replacement Lender") to purchase such Lender's rights and obligations with respect to its entire Pro Rata Part hereunder with respect to the Facility as a whole, without recourse to or warranty by, or expense to, such Lender in accordance with Section 14.12(c) for a purchase price equal to the outstanding principal amounts payable to such Lender with respect to such Pro Rata Part, plus any accrued and unpaid interest and accrued and unpaid fees and charges in respect of such Pro Rata Part and on other terms reasonably satisfactory to Agent. Upon such purchase by the Replacement Lender and payment of all other amounts owing to the Lender being replaced hereunder, such Lender shall no longer be a party hereto or have any rights or obligations hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender with respect to such Pro Rata Part hereunder.

SECTION 4 FEES.

4.1 Treatment of Fees. The fees described in this Section 4 (a) are

not compensation for the use, detention, or forbearance of money, (b) are in addition to, and not in lieu of, interest and expenses otherwise described in this Agreement, (c) are payable in accordance with Section 3.1(b), (d) are non-refundable, and (e) to the fullest extent permitted by Law, bear interest, if not paid when due, at the Default Rate.

4.2 Fee Letter. Borrower shall pay the fees described in the letter

agreements between Borrower and Agent dated November 19, 1997, and April 30, 1999.

4.3 L/C Fees. Borrower shall pay to Agent for the Pro Rata benefit

of Lenders a fee for the issuance of each L/C (which fee may, subject to the provisions of this Agreement, be included in a Loan) equal to (a) the Applicable Margin for LIBOR Loans (as in effect from day to day while such L/C is outstanding), multiplied by (b) the face amount of such L/C as it exists from day to day, payable in arrears on each Quarterly Date during the life of such L/C, and on the expiry date of such L/C, calculated on the basis of the actual number of days elapsed (including the first day, but excluding the last day of any calculation period), but computed as if each calendar year consisted of 360 days. In addition, Borrower shall

pay to Agent for its own account a fronting fee for the issuance of each L/C equal to 0.125% of the face amount of such L/C (but in no event less than \$350).

4.4 Commitment Fee. Borrower shall pay to Agent for the ratable

account of Lenders a commitment fee, payable as it accrues on each Quarterly Date and on the Termination Date, equal to the Applicable Percentage (per annum), of the amount by which the Total Commitment exceeds the average daily Commitment Usage, in each case during the calendar quarter (or portion thereof) ending on such date, calculated on the basis of the actual number of days elapsed (including the first day, but excluding the last day) in a calendar year of 365 or 366 days, as the case may be.

SECTION 5 GUARANTIES. All obligations of Borrower under the Loan Papers to which it is a party shall be guaranteed in accordance with a Guaranty executed by each other Restricted Company.

SECTION 6 CONDITIONS PRECEDENT.

6.1 Initial Advance. In addition to the items delivered under the

Original Agreement and the items described in Section 6.2, Lenders will not be obligated to fund the initial Loan, and Agent will not be obligated to issue the initial L/C, unless Agent has received each of the following items:

(a) the Promissory Notes;

(b) a Guaranty executed by each Restricted Company (other than Borrower);

(c) an Officers' Certificate for each Restricted Company, relating to Articles of Incorporation, Bylaws, Resolutions, and Incumbency;

(d) Certificates of Existence and Good Standing (Account Status) for each Restricted Company from its state of organization and each other state where it does business, each dated after April 10, 1999;

(e) Legal opinions of Ingrid J. Keiser, Assistant General Counsel of VRI, and Cahill, Gordon & Reindel, special New York counsel to Borrower;

(f) Payment in full of all amounts then due Agent under Section 8.7 or the fee letter described in Section 4.2; and

(g) Evidence that the Companies have issued and sold at least \$150,000,000 of Subordinated Debt and have applied the net proceeds thereof to the repayment of the Principal Debt outstanding on the date hereof.

6.2 Each Advance. Lenders will not be obligated to fund (as opposed

to continue or convert) any Loan (including the initial Loans), and Agent will not be obligated to issue (as opposed to extend) any L/C (including the initial L/Cs), unless on the applicable date (and after giving effect to the requested Loan or L/C): (a) Agent shall have timely received a Loan Request or L/C Request (together with the applicable L/C Agreement), as the case may be; (b) Agent shall have received any applicable L/C fee; (c) all of the representations and warranties of the Companies in the Loan Papers are true and correct in all material

respects (unless they speak to a specific date or are based on facts which have changed by transactions contemplated or permitted by this Agreement); (d) no Material Adverse Event, Default or Potential Default exists; and (e) the funding of the Loan or issuance of the L/C is permitted by Law. Upon Agent's reasonable request, Borrower shall deliver to Agent evidence substantiating any of the matters in the Loan Papers that are necessary to enable Borrower to qualify for the Loan or L/C. Each condition precedent in this Agreement is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Subject to the prior approval of Required Lenders, Lenders may fund any Loan, and Agent may issue any L/C, without all conditions being satisfied, but, to the extent permitted by Law, that funding and issuance shall not be deemed to be a waiver of the requirement that each condition precedent be satisfied as a prerequisite for any subsequent funding or issuance, unless Required Lenders specifically waive each item in writing.

SECTION 7 REPRESENTATIONS AND WARRANTIES. Borrower represents and

warrants to Agent and Lenders as follows:

7.1 Regulation U. No Company is engaged principally, or as one of

its important activities, in the business of extending credit for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulations T, U or G of the Board of Governors of the Federal Reserve System, as amended.

7.2 Corporate Existence, Good Standing, Authority and Compliance.

Each Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction in which it is incorporated or organized as identified on Schedule 7.2 (or any revised Schedule 7.2 delivered by Borrower to Lenders pursuant to Section 8.11, 9.10 or 9.11). Except where failure is not a Material Adverse Event, each Restricted Company (a) is duly qualified to transact business and is in good standing as a foreign corporation or other entity in each jurisdiction where the nature and extent of its business and properties require due qualification and good standing as identified on Schedule 7.2 (or any such revised Schedule 7.2), and (b) possesses all requisite authority, permits and power to conduct its business as is now being, or is contemplated by this Agreement to be, conducted.

7.3 Subsidiaries. VRI has no Subsidiaries, other than as disclosed

on Schedule 7.2 (or on any revised Schedule 7.2 delivered by Borrower to Lenders pursuant to Section 8.11, 9.10 or 9.11). All of the outstanding shares of capital stock (or similar voting interests) of the Companies are duly authorized, validly issued, fully paid and nonassessable. All of the outstanding shares of capital stock of the Companies other than VRI are owned of record and beneficially as set forth thereon, free and clear of any Liens, restrictions, claims or Rights of another Person, other than Permitted Liens, and are not subject to any warrant, option or other acquisition Right of any Person or subject to any transfer restriction, other than restrictions imposed by securities Laws and general corporate Laws.

7.4 Authorization and Contravention. The execution and delivery by

each Company of each Loan Paper or related document to which it is a party and the performance by it of its obligations thereunder (a) are within its corporate power, (b) have been duly authorized by all necessary corporate action, (c) require no action by or filing with any Tribunal (other than any action or filing that has been taken or made on or before the date of this Agreement), (d) do not violate any provision of its charter or bylaws, (e) do not violate any provision of Law or any order of any Tribunal applicable to it, other than violations that individually or collectively are not a Material Adverse Event, (f) do not violate any Material Agreements to which it is a party, or (g) do not result in the creation or imposition of any Lien on any asset of any Company.

7.5 Binding Effect. Upon execution and delivery by all parties

thereto, each Loan Paper which is a contract will constitute a legal and binding obligation of each Company party thereto, enforceable against it in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws and general principles of equity.

7.6 Financial Statements; Fiscal Year. The

Current Financials were prepared in accordance with GAAP and, together with the notes thereto, present fairly, in all material respects, the consolidated financial condition, results of operations, and cash flows of the Companies as of, and for the portion of the fiscal year ending on the date or dates thereof (subject only to normal year-end adjustments). Except for transactions directly related to, or specifically contemplated by, the Loan Papers, no subsequent material adverse changes have occurred in the consolidated financial condition of the Companies from that shown in the Current Financials. The fiscal year of each Company ends on July 31.

7.7 Litigation. Except as disclosed on Schedule 7.7 (or on any

revised Schedule 7.7 delivered by Borrower to Lenders), (a) no Company (other than as a creditor or claimant) is subject to, or aware of the threat of, any litigation that is reasonably likely to be determined adversely to any Company and, if so adversely determined, is a Material Adverse Event, (b) no outstanding or unpaid judgments against any Company exist as of the date hereof, and (c) no Company is a party to, or bound by, any judicial or administrative order, judgment, decree or consent decree relating to any past or present practice, omission, activity or undertaking which constitutes a Material Adverse Event.

7.8 Taxes. All Tax returns of each Company required to be filed

have been filed (or extensions have been granted) before delinquency, other than returns for which the failure to file is not a Material Adverse Event, and all Taxes shown as due and payable as of the date hereof in such returns have been paid before delinquency, other than Taxes for which the criteria for Permitted Liens (as specified in clause (f) of the definition of "Permitted Liens") have been satisfied or for which nonpayment is not a Material Adverse Event.

7.9 Environmental Matters. Except as disclosed on Schedule 7.9 (or

any revised Schedule 7.9 delivered by Borrower to Lenders) and except for conditions, circumstances or violations that are not, individually or in the aggregate, a Material Adverse Event, no Company (a) knows of any environmental condition or circumstance adversely affecting any Company's properties or operations, (b) has, to its knowledge, received any written report of any Company's violation of any Environmental Law, or (c) knows that any Company is under any obligation imposed by a Tribunal to remedy any violation of any Environmental Law. Except as disclosed on Schedule 7.9 (or any such revised Schedule 7.9), each Company believes that its properties and operations do not violate any Environmental Law, other than violations that are not, individually or in the aggregate, a Material Adverse Event. No facility of any Company is used for, or to the knowledge of any Company has been used for, treatment or disposal of any Hazardous Substance or storage of Hazardous Substances, other than in material compliance with applicable Environmental Laws.

7.10 Employee Plans. Except where occurrence or existence is not a

Material Adverse Event, (a) no Employee Plan has incurred an "accumulated funding deficiency" (as defined in section 302 of ERISA or section 412 of the Code), (b) no Company has incurred liability under ERISA to the PBGC in connection with any Employee Plan (other than required insurance premiums, all of which have been paid), (c) no

Company has withdrawn in whole or in part from participation in a Multiemployer Plan, (d) no Company has engaged in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the Code), and (e) no "reportable event" (as defined in section 4043 of ERISA) has occurred with respect to an Employee Plan, excluding events for which the notice requirement is waived under applicable PBGC regulations.

7.11 Properties and Liens.

(a) Each Company has good and marketable title to all its material property reflected on the Current Financials (other than for property that is obsolete or that has been disposed of in the ordinary course of business or, after the date of this Agreement, as otherwise permitted by Section 9.10 or Section 9.11).

(b) Except for Permitted Liens, no Lien exists on any property of any Company (including, without limitation, the Forest Service Permits and the Water Rights), and the execution, delivery, performance or observance of the Loan Papers will not require or result in the creation of any Lien on any Company's property.

(c) As of the date hereof, the Forest Service Permits constitute all of the material licenses, permits or leases from the U.S. held by the Companies for use in connection with their respective skiing businesses.

(d) Each of the Water Rights is, to the knowledge of the Companies, in full force and effect and, to the knowledge of the Companies, there is no material default or existing condition which with the giving of notice or the passage of time or both would cause a material default under any Water Right that is material to the operation of the Companies. Subject to the available supply and to the terms and conditions of the applicable decrees, the Companies' Water Rights provide a dependable, legal and physical snowmaking, irrigation and domestic water supply for the operation of the Companies' businesses.

7.12 Government Regulations. No Company is subject to regulation

under the Investment Company Act of 1940, as amended, or the Public Utility Holding Company Act of 1935, as amended.

7.13 Transactions with Affiliates. Except as set forth in Schedule

7.13 and except for other transactions which do not, in the aggregate, cost the Restricted Companies more than \$2,000,000 in any fiscal year, no Restricted Company is a party to any transaction with any Affiliate (other than another Restricted Company), except upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

7.14 Debt. No Company is an obligor on any Debt, other than

Permitted Debt.

7.15 Material Agreements. All Material Agreements to which any

Restricted Company is a party are in full force and effect, and no default or potential default exists on the part of any Restricted Company thereunder that is a Material Adverse Event.

7.16 Labor Matters. There are no binding agreements of any type with

any labor union, labor organization, collective bargaining unit or employee group to which any Company is bound, other than Vail Summit Resorts' collective bargaining agreements with the Breckenridge Professional Ski Patrol Association and Keystone Professional Ski Patrol Association and agreements which may be entered into after the date of this Agreement which do not constitute a Material Adverse Event. No actual or threatened strikes, labor disputes, slow downs, walkouts, or other concerted interruptions of operations by the employees of any Company that constitute a Material Adverse Event exist. Hours worked by and payment made to employees of the Companies have not been in violation of the Fair Labor Standards Act, as amended, or any other applicable Law dealing with labor matters, other than any violations, individually or collectively, that are not a Material Adverse Event. All payments due from any Company for employee health and welfare insurance have been paid or accrued as a liability on its books, other than any nonpayments that are not, individually or collectively, a Material Adverse Event.

7.17 Solvency. On each Loan Date, Borrower is, and after giving

effect to the requested Loan will be, Solvent.

7.18 Intellectual Property. Each Company owns (or otherwise holds

rights to use) all material Intellectual Property, licenses, permits and trade names necessary to continue to conduct its businesses as presently conducted by it and proposed to be conducted by it immediately after the date of this Agreement. To its knowledge, each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, other than any infringements or claims that, if successfully asserted against or determined adversely to any Company, would not, individually or collectively, constitute a Material Adverse Event. To the knowledge of any Company as of the date hereof, no infringement or claim of infringement by others of any material Intellectual Property, license, permit, trade name, or other intellectual property of any Company exists, other than claims which will not cause a Material Adverse Event.

7.19 Full Disclosure. Each material fact or condition relating to

the Loan Papers or the financial condition, business or property of any Company has been disclosed to Agent. All information furnished by any Company to Agent in connection with the Loan Papers on or before the date of this Agreement was, taken as a whole, true and accurate in all material respects or based on reasonable estimates on the date the information is stated or certified.

7.20 Year 2000 Compliance. Borrower has: (a) initiated a review and

assessment of all areas within each Restricted Company's business and operations (including those affected by suppliers, vendors and customers) that could be materially and adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by any Restricted Company (or suppliers, vendors or customers) may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to, and any date after, December 31, 1999); (b) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis; and (c) to date, implemented that plan in accordance with that timetable. Based on the foregoing, Borrower believes that (i) all computer applications (including those of its suppliers, vendors and customers) that are material to any Restricted Company's business and operations are reasonably expected on a timely basis to be able to perform properly date-sensitive functions for all dates before and after January 1, 2000 (that is, "Year 2000 Compliant"), except to the extent that a failure to do so could not reasonably be expected to constitute a Material Adverse Event; or (ii) the Restricted Companies have planned for

reasonable alternatives in respect of those suppliers, vendors or customers which are unable to address the Year 2000 Problem to Borrower's satisfaction.

SECTION 8 AFFIRMATIVE COVENANTS. So long as Lenders are committed to fund

Loans and Agent is committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid in full, Borrower covenants and agrees as follows:

8.1 Items to be Furnished. Borrower shall cause the following to

be furnished to each Lender:

(a) With respect to each fiscal year of the Companies:

(i) Promptly after preparation, unaudited Financial Statements showing the consolidated financial condition and results of operations of the Companies as of the last day of such fiscal year and for such fiscal year, accompanied by a Compliance Certificate with respect to such Financial Statements (for purposes of adjusting the Applicable Margin and the Applicable Percentage in accordance with the definitions of such terms); and

(ii) Promptly after preparation, and no later than 105 days after the last day of each fiscal year of the Companies, Financial Statements showing the consolidated financial condition and results of operations of the Companies as of, and for the year ended on, that last day, accompanied by: (A) the unqualified opinion of a firm of nationally-recognized independent certified public accountants, based on an audit using generally accepted auditing standards, that the Financial Statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of the Companies, (B) any management letter prepared by the accounting firm delivered in connection with its audit, (C) a certificate from the accounting firm to Agent indicating that during its audit it obtained no knowledge of any Default or Potential Default or, if it obtained knowledge, the nature and period of existence thereof, and (D) a Compliance Certificate with respect to the Financial Statements.

(b) Promptly after preparation, and no later than 60 days after the last day of each fiscal quarter of the Companies, Financial Statements showing the consolidated financial condition and results of operations of the Companies for the fiscal quarter and for the period from the beginning of the current fiscal year to the last day of the fiscal quarter, accompanied by a Compliance Certificate with respect to the Financial Statements.

(c) Promptly after receipt, a copy of each interim or special audit report and management letter issued by independent accountants with respect to any Company or its financial records.

(d) Notice, promptly after any Company knows or has reason to know, of (i) the existence and status of any Litigation that, if determined adversely to any Company, would be a Material Adverse Event, (ii) any change in any material fact or circumstance represented or warranted by any Company in connection with any Loan Paper, (iii) the receipt by any Company of notice of any violation or alleged violation of any Environmental Law or ERISA (which individually or collectively with other violations or allegations is reasonably likely to constitute a

Material Adverse Event), or (iv) a Default or Potential Default, specifying the nature thereof and what action the Companies have taken, are taking, or propose to take.

(e) Promptly after filing, copies of all material reports or filings filed by or on behalf of any Company with any securities exchange or the Securities and Exchange Commission (including, without limitation, copies of each Form 10-K, Form 10-Q and Form S-8 filed by or on behalf of VRI with the Securities and Exchange Commission within 15 days after filing).

(f) Promptly upon reasonable request by Agent or Required Lenders (through Agent), information (not otherwise required to be furnished under the Loan Papers) respecting the business affairs, assets and liabilities of the Companies (including, but not limited to, seasonal operating statistics, annual budgets, etc.) and opinions, certifications and documents in addition to those mentioned in this Agreement; provided, however, that Agent and Lenders shall not disclose to any third Person any data or information obtained thereby in accordance with the provisions of this paragraph (f), except (i) with the prior written consent of the appropriate Company, (ii) to the extent necessary to comply with Law or the ruling of any Tribunal in which event, Agent and/or such Lenders shall notify the appropriate Company as promptly as practicable (and, if possible, prior to making such disclosure) and shall seek confidential treatment of the information desired, (iii) at the request of any banking or other regulatory authority, or (iv) to their respective Representatives to the extent such disclosure is necessary in connection with the transactions contemplated by the Loan Papers.

(g) Notice, promptly after any Restricted Company discovers or determines that any computer application (including those of its suppliers, vendors and customers) that is material to any Restricted Company's business and operations will not be Year 2000 Compliant, except to the extent (i) such failure could not reasonably be expected to constitute a Material Adverse Event; or (ii) such Restricted Company has planned for reasonable alternatives in respect of those suppliers, vendors or customers which are unable to address the Year 2000 Problem to Borrower's satisfaction.

8.2 Use of Proceeds. Borrower will use all of the proceeds of Loans

and L/Cs for seasonal working capital, to make acquisitions, advances and other investments permitted by Section 9.8, and for other general corporate purposes and capital expenditures of the Companies. No part of the proceeds of any L/C draft or drawing or of any Loan will be used, directly or indirectly, for a purpose that violates any Law, including without limitation, the provisions of Regulations G or U.

8.3 Books and Records. Each Company will maintain books, records

and accounts necessary to prepare financial statements in accordance with GAAP.

8.4 Inspections. Upon reasonable request, each Company will allow

Agent (or its Representatives) to inspect any of its properties, to review reports, files and other records and to make and take away copies, to conduct tests or investigations, and to discuss any of its affairs, conditions and finances with its other creditors, directors, officers, employees or representatives from time to time, during reasonable business hours; provided, however, that Agent and its Representatives shall not disclose to any Person any data or information obtained thereby in accordance with the provisions of this Section 8.4 which is not a matter of public knowledge, except (i) with the prior written consent of the appropriate Company, (ii) to the extent necessary to comply with Law or the ruling of any Tribunal in which event, Agent and/or its

Representatives shall notify the appropriate Company as promptly as practicable (and, if possible, prior to making such disclosure) and shall seek confidential treatment of the information desired, (iii) at the request of any banking or other regulatory authority, or (iv) to their respective Representatives to the extent such disclosure is necessary in connection with the transactions contemplated by the Loan Papers. Any of the Lenders (or their Representatives) may accompany Agent during such inspections.

8.5 Taxes. Each Restricted Company will promptly pay when due any

and all Taxes, other than Taxes which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made; provided, however, that all such Taxes shall, in any event, be paid prior to any levy for execution in respect of any Lien on any property of a Restricted Company.

8.6 Payment of Obligations. Each Company will pay (or renew and

extend) all of its obligations at such times and to such extent as may be necessary to prevent a Material Adverse Event (except for obligations, other than Funded Debt, which are being contested in good faith by appropriate proceedings); provided that Borrower shall not and shall not permit any other Company to repay advances from Apollo, other than as provided in Section 9.9.

8.7 Expenses. Borrower shall promptly pay upon demand (a) all

reasonable and customary costs, fees, and expenses paid or incurred by Agent and its Affiliates, in connection with the arrangement, syndication and negotiation of the Facility and the negotiation, preparation, delivery and execution of the Loan Papers and any related amendment, waiver, or consent (including in each case, without limitation, the reasonable fees and expenses of Agent's counsel) and (b) all reasonable costs and expenses of Lenders and Agent incurred by Agent or any Lender in connection with the enforcement of the obligations of any Company arising under the Loan Papers or the exercise of any Rights arising under the Loan Papers (including, but not limited to, reasonable attorneys' fees and court costs), all of which shall be a part of the Obligation and shall bear interest, if not paid upon demand, at the Default Rate until paid.

8.8 Maintenance of Existence, Assets, and Business.

(a) Except as otherwise permitted by Section 9.11, each Company will (i) maintain its corporate existence and good standing in its state of incorporation and its authority to transact business in all other states where failure to maintain its authority to transact business is a Material Adverse Event; (ii) maintain all Water Rights, licenses, permits and franchises necessary for its business where failure is a Material Adverse Event; and (iii) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements.

(b) Neither Borrower, VRI nor VHI will change its name in any manner (except by registering additional trade names), unless such Company shall have given Agent prior notice thereof. Borrower shall promptly notify Agent of any change in name of any other Company (except the registering of additional tradenames).

8.9 Insurance. Each Company will maintain with financially sound,

responsible, and reputable insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance concerning its properties and businesses against casualties and contingencies and of types and in amounts (and with

co-insurance and deductibles) as is customary in the case of similar businesses. At Agent's request, each Company will deliver to Agent certificates of insurance for each policy of insurance and evidence of payment of all premiums.

8.10 Environmental Laws. Each Company will (a) conduct its business

so as to comply in all material respects with all applicable Environmental Laws and shall promptly take required corrective action to remedy any non-compliance with any Environmental Law, except where failure to comply or take action would not be a Material Adverse Event, and (b) establish and maintain a management system designed to ensure compliance with applicable Environmental Laws and minimize material financial and other risks to each Company arising under applicable Environmental Laws or as the result of environmentally related injuries to Persons or property, except where failure to comply would not be a Material Adverse Event. Borrower shall deliver reasonable evidence of compliance with the foregoing covenant to Agent within 30 days after any written request from Required Lenders, which request shall be made only if Required Lenders reasonably believe that a failure to comply with the foregoing covenant would be a Material Adverse Event.

8.11 Subsidiaries. Subject to Section 9.8, the Companies may create

or acquire additional Subsidiaries (including Unrestricted Subsidiaries); provided that (a) each Person that becomes a Restricted Subsidiary after the date of this Agreement (whether as a result of acquisition, creation or otherwise) shall execute and deliver a Guaranty within 10 days after becoming a Restricted Subsidiary, and (b) Borrower shall deliver to Agent a revised Schedule 7.2 reflecting such new Subsidiary within 10 days after it becomes a Subsidiary. Subject to Section 14.10(b)(v), Agent shall execute documentation reasonably required to release any Restricted Subsidiary which is redesignated by Borrower as an Unrestricted Subsidiary from its Guaranty.

8.12 Indemnification. Borrower shall indemnify, protect and hold

Agent and Lenders and their respective Affiliates, Representatives, successors and assigns and attorneys (collectively, the "indemnified parties") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims and proceedings and all costs, expenses (including, without limitation, all attorneys' fees and legal expenses whether or not suit is brought) and disbursements of any kind or nature (the "indemnified liabilities") that may at any time be imposed on, incurred by or asserted against the indemnified parties, in any way relating to or arising out of (a) the direct or indirect result of the violation by any Company of any Environmental Law, (b) any Company's generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence in connection with its properties of a Hazardous Substance (including, without limitation, (i) all damages of any use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence, or (ii) the costs of any environmental investigation, monitoring, repair, cleanup or detoxification and the preparation and implementation of any closure, remedial or other plans), or (c) the Loan Papers or any of the transactions contemplated therein. However, although each indemnified party has the Right to be indemnified for its own ordinary negligence, no indemnified party has the Right to be indemnified for its own fraud, gross negligence or willful misconduct. The provisions of and undertakings and indemnification set forth in this paragraph shall survive the satisfaction and payment of the Obligation and termination of this Agreement.

SECTION 9 NEGATIVE COVENANTS. So long as Lenders are committed to fund

Loans and Agent is committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid in full, Borrower covenants and agrees as follows:

9.1 Taxes. No Company shall use any portion of the proceeds of

any Loan to pay the wages of employees, unless a timely payment to or deposit with the U.S. of all amounts of Tax required to be deducted and withheld with respect to such wages is also made.

9.2 Payment of Obligations. No Company shall voluntarily prepay

principal of, or interest on, any Funded Debt, other than the Obligation, if a Default or Potential Default exists (or would result from such payment). No Company shall repay, repurchase, redeem or defease Subordinated Debt without the prior written consent of Required Lenders.

9.3 Employee Plans. Except where a Material Adverse Event would

not result, no Company shall permit any of the events or circumstances described in Section 7.10 to exist or occur.

9.4 Debt. No Company shall create, incur or suffer to exist any

Debt, other than Permitted Debt.

9.5 Liens. No Company shall (a) create, incur or suffer or permit

to be created or incurred or to exist any Lien upon any of its assets, other than Permitted Liens, or (b) enter into or permit to exist any arrangement or agreement that directly or indirectly prohibits any Company from creating or incurring any Lien, other than the Loan Papers, the documents executed in connection with the Vail Bonds (and any documents relating to a refinancing of the Vail Bonds), the Senior Subordinated Debt Indenture as in effect on May 11, 1999 (which does not prohibit the creation or incurrence of Liens securing "Senior Debt," as defined therein), and leases or licenses that prohibit Liens on the leased or licensed property.

9.6 Transactions with Affiliates. Except for transactions which

do not, in the aggregate, cost the Restricted Companies more than \$2,000,000 in any fiscal year, no Restricted Company shall enter into or suffer to exist any transaction with any Affiliate (other than another Restricted Company), or guaranty, obtain any letter of credit or similar instrument in support of, or create, incur or suffer to exist any Lien upon any of its assets as security for, any Debt or other obligation of any Affiliate (other than Debts or other obligations of another Restricted Company) unless (i) such transaction is an advance or equity contribution to an Unrestricted Subsidiary permitted by Section 9.8(j), (ii) such transaction is described in Section 9.9 or on Schedule 7.13, or (iii) such transaction is upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

9.7 Compliance with Laws and Documents. No Company shall (a)

violate the provisions of any Laws or rulings of any Tribunal applicable to it or of any Material Agreement to which it is a party if that violation alone, or when aggregated with all other violations, would be a Material Adverse Event, (b) violate the provisions of its charter or bylaws if such violation would cause a Material Adverse Event, or (c) repeal, replace or amend any provision of its charter or bylaws if that action would be a Material Adverse Event.

9.8 Loans, Advances and Investments. Except as permitted by

Section 9.9 or Section 9.11, no Restricted Company shall make or suffer to exist any loan, advance, extension of credit or capital contribution to, make any investment in, or purchase or commit to purchase any stock or other securities or evidences of Debt of, or interests in, any other Person, other than:

(a) expense accounts for and other loans or advances to its directors, officers and employees in the ordinary course of business;

(b) marketable obligations issued or unconditionally guaranteed by the U.S. or issued by any of its agencies and backed by the full faith and credit of the U.S., in each case maturing within one year from the date of acquisition;

(c) short-term investment grade domestic and eurodollar certificates of deposit or time deposits that are fully insured by the Federal Deposit Insurance Corporation or are issued by commercial banks organized under the Laws of the U.S. or any of its states having combined capital, surplus, and undivided profits of not less than \$100,000,000 (as shown on its most recently published statement of condition);

(d) commercial paper and similar obligations rated "P-1" by Moody's or "A-1" by S&P;

(e) readily marketable tax-free municipal bonds of a domestic issuer rated "A-2" or better by Moody's or "A" or better by S&P, and maturing within one year from the date of issuance;

(f) mutual funds or money market accounts investing primarily in items described in clauses (b) through (e) above;

(g) demand deposit accounts maintained in the ordinary course of business;

(h) current trade and customer accounts receivable that are for goods furnished or services rendered in the ordinary course of business and that are payable in accordance with customary trade terms;

(i) Financial Hedges existing on the date hereof which have previously been approved by Agent and other Financial Hedges entered into after the date hereof under terms reasonably acceptable to Agent;

(j) in addition to items covered elsewhere in this definition, but subject to Sections 8.11 and 9.14, investments in any Person (including purchases of stock or other securities or evidence of Debt of, assets of, or loans, advances, extensions of credit or capital contributions to such Person, but excluding capital appreciation and accrued interest), provided that all such investments (when added to those made by Unrestricted Subsidiaries) made in (i) Unrestricted Subsidiaries, (ii) Persons that are not Affiliates of Borrower after such investment (excluding investments in Keystone/Intrawest LLC existing on the date of this Agreement and the existing obligation of Vail Summit Resorts to contribute to Keystone/Intrawest LLC additional land which had a book value as of June 30, 1996, of \$8,900,000), and (iii) Apollo shall not in the aggregate exceed 15% of the Companies' consolidated net worth at the time of determination; and

(k) the following investments:

(i) Housing Revenue Bonds, Series A-1, A-2, A-3, and B-2, issued by Eagle Bend Affordable Housing Corporation, held in the face amount of \$800,000;

(ii) Housing Revenue Bonds, Series 1993C, issued by Lake Creek Affordable Housing Corporation, held in the face amount of \$1,166,250;

(iii) the possible purchase of bonds with respect to Borrower's contingent obligations under the \$10,115,000 Standby Bond Purchase Agreement between Borrower and Colorado National Bank, as Trustee, dated July 9, 1996;

(iv) a secured loan of \$300,000 made to Andrew P. Daly in 1991, a secured loan of \$438,750 made to Lucinda M. Daly in 1996, and a secured loan of \$350,000 made to Mr. and Mrs. James P. Thompson in 1996;

(v) a capital contribution, in an amount not to exceed \$650,000, in Boulder/Beaver LLC;

(vi) a capital contribution, in the amount of \$1,364,579, in The Inn Hotel Partnership; and

(vii) Workers compensation reserve account, established pursuant to a self-insurance permit from the State of Colorado Department of Labor, invested exclusively in items described in clauses (b) through (f) above.

9.9 Management Fees and Distributions. No Company shall make

any Distribution, except as follows:

(a) if no Default or Potential Default exists (or would result therefrom), the Companies may pay management fees to Apollo of up to \$500,000 (in cash and/or services) in any fiscal year of the Companies;

(b) VRI may make payments of approximately \$2,000,000 accruing to certain option holders;

(c) any Company may make Distributions to a Restricted Company;

(d) if VRI issues any Subordinated Debt which is subsequently converted to preferred stock, VRI may pay dividends on such stock at an annual rate which is less than or equal to the annual rate of interest payable on such Subordinated Debt prior to its conversion; and

(e) VRI may make other Distributions to its shareholders (in addition to those described in clause (d) above), so long as all of such other Distributions made during any four consecutive fiscal quarters of the Companies (including any dividends on preferred stock which exceed the amount permitted under clause (d) above) do not exceed 50% of the Restricted Companies' net income during such period.

9.10 Sale of Assets. No Company shall sell, assign, lease, transfer or otherwise dispose of all or any material portion of the assets described in Schedule 2, if the ratio described in Section 10.1 would increase as a result of such disposition.

9.11 Mergers and Dissolutions. No Restricted Company shall merge or consolidate with any other Person (unless Borrower or, if Borrower is not a party to such merger or consolidation, a Restricted Subsidiary is the surviving entity in connection with any such merger or consolidation) or liquidate, wind up or dissolve (or suffer any liquidation or dissolution). Promptly after such merger or consolidation, Borrower shall deliver to Agent a revised Schedule 7.2 reflecting any merger or consolidation.

9.12 Assignment. No Company shall assign or transfer any of its Rights or cause to be delegated its duties or obligations under any of the Loan Papers.

9.13 Fiscal Year and Accounting Methods. No Company shall change its fiscal year or its method of accounting (other than immaterial changes in methods or as required by GAAP).

9.14 New Businesses. No Restricted Company shall engage in any business, except the businesses in which they are presently engaged and any other business reasonably related to the Companies' current operations or the resort, leisure or ski business; provided, however, that the foregoing shall not be construed to prohibit the cessation by any Company of its business activities or the sale or transfer of the business or assets of such Company to the extent not otherwise prohibited by this Agreement.

9.15 Government Regulations. No Company shall conduct its business in a way that it becomes regulated under the Investment Company Act of 1940, as amended, or the Public Utility Holding Company Act of 1935, as amended.

SECTION 10 FINANCIAL COVENANTS. So long as Lenders are committed to fund Loans and Agent is committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid and performed in full (except for provisions under the Loan Papers expressly intended to survive payment of the Obligation and termination of the Loan Papers), Borrower covenants and agrees as follows to comply with each of the following ratios. For purposes of determining each such ratio, Resort EBITDA for any period shall include on a pro forma basis all EBITDA for such period relating to assets acquired (including Restricted Subsidiaries formed or acquired) during such period, but shall exclude on a pro forma basis all EBITDA for such period relating to any such assets disposed of in accordance with this Agreement during such period.

10.1 Maximum Leverage Ratios.

(a) Funded Debt to Resort EBITDA. As calculated as of the last day of each fiscal quarter of the Companies, the Companies shall not permit the ratio of (x) the unpaid principal amount of Funded Debt existing as of such last day to (y) Resort EBITDA for the four fiscal quarters ending on such last day to exceed the following:

July 31, 1999	5.25 to 1.00
October 31, 1999	5.75 to 1.00
January 31, 2000	5.25 to 1.00

April 30, 2000	4.50 to 1.00
July 31, 2000	4.50 to 1.00
October 31, 2000	4.75 to 1.00
January 31, 2001	4.50 to 1.00
April 30, 2001	4.50 to 1.00
July 31, 2001	4.50 to 1.00
October 31, 2001	4.75 to 1.00
January 31, 2002	4.50 to 1.00
April 30, 2002	4.50 to 1.00
July 31, 2002	4.50 to 1.00
October 31, 2002	4.75 to 1.00

(b) Senior Debt to Resort EBITDA. As calculated as of the last day

of each fiscal quarter of the Companies, the Companies shall not permit the ratio of (x) the unpaid amount of Senior Debt existing as of such last day to (y) Resort EBITDA for the four fiscal quarters ending on such last day to exceed the following:

July 31, 1999	3.50 to 1.00
October 31, 1999	4.00 to 1.00
January 31, 2000	3.75 to 1.00
April 30, 2000	3.50 to 1.00
July 31, 2000	3.50 to 1.00
October 31, 2000	3.75 to 1.00
January 31, 2001	3.50 to 1.00
April 30, 2001	3.25 to 1.00
July 31, 2001	3.25 to 1.00
October 31, 2001	3.50 to 1.00
January 31, 2002	3.25 to 1.00
April 30, 2002	3.25 to 1.00
July 31, 2002	3.25 to 1.00
October 31, 2002	3.50 to 1.00

10.2 Minimum Fixed Charge Coverage Ratio. As calculated as of the

last day of each fiscal quarter of the Companies, the Companies shall not permit the ratio of (x) Resort EBITDA for the four fiscal

quarters ending on such last day minus Adjusted Capital Expenditures (as defined below) to (y) interest on the Obligation and scheduled principal and interest payments on all other Funded Debt plus Distributions made by VRI, in each case in such four fiscal quarters, to be less than the following:

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As of the last day of each fiscal quarter occurring after the Closing Date through and including July 31, 1999:	1.15 to 1.00
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As of the last day of each fiscal quarter commencing with October 31, 1999, through and including July 31, 2000:	1.20 to 1.00
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As of the last day of each fiscal quarter commencing with October 31, 2000:	1.25 to 1.00
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As used in this Section 10.2, "Adjusted Capital Expenditures" means (a) for the four fiscal quarters ending any January 31, the lesser of (i) the Companies' actual capital expenditures during such four fiscal quarters, and (ii) \$25,000,000, and (b) for the four fiscal quarters ending on any April 30, July 31, or October 31, the lesser of (i) the Companies' actual capital expenditures during such four fiscal quarters, and (ii) \$15,000,000.

10.3 Interest Coverage Ratio. As calculated as of the last day of

each fiscal quarter of the Companies, the Companies shall not permit the ratio of (x) Resort EBITDA for the four fiscal quarters ending on such last day to (y) payments of interest on Funded Debt in such four fiscal quarters to be less than

the following:

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As of the last day of each fiscal quarter occurring after the Closing Date through and including July 31, 2000:	2.25 to 1.00
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As of the last day of each fiscal quarter commencing with October 31, 2000:	2.50 to 1.00
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SECTION 11 DEFAULT. The term "Default" means the occurrence of any one or more of the following events:

11.1 Payment of Obligation. The failure or refusal of any Company

to pay (i) any principal payment contemplated by Section 3.2(b) of this Agreement after such payment becomes due and payable hereunder, (ii) any principal payment (other than those contemplated by Section 3.2(b)) or interest payment contemplated to be made hereunder within 3 Business Days after demand therefor by Agent, (iii) any amount contemplated to be paid hereunder in respect of fees, costs, expenses or indemnities within 10 Business Days after demand therefor by Agent and (iv) any amount in respect of its reimbursement obligations in connection with any drawing under an L/C within 3 Business Days after demand therefor by Agent.

11.2 Covenants. The failure or refusal of any Company to punctually

and properly perform, observe, and comply with:

(a) Any covenant, agreement or condition applicable to it contained in Sections 8.2, 9 (other than Sections 9.1, 9.3, 9.6 and 9.7) or 10; or

(b) Any other covenant, agreement or condition applicable to it contained in any Loan Paper (other than the covenants to pay the Obligation and the covenants in clause (a) preceding), and failure or refusal continues for 30 days.

11.3 Debtor Relief. Any Restricted Company (a) fails to pay its

Debts generally as they become due, (b) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (c) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law that could suspend or otherwise adversely affect the Rights of Agent or any Lender granted in the Loan Papers (unless, if the proceeding is involuntary, the applicable petition is dismissed within 60 days after its filing), or (d) becomes subject to an order for relief granted under the Bankruptcy Reform Act of 1978, as amended from time to time (other than as a creditor or claimant).

11.4 Judgments and Attachments. Any Restricted Company fails, within

60 days after entry, to pay, bond or otherwise discharge any judgment or order for the payment of money in excess of \$5,000,000 (individually or collectively) or any warrant of attachment, sequestration or similar proceeding against any assets of any Restricted Company having a value (individually or collectively) of \$5,000,000, which is neither (a) stayed on appeal nor (b) diligently contested in good faith by appropriate proceedings and adequate reserves have been set aside on its books in accordance with GAAP.

11.5 Government Action. Any Tribunal condemns, seizes or otherwise

appropriates, or takes custody or control of all or any substantial portion of the assets described on Schedule 2.

11.6 Misrepresentation. Any material representation or warranty made

by any Company in connection with any Loan Paper at any time proves to have been materially incorrect when made; provided that if such Company made such representation or warranty in good faith without any knowledge on the part of the Companies that it was materially incorrect, such misrepresentation shall not constitute a Default if the Companies notify Agent of such misrepresentation within 5 Business Days after such Company has knowledge thereof.

11.7 Ownership. There shall occur a Change of Control Transaction.

11.8 Default Under Other Agreements. (a) Any Restricted Company

fails to pay when due (after lapse of any applicable grace period) any recourse Debt in excess (individually or collectively) of \$5,000,000; or (b) any default exists under any agreement to which any Restricted Company is a party, the effect of which is to cause, or to permit any Person (other than a Restricted Company) to cause, any recourse obligation in excess (individually or collectively) of \$5,000,000 to become due and payable by any Restricted Company before its stated maturity, except to the extent such obligation is declared to be due and payable as a result of the sale of any asset to which it relates.

11.9 Validity and Enforceability of Loan Papers. Except in accordance

with its terms or as otherwise expressly permitted by this Agreement, any Loan Paper at any time after its execution and delivery ceases to be in full force and effect in any material respect or is declared to be null and void or its validity or enforceability is contested by any Company party thereto or any Company denies that it has any further liability or obligations under any Loan Paper to which it is a party.

11.10 Employee Plans. Except where occurrence or existence is not

a Material Adverse Event, (a) an Employee Plan incurs an "accumulated funding deficiency" (as defined in section 302 of ERISA or section 412 of the Code), (b) a Company incurs liability under ERISA to the PBGC in connection with any Employee Plan (other than required insurance premiums paid when due), (c) a Company withdraws in whole or in part from participation in a Multiemployer Plan, (d) a Company engages in any "prohibited transaction" (as defined in section 406 of ERISA or section 4975 of the Code), or (e) a "reportable event" (as defined in section 4043 of ERISA) occurs with respect to an Employee Plan, excluding events for which the notice requirement is waived under applicable PBGC regulations.

SECTION 12 RIGHTS AND REMEDIES.

12.1 Remedies Upon Default.

(a) If a Default exists under Section 11.3, the commitment to extend credit under this Agreement automatically terminates, the entire unpaid balance of the Obligation automatically becomes due and payable without any action of any kind whatsoever, and Borrower must provide cash collateral in an amount equal to the then-existing L/C Exposure.

(b) If any Default exists, subject to the terms of Section 13.5(b), Agent may (with the consent of, and must, upon the request of, Required Lenders), do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under Section 12.1(a), declare the entire unpaid balance of all or any part of the Obligation immediately due and payable, whereupon it is due and payable; (ii) terminate the commitments of Lenders to extend credit or to continue or convert any Loan under this Agreement; (iii) reduce any claim to judgment; (iv) demand Borrower to provide cash collateral in an amount equal to the L/C Exposure then existing; and (v) exercise any and all other legal or equitable Rights afforded by the Loan Papers, the Laws of the State of New York, or any other applicable jurisdiction.

12.2 Company Waivers. To the extent permitted by Law, each Company

waives presentment and demand for payment, protest, notice of intention to accelerate, notice of acceleration and notice of protest and nonpayment, and agrees that its liability with respect to all or any part of the Obligation is not affected by any renewal or extension in the time of payment of all or any part of the Obligation, by any indulgence, or by any release or change in any security for the payment of all or any part of the Obligation.

12.3 Performance by Agent. If any covenant, duty or agreement of any

Company is not performed in accordance with the terms of the Loan Papers, Agent may, while a Default exists, at its option (but subject to the approval of Required Lenders), perform or attempt to perform that covenant, duty or agreement on behalf of that Company (and any amount expended by Agent in its performance or attempted performance is payable by the Companies, jointly and severally, to Agent on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Agent's expenditure until paid). However, Agent does not assume and shall never have, except by its express written consent, any liability or responsibility for the performance of any covenant, duty or agreement of any Company.

12.4 Not in Control. None of the covenants or other provisions

contained in any Loan Paper shall, or shall be deemed to, give Agent or Lenders the Right to exercise control over the assets (including, without limitation, real property), affairs, or management of any Company; the power of Agent and Lenders is limited to the Right to exercise the remedies provided in this Section 12.

12.5 Course of Dealing. The acceptance by Agent or Lenders of any

partial payment on the Obligation shall not be deemed to be a waiver of any Default then existing. No waiver by Agent, Required Lenders or Lenders of any Default shall be deemed to be a waiver of any other then-existing or subsequent Default. No delay or omission by Agent, Required Lenders or Lenders in exercising any Right under the Loan Papers will impair that Right or be construed as a waiver thereof or any acquiescence therein, nor will any single or partial exercise of any Right preclude other or further exercise thereof or the exercise of any other Right under the Loan Papers or otherwise.

12.6 Cumulative Rights. All Rights available to Agent, Required

Lenders, and Lenders under the Loan Papers are cumulative of and in addition to all other Rights granted to Agent, Required Lenders, and Lenders at law or in equity, whether or not the Obligation is due and payable and whether or not Agent, Required Lenders, or Lenders have instituted any suit for collection, foreclosure, or other action in connection with the Loan Papers.

12.7 Application of Proceeds. Any and all proceeds ever received by

Agent or Lenders from the exercise of any Rights pertaining to the Obligation shall be applied to the Obligation according to Section 3.11.

12.8 Diminution in Value of Collateral. Neither Agent nor any

Lender has any liability or responsibility whatsoever for any diminution in or loss of value of any collateral ever securing payment or performance of all or any part of the Obligation (other than diminution in or loss of value caused by its gross negligence or willful misconduct).

12.9 Certain Proceedings. The Companies will promptly execute and

deliver, or cause the execution and delivery of, all applications, certificates, instruments, registration statements and all other documents and papers Agent or Required Lenders reasonably request in connection with the obtaining of any consent, approval, registration, qualification, permit, license or authorization of any Tribunal or other Person necessary or appropriate for the effective exercise of any Rights under the Loan Papers. Because Borrower agrees that Agent's and Required Lenders' remedies at Law for failure of the Companies to comply with the provisions of this paragraph would be inadequate and that failure would not be adequately compensable in damages, Borrower agrees that the covenants of this paragraph may be specifically enforced.

13.1 Agent.

(a) Each Lender appoints Agent (and Agent accepts appointment) as its nominee and agent, in its name and on its behalf pursuant to the terms and conditions of the Loan Papers: (i) to act as its nominee and on its behalf in and under all Loan Papers; (ii) to arrange the means whereby its funds are to be made available to Borrower under the Loan Papers; (iii) to take any action that it properly requests under the Loan Papers (subject to the concurrence of other Lenders as may be required under the Loan Papers); (iv) to receive all documents and items to be furnished to it under the Loan Papers; (v) to be the secured party, mortgagee, beneficiary, recipient and similar party in respect of any collateral for the benefit of Lenders; (vi) to promptly distribute to it all material information, requests, documents and items received from any Company under the Loan Papers; (vii) to promptly distribute to it its ratable part of each payment (whether voluntary, as proceeds of collateral upon or after foreclosure, as proceeds of insurance thereon, or otherwise) in accordance with the terms of the Loan Papers; and (viii) to deliver to the appropriate Persons requests, demands, approvals, and consents received from it.

(b) If the initial or any successor Agent ever ceases to be a party to this Agreement or if the initial or any successor Agent ever resigns (whether voluntarily or at the request of Required Lenders), then Required Lenders shall appoint the successor Agent from among Lenders (other than the resigning Agent). If Required Lenders fail to appoint a successor Agent within 30 days after the resigning Agent has given notice of resignation or Required Lenders have removed the resigning Agent, then the resigning Agent may, on behalf of Lenders, appoint a successor Agent, which must be a commercial bank having a combined capital and surplus of at least \$1,000,000,000 (as shown on its most recently published statement of condition). Upon its acceptance of appointment as successor Agent, the successor Agent succeeds to and becomes vested with all of the Rights of the prior Agent, and the prior Agent is discharged from its duties and obligations of Agent under the Loan Papers (but, when used in connection with L/Cs issued and outstanding before the appointment of the successor Agent, "Agent" shall continue to refer solely to NationsBank, N.A. (but, any L/Cs issued or renewed after the appointment of any successor Agent shall be issued or renewed by the successor Agent)), and each Lender shall execute the documents as any Lender, the resigning or removed Agent, or the successor Agent reasonably request to reflect the change. After any Agent's resignation or removal as Agent under the Loan Papers, the provisions of this Section 13 inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under the Loan Papers.

(c) Agent, in its capacity as a Lender, has the same Rights under the Loan Papers as any other Lender and may exercise those Rights as if it were not acting as Agent; the term "Lender" shall, unless the context otherwise indicates, include Agent; and Agent's resignation or removal shall not impair or otherwise affect any Rights that it has or may have in its capacity as an individual Lender. Each Lender and Borrower agree that Agent is not a fiduciary for Lenders or for Borrower but simply is acting in the capacity described in this Agreement to alleviate administrative burdens for Borrower and Lenders, that Agent has no duties or responsibilities to Lenders or Borrower, except those expressly set forth in the Loan Papers, and that Agent in its capacity as a Lender has all Rights of any other Lender.

(d) Agent may now or hereafter be engaged in one or more loan, letter of credit, leasing or other financing transactions with Borrower, act as trustee or depository for Borrower, or otherwise be engaged in other transactions with Borrower (collectively, the "other activities") not the subject of the Loan Papers. Without limiting the Rights of Lenders specifically set forth in the Loan Papers, Agent is not responsible to account to Lenders for those other activities, and no Lender shall have any interest in any other activities, any present or future guaranties by or for the account of Borrower that are not contemplated or included in the Loan Papers, any present or future offset exercised by Agent in respect of those other activities, any present or future property taken as security for any of those other activities, or any property now or hereafter in Agent's possession or control that may be or become security for the obligations of Borrower arising under the Loan Papers by reason of the general description of indebtedness secured or of property contained in any other agreements, documents, or instruments related to any of those other activities (but, if any payments in respect of those guaranties or that property or the proceeds thereof is applied by Agent to reduce the Obligation, then each Lender is entitled to share ratably in the application as provided in the Loan Papers).

13.2 Expenses. Each Lender shall pay its Pro Rata Part of any

reasonable expenses (including, without limitation, court costs, reasonable attorneys' fees and other costs of collection) incurred by Agent (while acting in such capacity) in connection with any of the Loan Papers if Agent is not reimbursed from other sources within 30 days after incurrence. Each Lender is entitled to receive its Pro Rata Part of any reimbursement that it makes to Agent if Agent is subsequently reimbursed from other sources.

13.3 Proportionate Absorption of Losses. Except as otherwise provided

in the Loan Papers, nothing in the Loan Papers gives any Lender any advantage over any other Lender insofar as the Obligation is concerned or to relieve any Lender from absorbing its Pro Rata Part of any losses sustained with respect to any portion of the Obligation in which it participates (except to the extent unilateral actions or inactions by any Lender result in Borrower or any other obligor on the Obligation having any credit, allowance, setoff, defense, or counterclaim solely with respect to all or any part of that Lender's portion of the Obligation).

13.4 Delegation of Duties; Reliance. Lenders may perform any of

their duties or exercise any of their Rights under the Loan Papers by or through Agent, and Lenders and Agent may perform any of their duties or exercise any of their Rights under the Loan Papers by or through their respective Representatives. Agent, Lenders and their respective Representatives (a) are entitled to rely upon (and shall be protected in relying upon) any written or oral statement believed by it or them to be genuine and correct and to have been signed or made by the proper Person and, with respect to legal matters, upon opinion of counsel selected by Agent or that Lender (but nothing in this clause (a) permits Agent to rely on (i) oral statements if a writing is required by this Agreement or (ii) any other writing if a specific writing is required by this Agreement), (b) are entitled to deem and treat each Lender as the owner and holder of its portion of the Principal Debt for all purposes until, subject to Section 14.12, written notice of the assignment or transfer is given to and received by Agent (and any request, authorization, consent or approval of any Lender is conclusive and binding on each subsequent holder, assignee or transferee of or Participant in that Lender's portion of the Principal Debt until that notice is given and received), (c) are not deemed to have notice of the occurrence of a Default unless a responsible officer of Agent, who handles matters associated with the Loan Papers and transactions thereunder, has actual knowledge or Agent has been notified by a Lender or Borrower, and (d) are entitled to consult with legal counsel (including counsel for Borrower), independent accountants, and

other experts selected by Agent and are not liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of counsel, accountants, or experts.

13.5 Limitation of Agent's Liability.

(a) Neither Agent nor any of its Affiliates, Representatives, successors or assigns will be liable for any action taken or omitted to be taken by it or them under the Loan Papers in good faith and believed by it or them to be within the discretion or power conferred upon it or them by the Loan Papers or be responsible for the consequences of any error of judgment (except for fraud, gross negligence or willful misconduct), and none of them has a fiduciary relationship with any Lender by virtue of the Loan Papers (but nothing in this Agreement negates the obligation of Agent to account for funds received by it for the account of any Lender).

(b) Unless indemnified to its satisfaction, Agent may not be compelled to do any act under the Loan Papers or to take any action toward the execution or enforcement of the powers thereby created or to prosecute or defend any suit in respect of the Loan Papers. If Agent requests instructions from Lenders, or Required Lenders, as the case may be, with respect to any act or action in connection with any Loan Paper, Agent is entitled to refrain (without incurring any liability to any Person by so refraining) from that act or action unless and until it has received instructions. In no event, however, may Agent or any of its Representatives be required to take any action that it or they determine could incur for it or them criminal or onerous civil liability or that is contrary to any Loan Paper or applicable Law. Without limiting the generality of the foregoing, no Lender has any right of action against Agent as a result of Agent's acting or refraining from acting under this Agreement in accordance with instructions of Required Lenders (or of all Lenders, if instructions from all Lenders is specifically required by the terms of the Loan Papers).

(c) Agent is not responsible to any Lender or any Participant for, and each Lender represents and warrants that it has not relied upon Agent in respect of, (i) the creditworthiness of any Company and the risks involved to that Lender, (ii) the effectiveness, enforceability, genuineness, validity or due execution of any Loan Paper (other than by Agent), (iii) any representation, warranty, document, certificate, report or statement made therein (other than by Agent) or furnished thereunder or in connection therewith, (iv) the adequacy of any collateral ever securing the Obligation or the existence, priority or perfection of any Lien ever granted or purported to be granted on any collateral under any Loan Paper, or (v) the observance of or compliance with any of the terms, covenants or conditions of any Loan Paper on the part of any Company. Each Lender agrees to indemnify Agent and its Representatives and hold them harmless from and against (but limited to such Lender's Pro Rata Part of) any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses and reasonable disbursements of any kind or nature whatsoever that may be imposed on, asserted against, or incurred by them in any way relating to or arising out of the Loan Papers or any action taken or omitted by them under the Loan Papers if Agent and its Representatives are not reimbursed for such amounts by any Company. Although Agent and its Representatives have the right to be indemnified under this Agreement for its or their own ordinary negligence, Agent and its Representatives do not have the right to be indemnified under this Agreement for its or their own fraud, gross negligence or willful misconduct.

13.6 Default; Collateral. While a Default exists, Lenders agree to promptly confer in order that Required Lenders or Lenders, as the case may be, may agree upon a course of action for the enforcement of the Rights of Lenders; and Agent is entitled to refrain from taking any action (without incurring any liability to any Person for so refraining) unless and until it has received instructions from Required Lenders. In actions with respect to any property of Borrower, Agent is acting for the ratable benefit of each Lender. Agent shall hold, for the ratable benefit of all Lenders, any security it receives for the Obligation or any guaranty of the Obligation it receives upon or in lieu of foreclosure.

13.7 Limitation of Liability. No Lender or any Participant will incur any liability to any other Lender or Participant, except for acts or omissions in bad faith, and neither Agent nor any Lender or Participant will incur any liability to any other Person for any act or omission of any other Lender or any Participant.

13.8 Relationship of Lenders. The Loan Papers and the documents delivered in connection therewith do not create a partnership or joint venture among Agent and Lenders or among Lenders.

13.9 Benefits of Agreement. None of the provisions of this Section inure to the benefit of any Company or any other Person other than Agent and Lenders; consequently, no Company or any other Person is entitled to rely upon, or to raise as a defense, in any manner whatsoever, the failure of Agent or any Lender to comply with these provisions.

SECTION 14 MISCELLANEOUS.

14.1 Headings. The headings, captions and arrangements used in any of the Loan Papers are, unless specified otherwise, for convenience only and shall not be deemed to limit, amplify or modify the terms of the Loan Papers, nor affect the meaning thereof.

14.2 Nonbusiness Days; Time. Any payment or action that is due under any Loan Paper on a non-Business Day may be delayed until the next-succeeding Business Day (but interest shall continue to accrue on any applicable payment until payment is in fact made) unless the payment concerns a LIBOR Loan, in which case if the next-succeeding Business Day is in the next calendar month, then such payment shall be made on the next-preceding Business Day. Unless otherwise indicated, all time references (e.g., 1:00 p.m.) are to Dallas, Texas time.

14.3 Communications. Unless otherwise specifically provided, whenever any Loan Paper requires or permits any consent, approval, notice, request or demand from one party to another, communication must be in writing (which may be by telex or telecopy) to be effective and shall be deemed to have been given (a) if by telex, when transmitted to the appropriate telex number and the appropriate answerback is received, (b) if by telecopy, when transmitted to the appropriate telecopy number (and all communications sent by telecopy must be confirmed promptly thereafter by telephone; but any requirement in this parenthetical shall not affect the date when the telecopy shall be deemed to have been delivered), (c) if by mail, on the third Business Day after it is enclosed in an envelope and properly addressed, stamped, sealed, and deposited in the appropriate official postal service, or (d) if by any other means, when actually delivered. Until changed by notice pursuant to this Agreement, the address (and telecopy number) for each party to a Loan Paper is set forth on the attached Schedule 1.

14.4 Form and Number of Documents. The form, substance, and number

of counterparts of each writing to be furnished under the Loan Papers must be
satisfactory to Agent and its counsel, each in its reasonable discretion.

14.5 Exceptions to Covenants. The Companies may not take or fail to

take any action that is permitted as an exception to any of the covenants
contained in any Loan Paper if that action or omission would result in the
breach of any other covenant contained in any Loan Paper.

14.6 Survival. All covenants, agreements, undertakings,

representations and warranties made in any of the Loan Papers survive all
closings under the Loan Papers and, except as otherwise indicated, are not
affected by any investigation made by any party.

14.7 Governing Law. The Laws (other than conflict-of-laws

provisions) of the State of New York and of the U.S. govern the Rights and
duties of the parties to the Loan Papers and the validity, construction,
enforcement and interpretation of the Loan Papers.

14.8 Invalid Provisions. Any provision in any Loan Paper held to be

illegal, invalid or unenforceable is fully severable; the appropriate Loan Paper
shall be construed and enforced as if that provision had never been included;
and the remaining provisions shall remain in full force and effect and shall not
be affected by the severed provision. Agent, Lenders, and the Companies shall
negotiate, in good faith, the terms of a replacement provision as similar to the
severed provision as may be possible and be legal, valid and enforceable.

14.9 Venue; Service of Process; Jury Trial. Each Party to Any Loan

Paper, in Each Case for Itself, its Successors and Assigns (And in the Case of
Borrower, for Each Other Company), (a) Irrevocably Submits to the Nonexclusive
Jurisdiction of the State and Federal Courts of the State of Texas, (b)
irrevocably Waives, to the Fullest Extent Permitted by Law, Any Objection That
it May Now or Hereafter Have to the Laying of Venue of Any Litigation Arising
out of or in Connection with the Loan Papers and the Obligation Brought in
District Courts of Dallas or Harris County, Texas, or in the U.S. District Court
for the Northern or Southern District of Texas, Dallas or Houston Division, (c)
irrevocably Waives Any Claims That Any Litigation Brought in Any of the
Aforementioned Courts Has Been Brought in an Inconvenient Forum, (d) irrevocably
Agrees That Any Legal Proceeding Against Any Party to Any Loan Paper Arising out
of or in Connection with the Loan Papers or the Obligation May Be Brought in One
of the Aforementioned Courts, and (e) Irrevocably Waives, to the Fullest Extent
Permitted by Law, its Respective Rights to a Jury Trial of Any Claim or Cause of
Action Based upon or Arising out of Any Loan Paper. The scope of each of the
foregoing waivers is intended to be all-encompassing of any and all disputes
that may be filed in any court and that relate to the subject matter of this
transaction, including, without limitation, contract claims, tort claims, breach
of duty claims, and all other common law and statutory claims. Borrower (for
itself and on behalf of each other Company) acknowledges that these waivers are
a material inducement to Agent's and each Lender's agreement to enter into a
business relationship, that Agent and each Lender has already relied on these
waivers in entering into this Agreement, and that Agent and each Lender will
continue to rely on each of these waivers in related future dealings. Borrower
(for itself and on behalf of each other Company) further warrants and represents
that it has reviewed these waivers with its legal counsel, and that it knowingly
and voluntarily agrees to each waiver following consultation with legal counsel.
The Waivers in this Section 14.9 May Not Be Modified Except in Accordance with
Section 14.10, and Shall, Except to the

Extent Waived or Modified in Accordance with Section 14.10, Apply to Any Subsequent Amendments, Supplements or Placements to or of this or Any Other Loan Paper. In the event of Litigation, this Agreement may be filed as a written consent to a trial by the court.

14.10 Amendments, Consents, Conflicts and Waivers.

(a) Unless otherwise specifically provided, (i) this Agreement may be amended only by an instrument in writing executed by Borrower, Agent and Required Lenders and supplemented only by documents delivered or to be delivered in accordance with the express terms of this Agreement, and (ii) the other Loan Papers may only be the subject of an amendment, modification or waiver that has been approved by Required Lenders and Borrower.

(b) Any amendment to or consent or waiver under any Loan Paper that purports to accomplish any of the following must be by an instrument in writing executed by Borrower and Agent and executed (or approved, as the case may be) by each Lender: (i) extend the due date, decrease the amount of, or reallocate any scheduled payment of the Obligation; (ii) decrease any rate or amount of interest, fees or other sums payable to Agent or Lenders under this Agreement (except such reductions as are contemplated by this Agreement); (iii) change the definition of "Committed Sum," "Required Lenders," or "Termination Date;" (iv) increase any one or more Lenders' Committed Sums; (v) waive compliance with, amend or release (in whole or in part) the Guaranties of VRI or all or substantially all of the Restricted Subsidiaries; or (vi) change this clause (b), Section 9.12 or any other matter specifically requiring the consent of all Lenders under this Agreement.

(c) Any conflict or ambiguity between the terms and provisions of this Agreement and terms and provisions in any other Loan Paper is controlled by the terms and provisions of this Agreement.

(d) No course of dealing or any failure or delay by Agent, any Lender, or any of their respective Representatives with respect to exercising any Right of Agent or any Lender under this Agreement operates as a waiver thereof. A waiver must be in writing and signed by Agent and Lenders (or Required Lenders, if permitted under this Agreement) to be effective, and a waiver will be effective only in the specific instance and for the specific purpose for which it is given.

14.11 Multiple Counterparts. Each Loan Paper (other than the Notes)

may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes and all of which constitute, collectively, one agreement; but, in making proof of thereof, it shall not be necessary to produce or account for more than one counterpart. Each Lender need not execute the same counterpart of this Agreement so long as identical counterparts are executed by Borrower, each Lender, and Agent. This Agreement shall become effective when counterparts of this Agreement have been executed and delivered to Agent by each Lender, Agent and Borrower, or, in the case only of Lenders, when Agent has received telecopied, telexed or other evidence satisfactory to it that each Lender has executed and is delivering to Agent a counterpart of this Agreement.

(a) The Loan Papers bind and inure to the benefit of the parties hereto, any intended beneficiary thereof, and each of their respective successors and permitted assigns. No Lender may transfer, pledge, assign, sell any participation in, or otherwise encumber its portion of the obligation, except as permitted by this Section 14.12.

(b) Any Lender may, in the ordinary course of its business, at any time sell to one or more Persons (each a "Participant") participating interests in all or any part of its Rights and obligations under the Loan Papers. The selling Lender shall remain a "Lender" under this Agreement (and the Participant shall not constitute a "Lender" under this Agreement) and its obligations under this Agreement shall remain unchanged. The selling Lender shall remain solely responsible for the performance of its obligations under the Loan Papers and shall remain the holder of its share of the Principal Debt for all purposes under this Agreement. Borrower and Agent shall continue to deal solely and directly with the selling Lender in connection with that Lender's Rights and obligations under the Loan Papers. Participants have no Rights under the Loan Papers, other than certain voting Rights as provided below. Subject to the following, each Lender may obtain (on behalf of its Participants) the benefits of Section 3 with respect to all participations in its part of the obligation outstanding from time to time so long as Borrower is not obligated to pay any amount in excess of the amount that would be due to that Lender under Section 3 calculated as though no participation have been made. No Lender may sell any participating interest under which the Participant has any Rights to approve any amendment, modification or waiver of any Loan Paper, except to the extent the amendment, modification or waiver extends the due date for payment of any principal, interest or fees due under the Loan Papers or reduces the interest rate or the amount of principal or fees applicable to the obligation (except reductions contemplated by this Agreement).

(c) Any Lender may at any time, in the ordinary course of its business, assign to any Eligible Assignee (each a "Purchaser") all or any part (but if less than all, then not less than \$5,000,000) of its Rights and obligations under the Loan Papers. In each case, the Purchaser shall assume those Rights and obligations under an assignment agreement substantially in the form of the attached Exhibit G. Each assignment under this Section 14.12(c) shall include a ratable interest in the assigning Lender's Rights and obligations under the Facility. Upon (i) delivery of an executed copy of the assignment agreement to Borrower and Agent and the recordation thereof in the Register provided for in Section 14.12(d) and (ii) with respect to each assignment after the completion of the primary syndication of the Facility, payment of a fee of \$3,500 from the transferor to Agent, from and after the effective date specified in the Assignment Agreement (which shall be after the date of delivery), the Purchaser shall for all purposes be a Lender party to this Agreement and shall have all the Rights and obligations of a Lender under this Agreement to the same extent as if it were an original party to this Agreement with commitments as set forth in the assignment agreement, and the transferor Lender shall be released from its obligations under this Agreement to a corresponding extent, and, except as provided in the following sentence, no further consent or action by Borrower, Lenders or Agent shall be required. Upon the consummation of any transfer to a Purchaser under this clause (c), the then-existing Schedule 1 shall automatically be deemed to reflect the name, address and Committed Sum of such Purchaser, Agent shall deliver to Borrower and Lenders an amended Schedule 1 reflecting those changes, and Borrower shall execute and deliver to the Purchaser and, if applicable, such Lender, a Note in the face amount of its Committed Sum and the

transferor Lender shall return to Borrower the Note previously delivered to it under this Agreement. A Purchaser is subject to all the provisions in this section as if it were a Lender signatory to this Agreement as of the date of this Agreement.

(d) Agent shall maintain at its address on Schedule 1 a copy of each Lender assignment agreement delivered to it in accordance with the terms of Section 14.12(c) and a register for the recordation of the principal amount, Type and Interest Period of each Loan and the names, addresses and Committed Sums of each Lender from time to time (the "Register"). Agent will make reasonable efforts to maintain the accuracy of the Register and to promptly update the Register from time to time, as necessary. The entries in the Register shall be conclusive in the absence of manifest error and Borrower, Agent and Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrower and each Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) This Section 14.12 relates to absolute assignments and, notwithstanding Section 14.12(a), does not prohibit assignments creating security interests. Specifically, without limitation, any Lender may at any time, without the consent of Borrower or Agent, assign all or any part of its Rights under the Loan Papers to a Federal Reserve Bank without releasing the transferor Lender from its obligations thereunder.

14.13 Discharge Only Upon Payment in Full; Reinstatement in Certain

Circumstances. Each Company's obligations under the Loan Papers remain in full

force and effect until the Total Commitment is terminated and the Obligation is paid in full (except for provisions under the Loan Papers expressly intended to survive payment of the Obligation and termination of the Loan Papers). If at any time any payment of the principal of or interest on any Note or any other amount payable by Borrower or any other obligor on the Obligation under any Loan Paper is rescinded or must be restored or returned upon the insolvency, bankruptcy or reorganization of Borrower or otherwise, the obligations of each Company under the Loan Papers with respect to that payment shall be reinstated as though the payment had been due but not made at that time.

14.14 Entirety. The Rights and Obligations of the Companies, Lenders

and Agent Shall Be Determined Solely from Written Agreements, Documents and Instruments, and Any Prior Oral Agreements among the Parties Are Superseded by and Merged into Those Writings. This Agreement and the Other Written Loan Papers (Each as Amended in Writing from Time to Time) Executed by Any Company, Any Lender or Agent Represent the Final Agreement among the Parties and May Not Be Contradicted by Evidence of Prior, Contemporaneous or Subsequent Oral Agreements by the Parties. There Are No Unwritten Oral Agreements among the Parties. This Agreement supersedes all prior written agreements and understandings relating to the subject matter hereof and may be supplemented only by documents delivered in accordance with the terms hereof.

EXECUTED as of the day and year first mentioned.

THE VAIL CORPORATION

By: -----
Name: -----
Title: -----

NATIONSBANC MONTGOMERY SECURITIES LLC

By: -----
Name: -----
Title: -----

NATIONSBANK, N.A.

By: -----
Name: -----
Title: -----

BANKBOSTON, N.A.

By: -----
Name: -----
Title: -----

U.S. BANK NATIONAL ASSOCIATION

By: -----
Name: -----
Title: -----

BANK OF AMERICA NT & SA

By: -----
Name: -----
Title: -----

THE BANK OF NOVA SCOTIA

By: -----
Name: -----
Title: -----

CREDIT LYONNAIS NEW YORK BRANCH

By: -----
Name: -----
Title: -----

FIRST SECURITY BANK, N.A.

By: -----
Name: -----
Title: -----

BANKERS TRUST COMPANY

By: -----
Name: -----
Title: -----

CIBC INC.

By: -----
Name: -----
Title: -----

FLEET NATIONAL BANK

By: -----

Name: -----
Title: -----

HARRIS TRUST AND SAVINGS BANK

By: -----
Name: -----
Title: -----

KEYBANK NATIONAL ASSOCIATION

By: -----
Name: -----
Title: -----

THE LONG-TERM CREDIT BANK OF JAPAN, LTD.
LOS ANGELES AGENCY

By: -----
Name: -----
Title: -----

NORWEST BANK COLORADO, NATIONAL
ASSOCIATION

By: -----
Name: -----
Title: -----

GUARANTORS' CONSENT AND AGREEMENT

As an inducement to Agent and Lenders to execute, and in consideration of Agent's and Lenders' execution of the foregoing, the undersigned hereby consent thereto and agree that the same shall in no way release, diminish, impair, reduce or otherwise adversely affect the respective obligations and liabilities of each of the undersigned under the Guaranty described in this Agreement, or any agreements, documents or instruments executed by any of the undersigned to create liens, security interests or charges to secure any of the indebtedness under the Loan Papers, all of which obligations and liabilities are, and shall continue to be, in full force and effect. This consent and agreement shall be binding upon the undersigned, and the respective successors and assigns of each, and shall inure to the benefit of Agent and Lenders, and respective successors and assigns of each.

Vail Resorts, Inc.
Vail Holdings, Inc.
Vail Trademarks, Inc.
Vail Resorts Development Company
Beaver Creek Consultants, Inc.
Beaver Creek Associates, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Vail Food Services, Inc.
Piney River Ranch, Inc.
Vail/Arrowhead, Inc.
Beaver Creek Food Services, Inc.
Vail Associates Holdings, Ltd.
Vail Associates Real Estate, Inc.
Vail Associates Consultants, Inc.
Vail Associates Management Company
Vail/Battle Mountain, Inc.
Gillett Group Management, Inc.
GHTV, Inc.
Gillett Broadcasting, Inc.
Gillett Broadcasting of Maryland, Inc.
Vail Summit Resorts, Inc.
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Resort Property Management
Company
Keystone Food & Beverage Company
Lodge Properties, Inc.
Lodge Realty, Inc.
The Village at Breckenridge Acquisition
Corp., Inc.
Property Management Acquisition
Corp., Inc.

By: _____
Name: _____
Senior Vice President of each of the
above Companies

SCHEDULE 1

Parties, Addresses, Committed Sums, and Wiring Information

Borrower and all other Companies

The Vail Corporation
Post Office Box 7
Vail, Colorado 81658
137 Benchmark Road
Avon, Colorado 81620
Attn: James P. Donohue
Senior Vice President and Chief Financial Officer

Phone: 970/845-2506
FAX: 970/845-2520

copy to:

General Counsel
Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658
137 Benchmark Road
Avon, Colorado 81620
Phone: 970/845-2500
FAX: 970/845-2667

Committed Sums

Agent and Lender

NationsBank, N.A.
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Natalie E. Hebert
Phone: 214/209-9060
FAX: 214/209-0980

\$ 50,000,000

copy to:

Porter & Hedges, L.L.P.
700 Louisiana, 35th Floor
Houston, Texas 77002-2764
Attn: F. Walter Bistline, Jr.
Phone: 713/226-0681
FAX: 713/226-0281

Committed Sums

Co-Agents and Lenders

BankBoston, N.A. 100 Federal Street Mail Stop 01-07-07 Boston, Massachusetts 02110 Attn: Carlton F. Williams Director Phone: 617/434-8108 FAX: 617/434-8102	\$ 55,000,000
U.S. Bank National Association 918 Seventeenth Street Denver, Colorado 80202 Attn: William J. Sullivan Vice President Phone: 303/585-4111 FAX: 303/585-4135	\$ 45,000,000
Bank of America NT&SA 901 Main Street, 67th Floor Dallas, Texas 75202 Attn: Natalie E. Hebert Phone: 214/209-9060 FAX: 214/209-0980	\$ 38,000,000
The Bank of Nova Scotia 580 California Street, Suite 2100 San Francisco, California 94104 Attn: Jon A. Burckin Phone: 415/616-4156 FAX: 415/397-0791	\$ 37,000,000
Credit Lyonnais New York Branch 1301 Avenue of the Americas, 18th Floor New York, New York 10019-6022 Attn: Andrea Griffis Phone: 212/261-7325 FAX: 212/261-7532	\$ 37,000,000

Committed Sums

Lenders

First Security Bank, N.A. 15 East 1st South, 2nd Floor Salt Lake City, Utah 84111 Attn: Dick van Klaveren Vice President Phone: 801/246-5389 FAX: 801/246-5532	\$ 30,000,000
Bankers Trust Company 130 Liberty Street, 30th Floor New York, New York 10006 Attn.: Anthony LoGripio Vice President Phone: 212/250-4806 FAX: 212/250-7218	\$ 23,000,000
CIBC Inc. 425 Lexington Avenue New York, New York 10017 Attn: Katherine Bass Phone: 212/856-3916 FAX: 212/856-3991	\$ 23,000,000
Fleet National Bank One Federal Street M.S. MA0FD03C Boston, Massachusetts 02109 Attn: Eric Vandermel Vice President Phone: 617/346-4853 FAX: 617/346-4806	\$ 23,000,000
Harris Trust and Savings Bank 111 West Monroe, 10th Floor Center Chicago, Illinois 60603 Attn: James H. Colley Vice President Phone: 312/461-6876 FAX: 312/293-5041	\$ 23,000,000

Committed Sums

Lenders

KeyBank National Association \$ 23,000,000
700 Fifth Avenue, 46th Floor
Seattle, Washington 98104
Attn: Mary Young
Phone: 206/684-6085
FAX: 206/684-6035

The Long-Term Credit Bank of Japan, Ltd. \$ 23,000,000
Los Angeles Agency
350 South Grand Avenue, Suite 3000
Los Angeles, California 90071
Attn: Brian Kelley
Phone: 213/689-6356
FAX: 213/689-3921

Norwest Bank Colorado, National Association \$ 20,000,000
1740 Broadway
Denver, Colorado 80274-8673
Attn: Debbie Wright
Susan Petri
Phone: 303/863-4829
FAX: 303/863-6670

FACILITY: \$450,000,000

Wiring Information

THE VAIL CORPORATION

Location of account: NationsBank, N.A. (Dallas, Texas)
ABA #: 111000025
Account No.: 129-2688745

NATIONSBANK, N.A.

Location of account: NationsBank, N.A. (Dallas, Texas)
ABA #: 111000025
FTA Acct. # 0180019828
Attention: Commercial Loans
(Ref. The Vail Corporation)

SCHEDULE 2

Critical Assets

1. The following Intellectual Property of the Companies: the federally trademarked "VAIL V" design/symbol/logo, the federally trademarked "BEAVER CREEK" words, the federally trademarked "BRECKENRIDGE B" design/symbol/logo, the federally trademarked "KEYSTONE" word, the federally trademarked "KEYSTONE SNOWFLAKE" design/symbol/logo, and the Colorado tradenames "Vail Associates, Inc.," Breckenridge Ski Resort" and "Keystone Resort."

Vail

2. All improvements and personal property essential, from time to time, to ski mountain operations located within the Vail Mountain Forest Service permitted area.
3. Rights of use and access with respect to those portions of Parcel 1, Golden Peak Ski Base & Recreation District Parcel, which, from time to time, contain (a) the Chairlift #6 (Riva Bahn Express Lift) base terminal and (b) the Chairlift #12 (Gopher Hill Lift) base terminal.
4. Rights of use and access with respect to those portions of Tract E, Vail Village Fifth Filing, which, from time to time, contain the Chairlift #16 (Vista Bahn Express Lift) base terminal.
5. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing, which, from time to time, contain the Chairlift #8 (Born Free Express Lift) base terminal.
6. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing, which, from time to time, contain the Lift #19 (Eagle Bahn Lift (aka Gondola)) base terminal.
7. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing; Tract B, Vail Lionshead First and Second Filings; and that certain unplatted parcel commonly known as the "Lionshead Unplatted Parcel" which, from time to time, contain the Lionshead Skier Bridge.
8. Rights of use and access with respect to those portions of the Lionshead Unplatted Parcel and Tract A, Block 1, Vail Village Sixth Filing, which from time to time provide skier access to the Lionshead Skier Bridge.

Beaver Creek

9. All improvements and personal property essential, from time to time, to ski mountain operations located within the Beaver Creek Mountain Forest Service permitted area.
10. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, and Lot 14, Block 1, Tract A, Beaver Creek Subdivision which, from time to time, contain the Chairlift #1 (Haymeadow Lift) base terminal.
11. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #2 (Highlands Lift) base terminal.

12. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #12 (Strawberry Park Express Lift) base terminal.
13. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, and Lot 14, Block 1, Tract A, Beaver Creek Subdivision which, from time to time, contain the Chairlift #6 (Centennial Express Lift) base terminal.
14. Rights of use and access with respect to those portions of Unplatted Tract S, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #14 (Elkhorn Lift) base terminal.
15. All land, improvements and personal property essential, from time to time, to ski mountain operations at the base of Arrowhead Mountain in the Arrowhead Planned Unit Development ("PUD").
16. Rights of use and access with respect to those portions of Tract G, Arrowhead at Vail, Filing No. 13 (Sixth Amendment), which, from time to time, contain the Chairlift #17 (Arrow Bahn Express Lift) base terminal.
17. Rights of use and access with respect to those portions of Tract D, Bachelor Gulch Village Filing No. 2, which, from time to time, contain the Chairlift #16 (Bachelor Gulch Express Lift) base terminal.

Keystone

18. All improvements and personal property essential, from time to time, to ski mountain operations located within the Keystone Mountain Forest Service permitted area.
19. Rights of use and access as granted in that certain Easement described in Section 10.07 of the Declaration of Covenants, Conditions and Restrictions for the Neighbourhood at Keystone which, from time to time, contains the Skyway Gondola base terminal.
20. Rights of use and access with respect to those portions of the real property commonly referred to as the BaseII/Mountain House neighborhood which, from time to time, contains the base terminals for the Argentine Lift, the Peru Express Life, the Packsaddle I Life, the Pony Express I & II Lifts, the Checkerboard Lift and the Poma Lift.

Breckenridge

21. All improvements and personal property essential, from time to time, to ski mountain operations located within the Breckenridge Mountain Forest Service permitted area.
22. Rights of use and access with respect to those portions of the real property commonly referred to as the Peak 8 Base Property which, from time to time, contains the base terminals for the Pony Lift, the Chair 7 Lift, the Chair 5 Lift and the Colorado Superchair Lift.

23. Rights of use and access with respect to those portions of the real property commonly referred to as the Quick Silver Tract which, from time to time, contains the base terminals for the Quick Silver Lift, the Camelback Lift and the Village Pony Lift.
24. Rights of use and access as granted in that certain Easement from Beaver Run Developments, a Colorado general partnership, pursuant to that certain Fourth Addendum to Lease Agreement which, from time to time, contains the Beaver Run Superchair Lift.

SCHEDULE 2.3

Existing Letters of Credit and Existing Permitted Debt

Part A - Existing Letters of Credit

Amount	Maturity	Beneficiary
\$25,000.00	8/30/99	Delta Airlines
\$70,000.00	1/4/00	Airlines Reporting Corp.
\$27,581,370.00	10/15/02	Colorado National Bank (1995 Smith Creek Project)
\$19,625,206.00	10/15/02	Colorado National Bank (1997 Smith Creek Project)
\$9,232,709.00	6/15/02	Colorado National Bank (BC Housing Project)
\$168,275.00	3/24/00	Summit County Board of Commissioners (Tenderfoot Housing Landscape Project)
\$70,000.00	3/14/00	Airline Reporting Corp.
\$70,000.00	12/16/99	Airline Reporting Corp.
\$66,700.00	12/9/99	Airline Reporting Corp.
\$25,000.00	12/9/99	Airline Reporting Corp.
\$3,000,000.00	1/29/00	Land Title Guarantee Co.
\$70,000.00	12/16/99	Airline Reporting Corp.
\$115,000.00	3/18/00	Board of County Commissioners
<hr/>		
\$60,119,260.00		

Part B - Debt Existing on the Date of the Original Agreement

1. The Vail Bonds and the Summit Bonds.
2. Contingent obligations of Borrower under the \$10,115,000 Standby Bond Purchase Agreement between Borrower and Colorado National Bank, as Trustee, dated July 9, 1996.
3. Obligations of the Companies with respect to letters of credit issued by Colorado National Bank for the benefit of Eagle County, Colorado, in an aggregate amount of up to \$7,000,000 at any point in time.

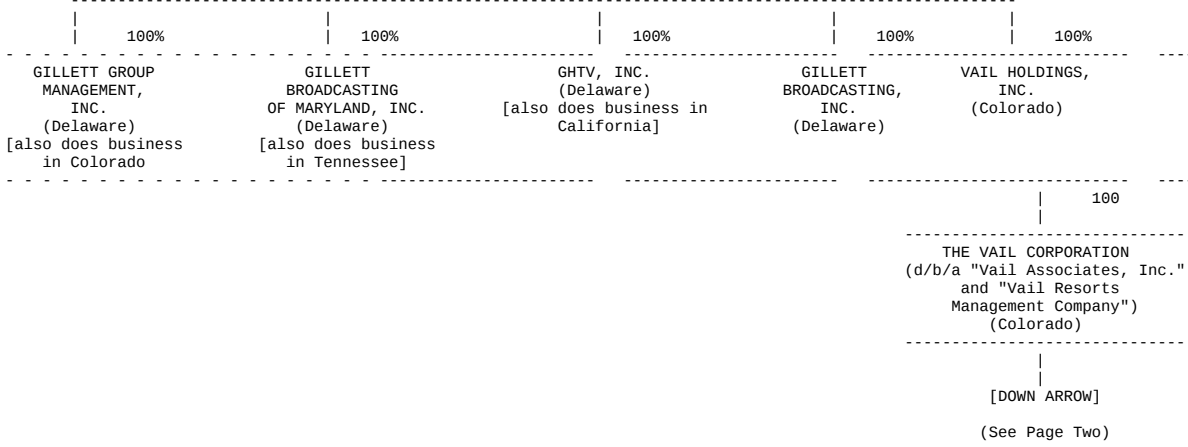
4. \$1,369,875 remaining outstanding as of April 30, 1999, under the Clinton Ditch and Reservoir Company promissory note.
5. Contingent obligations of the Companies under Park Plaza Merchant Mortgage & Trust Corp. guarantees aggregating \$200,628 as of December 19, 1997.
6. \$36,974 remaining outstanding as of April 30, 1999, under the Holy Cross Electric promissory note.

SCHEDULE 7.2

Corporate Structure

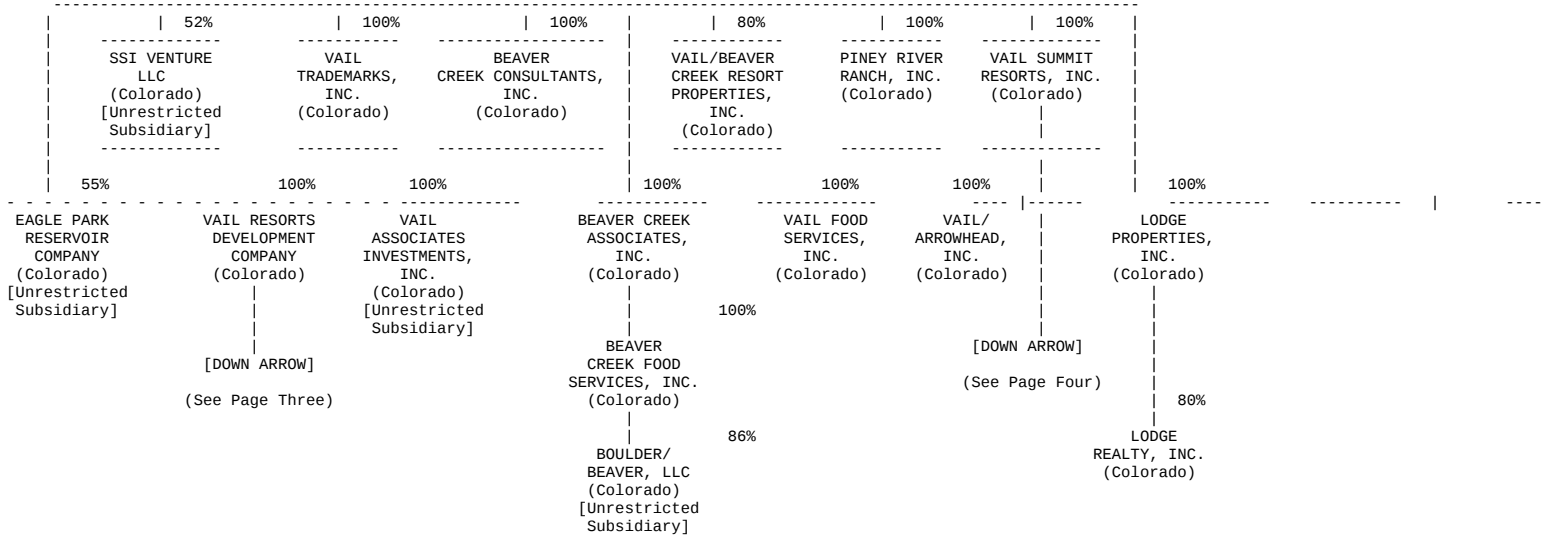
[Document # 148062]

VAIL RESORTS, INC.
(Delaware)
[also does business in Colorado]

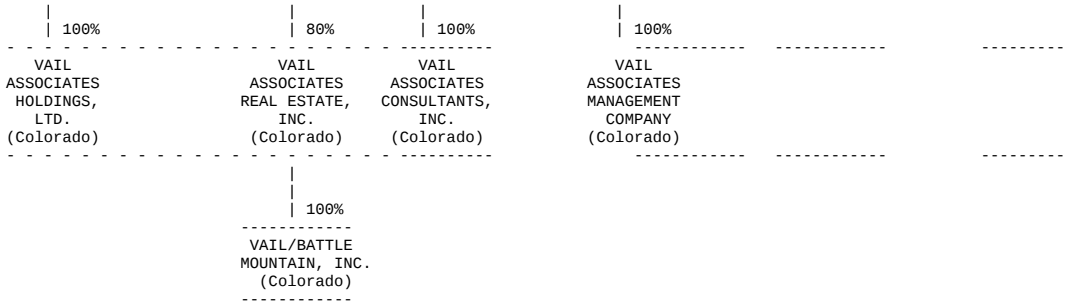


 THE VAIL CORPORATION
 (d/b/a "Vail Associates, Inc.")
 (Colorado)

|



VAIL RESORTS
DEVELOPMENT
COMPANY
(Colorado)



VAIL SUMMIT
RESORTS, INC.
(Colorado)

| 100%

| 100%

| 100%

| 100%

| 100%

| 100%

THE VILLAGE AT
BRECKENRIDGE
ACQUISITION
CORP., INC.
(Tennessee)
[also does business in
Colorado]

PROPERTY
MANAGEMENT
ACQUISITION
CORP., INC.
(Tennessee)
[also does business in
Colorado]

KEYSTONE
CONFERENCE
SERVICES, INC.
(Colorado)

KEYSTONE
DEVELOPMENT
SALES, INC.
(Colorado)

KEYSTONE FOOD
& BEVERAGE
COMPANY
(Colorado)

KEYSTONE
RESORT
PROPERTY
MANAGEMENT
COMPANY
(Colorado)

SCHEDULE 7.7

Material Litigation Summary

(Cases and possible cases reasonably
likely to become a Material Adverse Event)

None.

SCHEDULE 7.9

Material Environmental Matters

(Matters which constitute a Material Adverse Event)

None.

SCHEDULE 7.13

Non-Standard Transactions with Affiliates Other Than VRI and Restricted

Subsidiaries

1. The transactions described in Sections 9.8(k)(iv) and 9.9 of the Credit Agreement.
2. Those transactions described in the VRI Registration Statement filed on Form S-2, as amended, filed with the Securities and Exchange Commission on June 6, 1996, and amended on September 19, 1996.
3. Employment Agreements with various management employees and use of facilities and provision of other perquisites by the Companies' to its officers, directors and employees.
4. Gillett Holdings, Inc. Non-Qualified Stock Option Agreements, and other stock option agreements, between VRI and certain employees of VRI or Borrower as executed from time to time.
5. Transactions with employees under the Vail Associates Employee Mortgage Program whereby qualifying employees' down payment requirements under mortgages from the FirstBank of Vail are guaranteed by Borrower. Borrower is granted a second mortgage on the acquired property.
6. Development Agreement between Borrower, Club Services, Inc., Game Creek Partners, L.P. & The Game Creek Club, dated May 5, 1995, with respect to the development and operation of The Game Creek Club facility on Vail Mountain.

EXHIBIT A

REVOLVING CREDIT PROMISSORY NOTE

\$ _____ Dallas, Texas _____

For value received, THE VAIL CORPORATION ("Maker") hereby promises to pay to the order of _____ ("Payee") on or before the Termination Date, the principal amount of \$ _____, or so much thereof as may be disbursed and outstanding hereunder, together with interest, as hereinafter described.

This note has been executed and delivered under, and is subject to the terms of, the Amended and Restated Credit Agreement dated as of May 1, 1999 (as amended, supplemented or restated, the "Credit Agreement"), among Maker, NationsBank, N.A., as Agent, NationsBanc Montgomery Securities LLC and the Lenders referred to therein (including, without limitation, Payee) and is one of the "Notes" referred to therein. Unless defined herein or the context otherwise requires, capitalized terms used herein have the meaning given to such terms in the Credit Agreement. Reference is made to the Credit Agreement for provisions affecting this note regarding applicable interest rates, principal and interest payment dates, final maturity, acceleration of maturity, exercise of Rights, payment of attorneys' fees, court costs and other costs of collection, and certain waivers by Maker and others now or hereafter obligated for payment of any sums due hereunder.

This note is a Loan Paper and, therefore, is subject to the applicable provisions of Section 14 (including, without limitation, the registration provisions of Section 14.12(d)) of the Credit Agreement, all of which applicable provisions are incorporated herein by reference the same as if set forth herein verbatim.

Specific reference is made to Section 3.8 of the Credit Agreement for usury savings provisions.

THE VAIL CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT B

GUARANTY

THIS GUARANTY is executed as of _____, by each of the undersigned (each a "Guarantor" and collectively the "Guarantors") for the benefit of NATIONSBANK, N.A. (with its successors in such capacity, "Agent"), as Agent for itself and other Lenders ("Lenders" and together with Agent, the "Guaranteed Parties") now or hereafter party to the Amended and Restated Credit Agreement with THE VAIL CORPORATION ("Borrower") dated as of May 1, 1999 (as hereafter amended, supplemented, or restated, the "Credit Agreement"). Capitalized terms not otherwise defined herein are used as defined in the Credit Agreement.

A. Each Guarantor is an Affiliate of Borrower.

B. The execution and delivery of this Guaranty is an integral part of the transactions contemplated by the Loan Papers and a condition precedent to Lenders' obligations to extend credit under the Credit Agreement.

C. In each Guarantor's judgment, the value of the consideration received and to be received by it under the Loan Papers is reasonably worth at least as much as its liability and obligation under this Guaranty, and such liability and obligation may reasonably be expected to benefit it directly or indirectly.

NOW, THEREFORE, each Guarantor jointly and severally guarantees to Lenders the prompt payment at maturity (by acceleration or otherwise), and at all times thereafter, of the Guaranteed Debt owing to Lenders as follows:

1. Borrower. The term "Borrower" includes, without limitation, Borrower

as a debtor-in-possession and any party hereafter appointed Receiver for Borrower or all or substantially all of its assets under any Debtor Relief Law.

2. Guaranteed Debt. The term "Guaranteed Debt" means all present and

future indebtedness and obligations, and all renewals, increases and extensions thereof, or any part thereof, now or hereafter owed to the Guaranteed Parties by Borrower under the Loan Papers to which it is a party, together with all interest accruing thereon, fees, costs and expenses (including, without limitation, (a) all attorneys' fees and expenses incurred pursuant to, or in connection with the protection of Rights under, the Loan Papers to which Borrower is a party, and (b) amounts that would become due but for operation of Section 502, 506 or any other applicable provision of Title 11 of the U.S. Code), together with all pre- and post-maturity interest thereon (including, without limitation, all post-petition interest if Borrower voluntarily or involuntarily files for bankruptcy protection) and any and all costs, attorneys' fees and expenses reasonably incurred by any Guaranteed Party to enforce Borrower's payment of any of the foregoing indebtedness.

3. Absolute Guaranty; Limit of Liability. This instrument is an

absolute, irrevocable and continuing guaranty, and the circumstance that at any time or from time to time the Guaranteed Debt may be paid in full does not affect the obligation of any Guarantor with respect to the Guaranteed Debt of Borrower thereafter incurred. NOTWITHSTANDING ANY CONTRARY PROVISION IN THIS GUARANTY, HOWEVER, THE OBLIGATIONS OF EACH GUARANTOR HEREUNDER SHALL BE LIMITED TO AN AGGREGATE AMOUNT EQUAL TO THE LARGEST AMOUNT THAT WOULD NOT RENDER ITS OBLIGATIONS HEREUNDER

4. Representations and Warranties. Each Guarantor acknowledges that

certain representations and warranties contained in the other Loan Papers (including, without limitation, Section 7 of the Credit Agreement) apply to it and hereby represents and warrants to Agent and Lenders that each such representation and warranty is true and correct.

5. Covenants. Each Guarantor acknowledges that certain covenants,

agreements and undertakings contained in the other Loan Papers (including, without limitation, Sections 8, 9 and 10 of the Credit Agreement) apply to it and hereby covenants and agrees with Agent and Lenders to comply with each such covenant, agreement and undertaking.

6. Other Indebtedness. If any Guarantor becomes liable for any

indebtedness owing by Borrower to any Guaranteed Party, other than under this Guaranty, such liability will not be in any manner impaired or affected by this Guaranty, and the rights of the Guaranteed Parties under this Guaranty are cumulative of any and all other rights that the Guaranteed Parties may ever have against that Guarantor. The exercise by any Guaranteed Parties of any right or remedy under this Guaranty or otherwise will not preclude the concurrent or subsequent exercise of any other right or remedy.

7. Default. If a Default under the Credit Agreement exists and as a

result of such Default amounts are owing to any Guaranteed Party in respect of its Guaranteed Debt, each Guarantor shall, on demand and without further notice of dishonor and without any notice having been given to any Guarantor previous to such demand of either the acceptance by any Guaranteed Party of this Guaranty or the creation or incurrence of any Guaranteed Debt, pay the amount of the Guaranteed Debt then due and payable to the appropriate Guaranteed Party, and it is not necessary for such Guaranteed Party, in order to enforce such payment by any Guarantor, first or contemporaneously to institute suit or exhaust remedies against Borrower or others liable on such indebtedness or to enforce rights against any collateral securing such indebtedness.

8. Subordinated Debt. All obligations of Borrower to any Guarantor (the

"Subordinated Debt") are expressly subordinated to the full and final payment of the Guaranteed Debt. Each Guarantor agrees not to accept any payment of the Subordinated Debt from Borrower with respect thereto, if a Default exists; and, if any Guarantor receives any payment of the Subordinated Debt in violation of the foregoing, that Guarantor will hold any such payment in trust for Agent and promptly turn it over to Agent, in the form received (with any necessary endorsements), to be applied to the Guaranteed Debt in the manner contemplated by the Credit Agreement.

9. Waiver of Subrogation and Contribution. No Guarantor will assert,

enforce or otherwise exercise (a) any right of subrogation to any of the rights or liens of Agent or Lenders or any other beneficiary against Borrower or any other obligor on the Guaranteed Debt or any collateral or other security, or (b) any right of recourse, reimbursement, subrogation, contribution, indemnification or similar right against Borrower or any other obligor on all or any part of the Guaranteed Debt or any guarantor thereof, and each Guarantor irrevocably waives any and all of the foregoing rights (whether such rights arise in equity, under contract, by statute, under common law or otherwise). Guarantor irrevocably waives the benefit of, and any right to participate in, any collateral or other security given to Agent or any other beneficiary to secure payment of the Guaranteed Debt.

10. Obligations Not Diminished. No Guarantor's obligations under this

Guaranty will be released, diminished or affected by the occurrence of any one or more of the following events: (a) any

Guaranteed Party's taking or accepting of any other security or guaranty for any or all of the Guaranteed Debt; (b) any release, surrender, exchange, subordination, impairment or loss of any collateral securing any or all of the Guaranteed Debt; (c) any full or partial release of the liability of any other obligor on the Obligation; (d) the modification of or waiver of compliance with, any terms of any other Loan Paper; (e) the insolvency, bankruptcy or lack of corporate power of any party at any time liable for any or all of the Guaranteed Debt, whether now existing or hereafter occurring; (f) any renewal, extension or rearrangement of any or all of the Guaranteed Debt or any adjustment, indulgence, forbearance or compromise that may be granted or given by Agent or Lenders to any other obligor on the Obligation; (g) any neglect, delay, omission, failure or refusal of Agent or Lenders to take or prosecute any action in connection with the Guaranteed Debt; (h) any failure of Agent or Lenders to notify any Guarantor of any renewal, extension or assignment of any or all of the Guaranteed Debt or the release of any security or of any other action taken or refrained from being taken by Agent or Lenders against Borrower or any new agreement between Agent or Lenders and Borrower, it being understood that Agent and Lenders are not required to give Guarantors any notice of any kind under any circumstances whatsoever with respect to or in connection with the Guaranteed Debt; (i) the unenforceability of any part of the Guaranteed Debt against any party because it exceeds the amount permitted by law, the act of creating it is ultra vires, the officers creating it exceeded their authority or violated their fiduciary duties in connection therewith, or otherwise; or (j) any payment of the Obligation to Agent or Lenders is held to constitute a preference under any Debtor Relief Law or for any other reason Agent or Lenders are required to refund such payment or make payment to someone else (and in each such instance this Guaranty will be reinstated in an amount equal to such payment).

11. Waiver of Right to Require Suit. Each Guarantor waives all rights by

which it might be entitled to require suit on an accrued right of action in respect of any of the Guaranteed Debt or require suit against Borrower or others.

12. Independent Credit Investigation. Each Guarantor confirms that it has

executed and delivered this Guaranty after reviewing the terms and conditions of the Loan Papers and such other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this Guaranty. Each Guarantor confirms that it has made its own independent investigation with respect to Borrower's creditworthiness and is not executing and delivering this Guaranty in reliance on any representation or warranty by Agent or Lenders as to such creditworthiness. Each Guarantor expressly assumes all responsibilities to remain informed of the financial condition of Borrower and any circumstances affecting (a) Borrower's ability to perform under the Loan Papers to which it is a party or (b) any collateral securing all or any part of the Guaranteed Debt.

13. No Discharge. The Guaranteed Debt will not be reduced, discharged or

released because or by reason of any existing or future offset, claim or defense (except for the defense of payment of the Guaranteed Debt) of Borrower or any other party against Agent or Lenders or against payment of the Guaranteed Debt, whether such offset, claim or defense arises in connection with the Guaranteed Debt or otherwise. Such claims and defenses include, without limitation, failure of consideration, breach of warranty, fraud, bankruptcy, incapacity/infancy, statute of limitations, lender liability, accord and satisfaction, usury, forged signatures, mistake, impossibility, frustration of purpose, and unconscionability.

14. Successors and Assigns. This Guaranty is for the benefit of Agent and

Lenders and their respective successors and permitted assigns, and in the event of an assignment of all or any of the Guaranteed Debt, the Rights hereunder, to the extent applicable to the portion assigned, shall be transferred therewith. This Guaranty shall be binding upon each Guarantor and its successors and permitted assigns.

15. Loan Paper. This Guaranty is a Loan Paper and is subject to the

applicable provisions of Section 14 of the Credit Agreement, all of which are
incorporated into this Guaranty by reference the same as if set forth in this
Guaranty verbatim.

Vail Resorts, Inc.
Vail Holdings, Inc.
Vail Trademarks, Inc.
Vail Resorts Development Company
Beaver Creek Consultants, Inc.
Beaver Creek Associates, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Vail Food Services, Inc.
Piney River Ranch, Inc.
Vail/Arrowhead, Inc.
Beaver Creek Food Services, Inc.
Vail Associates Holdings, Ltd.
Vail Associates Real Estate, Inc.
Vail Associates Consultants, Inc.
Vail Associates Management Company
Vail/Battle Mountain, Inc.
Gillett Group Management, Inc.
GHTV, Inc.
Gillett Broadcasting, Inc.
Gillett Broadcasting of Maryland, Inc.
Vail Summit Resorts, Inc.
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Resort Property Management
Company
Keystone Food & Beverage Company
Lodge Properties, Inc.
Lodge Realty, Inc.
The Village at Breckenridge Acquisition
Corp., Inc.
Property Management Acquisition
Corp., Inc.

By: _____
Name: _____
Senior Vice President of each
of the above Companies

EXHIBIT C

LOAN REQUEST

NationsBank, N.A., as Agent
Corporate Finance Group
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Natalie E. Hebert
Fax: (214) 209-0980

Reference is made to the Amended and Restated Credit Agreement dated as of May 1, 1999 (as amended, supplemented or restated from time to time, the "Credit Agreement"), among THE VAIL CORPORATION, the Lenders named therein, NationsBank, N.A., as Agent, and NationsBanc Montgomery Securities LLC. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby gives you notice pursuant to Section 2.2(a) of the Credit Agreement that it requests a Loan under the Credit Agreement on the following terms:

- (A) Loan Date (a Business Day) _____
- (B) Principal Amount of Loan* _____
- (C) Type of Loan** _____
- (D) For LIBOR Loan, Interest Period _____
and the last day thereof*** _____

Please deposit the requested Loan in our account with you [and then wire transfer amounts from that account as follows:

.]
--

Borrower hereby certifies that the following statements are true and correct on the date hereof, and will be true and correct on the Loan Date specified above after giving effect to such Loan: (a) all of the representations and warranties of the Companies in the Loan Papers are true and correct in all material respects (except to the extent that (i) they speak to a specific date or (ii) the facts on which they are based have been changed by transactions contemplated or permitted by the Credit Agreement); and (b) no Material Adverse Event has occurred and no Default or Potential Default exists.

Very truly yours,

THE VAIL CORPORATION

By _____
Name: _____
Title: _____

* Not less than \$500,000 or a greater integral multiple of \$100,000 (if a Base Rate Loan); not less than \$1,000,000 or a greater integral multiple of \$100,000 (if a LIBOR Loan).

** LIBOR Loan or Base Rate Loan.

*** LIBOR Loan -- 1, 2, 3 or 6 months.
In no event may the Interest Period end after the appropriate Termination Date.

EXHIBIT D

COMPLIANCE CERTIFICATE
FOR _____ ENDED _____

NationsBank, N.A., as Agent
Corporate Finance Group
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Natalie E. Hebert
Fax: (214) 209-0980

Reference is made to the Amended and Restated Credit Agreement dated as of May 1, 1999 (as amended, supplemented or restated, the "Credit Agreement"), among THE VAIL CORPORATION, the Lenders named therein, NationsBank, N.A., as Agent, and NationsBanc Montgomery Securities LLC. Unless otherwise defined herein, all capitalized terms have the meanings given to such terms in the Credit Agreement.

This certificate is delivered pursuant to Section 8.1 of the Credit Agreement.

I certify to Agent that I am the Chief Financial Officer of Borrower on the date hereof and that:

1. The financial statements attached hereto were prepared in accordance with GAAP (except for the omission of footnotes from financial statements delivered pursuant to Section 8.1(b)) and present fairly, in all material respects, the consolidated financial condition and results of operations of the Companies as of, and for the _____ ending on _____ (the "Subject Period").

2. During the Subject Period, no Default or Potential Default has occurred which has not been cured or waived (except for any Defaults set forth on the attached schedule).

3. Evidence of compliance by Borrower with the financial covenants of Section 10 of the Credit Agreement as of the last day of the Subject Period is set forth on the attached calculation worksheet.

Very truly yours,

Name: _____
Chief Financial Officer

CREDIT FACILITY COVENANTS CALCULATIONS

_____ / _____

_____ Months
 Ended - -

10.1(a) FUNDED DEBT TO RESORT EBITDA RATIO:

(i) FUNDED DEBT OF THE RESTRICTED COMPANIES:

(A) Funded Debt of the Companies per the Financial Statements	\$
(B) Minus the following items of Funded Debt for the following Unrestricted Subsidiaries:	
(1) Vail Associates Investments, Inc.	()
(2) _____	()
(C) Plus the principal portion of all Capital Lease obligations of the Companies per the Financial Statements	\$
(D) Minus the principal portion of the following Capital Lease obligations for the following Unrestricted Subsidiaries:	
(1) Vail Associates Investments, Inc.	()
(2) _____	()
TOTAL FUNDED DEBT OF THE RESTRICTED COMPANIES	\$ =====

(ii) RESORT EBITDA:

(A) EBITDA of the Companies for the last four fiscal quarters per the Financial Statements	\$
(B) Plus pro forma EBITDA for assets acquired during such period	\$
(C) Minus pro forma EBITDA for assets disposed of during such period	()
(D) Minus EBITDA for such period related to real estate activities	()
(E) Minus the following EBITDA for such period attributable to the following Unrestricted Subsidiaries:	
(1) Vail Associates Investments, Inc.	()
(2) _____	()
TOTAL RESORT EBITDA OF THE RESTRICTED COMPANIES	\$ =====

Ratio	_____ Months
Maximum Ratio	Ended - -
	=====
	=====

10.1(b) SENIOR DEBT TO RESORT EBITDA RATIO:

(i) SENIOR DEBT OF THE RESTRICTED COMPANIES:

(A) Total Funded Debt of the Restricted Companies (from Part 10.1(a)(i) above)	\$
(B) Minus Subordinated Debt of the Restricted Companies	()
TOTAL SENIOR DEBT OF THE RESTRICTED COMPANIES	\$
	=====

(ii) TOTAL RESORT EBITDA OF THE RESTRICTED COMPANIES (from Part 10.1(a)(ii) above)	\$
	=====
	\$
	=====

Ratio	=====
Maximum Ratio	=====

10.2 MINIMUM FIXED CHARGE COVERAGE RATIO:

(a) COVERAGE

(i) Resort EBITDA for the last four fiscal quarters (from 10.1(b) above)	\$
(ii) Minus "Adjusted Capital Expenditures" (as defined in (S) 10.2 of the Agreement) for such period	()

	\$

(b) FIXED CHARGES

(i) Interest on the Obligation for the last four fiscal quarters	\$
(ii) Plus scheduled principal and interest payments on all other Funded Debt during such period	\$-----
(iii) Plus Distributions by VRI during such period	\$=====

Ratio	=====
Minimum required ratio	=====

10.3 INTEREST COVERAGE RATIO

(a) Resort EBITDA for the last four fiscal quarters (from 10.1(b) above)	\$
(b) Payments of interest on Funded Debt of the Restricted Companies	

____ Months

Ended - -

\$

in the last four fiscal quarters

Ratio

=====

Minimum required ratio

=====

EXHIBIT E

CONVERSION REQUEST

NationsBank, N.A., as Agent
Corporate Finance Group
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Natalie E. Hebert
Fax: (214) 209-0980

Reference is made to the Amended and Restated Credit Agreement dated as of May 1, 1999 (as amended, supplemented or restated, the "Credit Agreement"), among THE VAIL CORPORATION, the Lenders named therein, NationsBank, N.A., as Agent, and NationsBanc Montgomery Securities LLC. Unless otherwise defined herein, all capitalized terms have the meanings given to such terms in the Credit Agreement.

The undersigned hereby gives you notice pursuant to Section 3.10 of the Credit Agreement that it elects to convert all or part of a Loan under the Credit Agreement from one Type to another Type or elects a new Interest Period for a LIBOR Loan on the following terms:

- (A) Date of conversion or last day of applicable Interest Period (a Business Day) _____
- (B) Type** and Principal Amount* of Existing Borrowing being converted _____
- (C) New Type of Borrowing selected** _____
- (D) For conversion to a LIBOR Rate Borrowing, the Interest Period selected and the last day thereof*** _____
- (E) Type** and Principal Amount* of Existing Borrowing Being Continued _____
- (F) For continuation of a LIBOR Rate Borrowing, the Interest Period selected and the last day thereof*** _____

Very truly yours,

THE VAIL CORPORATION

By: _____
Name: _____
Title: _____

* Not less than \$500,000 or a greater integral multiple of \$100,000 (if a Base Rate Loan); not less than \$1,000,000 or a greater integral multiple of \$100,000 (if a LIBOR Loan).

** LIBOR Loan or Base Rate Loan.

*** 1, 2, 3 or 6 months. The Interest Period may not end after the appropriate Termination Date.

EXHIBIT F

LC REQUEST

NationsBank, N.A., as Agent
Corporate Finance Group
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Natalie E. Hebert
Fax: (214) 209-0980

Reference is made to the Amended and Restated Credit Agreement dated as of May 1, 1999 (as amended, supplemented or restated, the "Credit Agreement"), among THE VAIL CORPORATION, the Lenders named therein, NationsBank, N.A., as Agent, and NationsBanc Montgomery Securities LLC. Unless otherwise defined herein, all capitalized terms have the meanings given to such terms in the Credit Agreement.

The undersigned hereby gives you notice pursuant to Section 2.3(a) of the Credit Agreement that it requests the issuance of an LC under the LC Subfacility on the following terms:

- (A) Face amount of the LC* _____
- (B) Date on which the LC is to be issued (a Business Day) _____
- (C) Expiration date of the LC** _____

Accompanying this notice is a duly executed and properly completed LC Agreement, together with the payment of any LC fees due and payable pursuant to Section 4.3 of the Credit Agreement.

Borrower hereby certifies that the following statements are true and correct on the date hereof, and will be true and correct on the date specified herein for issuance of the LC after giving effect to the issuance of such LC: (a) all of the representations and warranties in the Loan Papers are true and correct in all material respects (except to the extent that (i) they speak to a specific date or (ii) the facts on which they are based have been changed by transactions contemplated or permitted by the Credit Agreement); (b) no Material Adverse Event has occurred; and (c) no Default or Potential Default exists.

Very truly yours,

THE VAIL CORPORATION

By: _____
Name: _____
Title: _____

* Not greater than the unused and available portion of the Total Commitment under the Credit Agreement.

** Not later than 13 months after issuance (subject to self-extension with up to 120 days' cancellation notice by Agent to the beneficiary), except for the Bond LCs.

EXHIBIT G

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit Agreement dated as of May 1, 1999 (the "Credit Agreement") among THE VAIL CORPORATION, a Colorado corporation ("Borrower"), the Lenders (as defined in the Credit Agreement), NationsBank, N.A., as agent for the Lenders ("Agent"), and NationsBanc Montgomery Securities LLC. Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule 1 agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, without recourse and without representation or warranty except as expressly set forth herein, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Loan Documents as of the date hereof equal to the percentage interest specified on Schedule 1 of all outstanding rights and obligations under the Loan Documents. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Loans owing to the Assignee will be as set forth on Schedule 1.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Loan Documents; and (iv) attaches the Note held by the Assignor and requests that Agent exchange such Note for new Notes payable to the order of the Assignee in an amount equal to the Commitments assumed by the Assignee pursuant hereto and to the Assignor in an amount equal to the Commitments retained by the Assignor, if any, as specified on Schedule 1.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 8.1 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement as are delegated to Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service or other forms required under Section 3.18.

4. Following the execution of this Assignment and Acceptance, it will be delivered to Agent for acceptance and recording by Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by Agent, unless otherwise specified on Schedule 1.

5. Upon such acceptance and recording by Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by Agent, from and after the Effective Date, Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest and commitment fees with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of Texas.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

SCHEDULE 1
to
ASSIGNMENT AND ACCEPTANCE

Percentage interest assigned: _____%

Assignee's Commitment: \$ _____

Aggregate outstanding principal amount
of Loans assigned: \$ _____

Principal amount of Note payable to Assignee: \$ _____

Principal amount of Note payable to Assignor: \$ _____

Effective Date (if other than date
of acceptance by Agent): * _____, 19__

[NAME OF ASSIGNOR], as Assignor

By: _____
Name: _____
Title: _____

Dated: _____, 19__

[NAME OF ASSIGNEE], as Assignee

By: _____
Name: _____
Title: _____

Domestic Lending Office:

Eurodollar Lending Office:

* This date should be no earlier than five Business Days after the delivery
of this Assignment and Acceptance to Agent.

Accepted [and Approved] **
this ___ day of _____, 19__

NATIONSBANK, N.A.

By: _____
Name: _____
Title: _____

[Approved this ___ day
of _____, 19__

[NAME OF BORROWER]

By: _____]**
Name: _____
Title: _____

** Required if the Assignee is an Eligible Assignee solely by reason of clause
(iii) of the definition of "Eligible Assignee".

9-MOS

JUL-31-1999
AUG-01-1998
APR-30-1999
10,063
0
50,089
2,172
19,581
94,404
669,247
(116,143)
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26,319
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0.76