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

FORM 10-K.--ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

[X] Annual Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
[Fee Required]
For the fiscal year ended July 31, 2000

[_] Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
[No Fee Required]
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)

(Registrant's telephone number, including area code) (970) 476-5601

Securities registered pursuant to Section 12(b) of Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None.
(Title of class)

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. [X] Yes [_] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $576.7 million on October 16, 2000, and was calculated using the per share closing price thereof on the New York Stock Exchange Composite Tape. As of October 16, 2000, 34,903,251 shares were issued and outstanding, of which 7,439,834 shares were Class A Common Stock and 27,463,417 shares were Common Stock.

Documents Incorporated by Reference

The Proxy Statement for the Annual Meeting of Shareholders to be held December 6, 2000 is incorporated by reference herein into Part III, Items 10 through 13.

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PART I

ITEM 1. BUSINESS.

General

Vail Resorts, Inc. ("Vail Resorts") was organized as a holding company in 1997 and operates through various subsidiaries (collectively, the "Company"). The Company is one of the leading resort operators in North America. The Company's operations are grouped into two segments, Resort and Real Estate, which represented 91% and 9%, respectively, of the Company's revenues for the 2000 fiscal year. The Company's Resort segment owns and operates five resort properties which provide a comprehensive resort experience throughout the year to a diverse clientele with an attractive demographic profile. The Company's Real Estate segment develops, buys and sells real estate in and around the Company's resort communities. Financial information by segment is presented in Note 10, Segment Information, of the Notes to the Consolidated Financial Statements included in Part II, Item 8 of this report.

Resort Segment

The Company's portfolio of resorts currently includes:

- Vail Mountain ("Vail")--the largest single ski mountain complex in North America, currently ranked the number one ski resort in North America by SKI magazine;

- Beaver Creek Resort ("Beaver Creek")--one of the world's premier family-oriented mountain resorts, currently ranked the number seven ski resort in North America by SKI magazine;

- Breckenridge Mountain ("Breckenridge")--an attractive destination resort with numerous apres-ski activities and an extensive bed base, currently ranked the number ten ski resort in North America by SKI magazine and the most popular ski resort in the U.S. for the past two years;

- Keystone Resort ("Keystone")--a year-round family vacation destination, currently ranked the number eight ski resort in North America by SKI magazine; and

- Grand Teton Lodge Company ("GTLC")--a summer destination resort with four resort properties in and around Grand Teton National Park.

Our resorts derive revenue through a comprehensive package of amenities available to guests, including lift ticket sales, ski and snowboard lesson packages, a large inventory of resort accommodations, retail and equipment rental outlets, a variety of dining venues, meeting and event planning services, private club operations, and other recreational activities such as golf, tennis, horseback riding, guided fishing, float trips, and on-mountain activities centers. In addition to providing extensive guest amenities, the Company also engages in commercial leasing of restaurant, retail and other commercial space, real estate brokerage services, and extensive licensing and sponsorship activities with other brand-name companies.

Vail, Beaver Creek, Breckenridge and Keystone, all located within Colorado, are year-round mountain resorts offering a full complement of on- and off-snow activities, including skiing, snowboarding, telemark skiing, skiboarding, snowshoeing, tubing, thrill sledding, mountain biking, golf, etc. GTLC is an exclusively summer destination resort with operations within Grand Teton National Park and a golf and tennis club outside the park.

There are over 800 ski areas in North America and over 500 in the United States, ranging from small ski area operations which service day skiers to large resorts which attract both day skiers and destination resort guests looking for a comprehensive vacation experience. Our ski resorts appeal to both day skiers and destination guests due to the resorts' proximity to Colorado's Front Range (Denver/Colorado Springs metropolitan areas), accessibility from Denver International Airport, Vail/Eagle County Airport and Colorado Springs Airport, and the wide range of amenities available at each resort. Colorado has approximately 27 ski areas, nine of which are classified as "Front Range Destination Resorts", catering to both the Front Range and destination skier markets; the Company's ski resorts account for approximately 69% of total Colorado skier days in the Front Range Destination Resort market.

The ski industry statistic for measuring performance is skier days, defined as one person using a ski area for all or any part of a day or night, and includes both paid and complimentary access. During the 1999-2000 ski season, combined skier days for all North American ski areas were approximately 69 million, US skier days approximated 52 million, and Colorado ski areas recorded approximately 11 million skier days. The Company's four ski resorts had 4.6 million total skier days during the 1999-2000 ski season, representing an approximate 42% share of Colorado skier days, an approximate 8.8% share of US skier days, and an approximate 6.6% share of the North American market. Skier days at the Company's four resorts declined 0.2% from the 1998-1999 season to the 1999-2000 season, which the Company attributes to the slow millennium period travel patterns across the U.S. travel industry, weak pre-Christmas activity and unfavorable weather early in the season.

The ski resort industry has undergone a period of consolidation in recent years, as the cost of capital improvements and infrastructure required to remain competitive has increased. Despite this consolidation, the industry remains highly fragmented, as no single resort operator accounted for more than 10% of the United States' 52 million skier days during the 1999-2000 season. However, we believe that the consolidation trend will continue, and as such we will continue to selectively review and pursue those acquisition opportunities which we believe will provide attractive investment returns.

The ski resort industry is highly competitive. The Company competes with other ski areas in Colorado, the United States, and worldwide, as well as other non-ski vacation destinations for guests. The Company's major US competitors include ski resorts in Utah, Lake Tahoe, New England and other major Colorado ski areas including the Aspen area resorts, Copper Mountain, Crested Butte, Steamboat Springs, Telluride and Winter Park. Ski resorts compete for skiers in a variety of categories, including terrain, challenge, grooming, service, lifts, accessibility, value, weather/snow and on- and off-mountain amenities. Our resorts consistently rank in the top 20 resorts in North America according to industry surveys.

Our ski resorts are highly competitive in all categories with respect to attracting day skiers and destination guests:

[X] We have some of the most expansive and varied terrain of any resort in North America--Vail alone offers over 5,200 skiable acres, and an additional 125 acres are scheduled to open in the 2000-01 ski season with the completion of the final phase of the Blue Sky Basin expansion in Vail's famous Back Bowls. Combined, our four ski resorts offer over 10,000 skiable acres, with substantial offerings for beginner, intermediate and advanced skiers.

[X] Our location in the Colorado Rocky Mountains provides average yearly snowfall of between 20 and 30 feet, which is significantly higher than the average for all ski resorts in the Rocky Mountains.

[X] Our resorts are proximate to both Denver International Airport and Vail/Eagle County Airport, providing ease of access for destination visitors; day skiers can access our resorts via a major interstate highway.

[X] We continue to invest in the latest technology in snowmaking systems, and we have one of the most extensive fleets of grooming equipment in the world.

[X] We systematically replace lifts and in the past several years we have installed 12 high-speed four-passenger chairlifts, a state-of-the-art gondola, and the United States' first double-loading high-speed six-passenger chairlift at Breckenridge. The Company's plans for the 2000-01 season include installation of a new high-speed six-passenger lift at Keystone and a new high-speed four-passenger lift at Vail.

[X] We provide a wide variety of quality dining venues both on- and off-mountain, ranging from top-rated fine dining establishments to trailside express food service outlets.

[X] Our nine hotels and inventory of over 2,000 managed properties across all four resorts provide accommodation options for all guests, from the budget-conscious traveler to families and those seeking a first-class vacation experience.

[X] We have the largest conference facilities in the Colorado Rocky Mountain region at Keystone, including a recently completed 49,000 square foot expansion.

- [X] We are an industry leader in providing on- and off-mountain amenities, including substantial full-service retail and equipment rental facilities, our Adventure Ridge and Adventure Point mountain-top activities centers, resort-wide charging, which enables guests to use a lift ticket product to make purchases at all resort facilities, and our private membership clubs.

- [X] Our innovative frequent guest programs and extensive array of lift ticket products at varied price points provide value to guests.

- [X] We are strongly committed to providing quality guest service, from our best-of-class ski and snowboarding schools, to our teams of on-mountain hosts and our new technology centers, where guests can try the latest technical innovations in equipment.

- [X] We are actively upgrading and expanding available services and amenities through our real estate development activities. Current projects include a major development project at Keystone, a recently announced master plan proposal for Breckenridge Village development, ongoing planning for redevelopment of the Lionshead base village at Vail as well as a proposal for redevelopment of land holdings in Vail Village. In addition, construction has begun on The Ritz Carlton, Bachelor Gulch, and we have begun construction of Red Sky Ranch, a golf community near Beaver Creek that is planned to include two 18-hole golf courses. Note that a variety of necessary approvals have been or still must be obtained for these projects before we proceed with our plans.

We promote our resorts through an extensive marketing and sales program, which includes direct print media advertising in ski industry and lifestyle publications, direct marketing to a targeted audience, promotional programs, loyalty programs which reward frequent guests, and sales and marketing directed at attracting groups, corporate meetings, and convention business. Additionally, we market directly to many of our guests through our websites, which provide visitors with information regarding each of our resorts, including services and amenities, reservations information and virtual tours (nothing contained on the websites shall be deemed incorporated herein). We continue to enhance our website and Internet capabilities, which will provide the opportunity to improve our overall guest experience and more successfully market our resorts as use of the Internet grows as a vacation planning tool.

Ski resort operations are highly seasonal in nature, with a typical ski season beginning in late October and running through early May. In an effort to counter-balance the concentration of revenues in the winter months, we offer many non-ski season attractions, such as golf, tennis, guided fishing, and float trips. In addition, we have established ourselves as a leader in the growing sport of mountain biking; Vail will host the 2001 World Mountain Biking Championships.

In addition to summer operations at our ski resorts, we own and operate GTLC, our first resort with an exclusively summer operating season. GTLC is based in the Jackson Hole Valley in Wyoming and operates within Grand Teton National Park under a concessionaire contract with the National Park Service. GTLC also owns and operates Jackson Hole Golf & Tennis Club, which is located outside of the park. GTLC's properties have operating seasons that generally run from mid-May to mid-October; operations are closed during the winter months due to lack of facility winterization features.

There are over 375 areas within the National Park System covering more than 83.6 million acres across the United States and its territories. Of the over 375 areas, approximately 55 are classified as National Parks. There are more than 500 National Park Service concessionaires, ranging from small privately held businesses to large corporate conglomerates. The National Park Service uses "recreation visits" to measure visitations within the National Park System. In 1999, areas designated as National Parks received over 64 million recreation visits. Grand Teton National Park, which spans approximately 310,000 acres, had 2.7 million recreation visits during 1999, or 4% of total National Park recreation visits. Four concessionaires provide accommodations within the park, including GTLC. GTLC offers three lodging options within the National Park: Jackson Lake Lodge, a full-service 385-room resort with conference facilities which can accommodate up to 650 people, the Jenny Lake Lodge, a small, rustically elegant retreat with 37 cabins, and Colter Bay Village, a family-oriented facility with 166 log cabins, tent cabins, and a 112-space RV park. GTLC offers dining options as extensive as its lodging options, with cafeterias, casual eateries, and fine-dining establishments. GTLC's resorts provide a wide array of activities for guests to enjoy, including cruises on Jackson Lake, boat rentals, horseback riding, guided fishing, float trips, golf and guided park tours. Because of the extensive amenities offered as well as the tremendous popularity of the National Park System, GTLC's resorts within Grand Teton National Park operate near full capacity during the operating season.

Jackson Hole Golf & Tennis Club is open to both members and non-members. The 18-hole golf course, designed by Robert Trent Jones, Jr., is rated number one in the state by Golf Digest magazine. There are less than 50 golf courses in the state of Wyoming, and only two in the Jackson Hole area. In addition, the tennis facility offers six Plexicushion courts.

Real Estate Segment

The Company has extensive holdings of real property at our resorts throughout Summit and Eagle Counties in Colorado and in the Jackson Hole Valley in Wyoming. Our real estate operations include the planning, oversight, marketing, infrastructure improvement and development of the Company's real property holdings. In addition to the substantial cash flow generated from real estate sales, these development activities benefit the Company's resort operations through (1) the creation of additional resort lodging which is available to our guests, (2) the ability to control the architectural theming of our resorts, (3) the creation of unique facilities and venues (primarily restaurant and retail operations) which provide us with the opportunity to create new sources of recurring revenue and (4) the expansion of our property management and brokerage operations, which are the preferred providers of these services for all developments on our land.

In order to facilitate the development and sale of our real estate holdings, Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary of the Company, also invests in mountain improvements, such as ski lifts, snowmaking equipment and trail construction. While these mountain improvements enhance the value of the real estate held for sale (for example, by providing ski-in/ski-out accessibility), they also benefit resort operations. In most cases, VRDC seeks to minimize our exposure to development risks and maximize the long-term value of our real property holdings by selling developed and entitled land to third party developers for cash payments prior to the commencement of construction, while retaining approval of the development plans as well as an interest in the developer's profit. We also typically retain the option to purchase at cost any retail/commercial space created in a development. We are able to secure these benefits from third-party developers because of the high property values and strong demand associated with property in close proximity to our mountain resort facilities.

VRDC's principal activities include (1) the sale of single-family homesites to individual purchasers, (2) the sale of certain land parcels to third-party developers for condominium, townhome, cluster home, lodge and mixed use developments, (3) the zoning, planning and marketing of new resort communities (such as Beaver Creek, Bachelor Gulch Village and Arrowhead), (4) arranging for the construction of the necessary roads, utilities and mountain infrastructure for new resort communities, (5) the development of certain mixed-use condominium projects which are integral to resort operations (such as properties located at a main base facility) and (6) the purchase of selected strategic land parcels, which we believe can augment our existing land holdings or resort operations.

Our current development activities are focused on (1) the completion of three of our resort communities, Beaver Creek, Bachelor Gulch Village and Arrowhead, (2) preparing for the redevelopment of the Lionshead base area and other land holdings located within the town of Vail, (3) preparing for the development of our real estate holdings in the Town of Breckenridge, (4) participation with our joint venture partner in the development of our base area land holdings at Keystone, (5) the planning of our real estate holdings in and around Avon and at the entrance to Beaver Creek, (6) planning for development of our land holdings in the Jackson Hole Valley, and (7) construction of our Red Sky Ranch golf course development at Wolcott.

Employees

We currently employ approximately 6,200 year-round and 7,000 seasonal employees. Approximately 1% of the seasonal employees are unionized. We consider our employee relations to be good.

Regulation and Legislation

We have been granted the right to use federal land as the site for ski lifts and trails and related activities, under the terms of permits with the United States Forest Service. The Forest Service has the right to review and approve the location, design and construction of improvements in the permit area and many operational matters. While virtually all of the skiable terrain on Vail Mountain, Breckenridge, and Keystone is located on Forest Service land, a significant portion of the skiable terrain on Beaver Creek Mountain, primarily in the Bachelor Gulch and Arrowhead Mountain areas, is located on Company-owned land.

After conclusion in the fall of 1999 of protracted litigation initiated by opponents of the Blue Sky Basin expansion, which failed to overturn Forest Service approval of infrastructure development of bowl skiing terrain in Blue Sky Basin, the Company opened 520 acres of Blue Sky Basin in January 2000, for the 1999-2000 ski season. We plan on opening the remaining 125 skiable acres of the approved expansion at the beginning of the 2000-01 ski season.

In July 1999, the U.S. Army Corps of Engineers alleged that certain road construction which we undertook as part of the Blue Sky Basin expansion involved discharges of fill material into wetlands in violation of the Clean Water Act. A subsequent review confirmed that the wetland impact involved approximately seven-tenths of one acre. In August 1999, three organizations and one individual collectively notified us and the federal agencies that if the alleged violations were not remedied within 60 days, they intended to file a citizen enforcement action under the Clean Water Act. No action has been filed as of the date of this Form 10-K. Under the Clean Water Act, unauthorized discharges of fill can give rise to administrative, civil and criminal enforcement actions seeking monetary penalties and injunctive relief, including removal of the unauthorized fill. In October 1999, the Environmental Protection Agency, the lead enforcement agency in this matter, ordered us to stabilize the road temporarily and restore the wetland in the summer of 2000. (EPA - Region VIII, Docket No. CWA-8-2000-01). We completed the restoration work on the wetland impact this summer, pursuant to our restoration plan approved by the EPA. The EPA is considering enforcement action, and although we cannot guarantee a particular result, we do not anticipate that a material fine will be levied.

In August 1998, we received the approval of the Forest Service to develop a chairlift, other skier facilities and associated skiing terrain on Peak 7 and a teaching chairlift, two new ski trails and additional snowmaking on Peak 9, all located at Breckenridge. As part of that process, certain federal agencies expressed concern about the analysis of potential future development on private land that the Company owns at the base of Peak 7. In response to an administrative appeal of the Forest Service approval decision by certain individuals and groups, the Regional Forester upheld the approval of the Peak 7 and 9 projects in November 1998. The Forest Service subsequently reviewed our proposed changes to develop gondola access to the Peak 7 base area and to move the lower terminal of the lift servicing the terrain and base area from public lands to private land owned by the Company. Based on an interdisciplinary review of the proposed changes, the Forest Service determined in September 2000 that the new information and changes to the proposal did not require an update or revision of the 1998 E.A. or decision notice. We have applied to the U.S. Army Corps of Engineers for a wetlands permit for the Peak 7 improvements. The Army Corps is considering the development of the base facilities on private land and the ski area improvements on public land as combined actions and is processing one permit for the combined projects. The Corps of Engineers has not yet issued a final decision on this permit. Preliminary construction of a portion of the Peak 7 access road began in September 2000, pursuant to Forest Service authorization. Also in September 2000, we submitted to the Town of Breckenridge a revised master plan development application for the private land development at the base of Peaks 7 and 8.

We have also sought approval from the Forest Service and other agencies to develop chairlifts, associated skiing terrain, and snowmaking in Jones Gulch, which is located within the current Keystone permit area. The Forest Service has advised us that this development will be the subject of an environmental impact statement, and work on this statement is currently underway. Other agencies will conduct related reviews. The initial issues include the potential effect of the expansion on wildlife and wetlands, and it is possible that the future resolution of these issues could affect whether, in what form, and under what conditions the project is approved. In December 1998, the Corps of Engineers notified Keystone that it had preliminarily determined that the wetlands permit for Keystone's snowmaking diversion limits such diversions to 550 acre-feet annually. We requested that the permit be modified to allow Keystone to withdraw up to 1,350 acre-feet annually for snowmaking and in April 2000, the Corps of

Engineers approved our request, subject to certain conditions which we believe can be satisfied. In March 2000, we announced that Keystone and the Forest Service would conduct a joint water quality study of the water used by Keystone for snowmaking. We believe that Keystone is in compliance with state regulations, but have agreed not to expand snowmaking on the Forest Service land at Keystone until completion of the study, expected sometime in the fall of 2000.

In the spring of 2000, the Company submitted a proposal to the U.S. Forest Service concerning additional snowmaking at Vail Mountain and race facility expansion at Golden Peak. The proposal is in the initial stages of the environmental analysis and approval process, which is expected to take a year or more. In addition, the Company submitted a separate proposal to the U.S. Forest Service concerning a proposed Beaver Creek gondola, a portion of which would cross public lands on Beaver Creek Mountain within our existing permit boundaries. The Forest Service has advised us that it intends to defer commencement of its analysis and decision making relating to the public lands issues related to the gondola proposal until completion of the Forest Service revision of the White River Forest Plan, expected sometime next year.

Our resort operations require permits and approvals from certain federal, state, and local authorities, in addition to the Forest Service and Corps of Engineers approvals discussed above. In particular, our operations are subject to environmental laws and regulations, and compliance with such laws and regulations may require expenditures or require modifications of our development plans and operations in a manner that could have a detrimental effect on us. There can be no assurance that new applications of existing laws, regulations, and policies, or changes in such laws, regulations, and policies, will not occur in a manner that could have a detrimental effect to us, or that material permits, licenses, or approvals will not be terminated, non-renewed or renewed on terms or interpreted in ways that are materially less favorable to us. Although we believe that we will be successful in implementing our development plans and operations in ways satisfactory to us, no assurance can be given that any particular permits and approvals will be obtained or upheld on judicial review.

The permits originally granted by the Forest Service were (1) Term Special Use Permits granted for 30-year terms, but which may be terminated upon 30 days written notice by the Forest Service if it determines that the public interest requires such termination, and (2) Special Use Permits that are terminable at will by the Forest Service. In November 1986, a new law was enacted providing that Term Special Use Permits and Special Use Permits may be combined into a unified single Term Special Use Permit that can be issued for up to 40 years. Vail Mountain operates under a unified permit for the use of 12,950 acres that expires October 31, 2031. Breckenridge operates under a Term Special Use Permit for the use of 3,156 acres that expires on December 31, 2029. Keystone operates under a Term Special Use Permit for the use of 5,571 acres that expires on December 31, 2032. After combining two prior permits covering the Beaver Creek property, the Beaver Creek Mountain Resort now operates under a Term Special Use Permit for the use of 2,695 acres that expires on December 31, 2038. The Forest Service can terminate most of these permits if it determines that termination is required in the public interest. However, to our knowledge, no recreational Special Use Permit or Term Special Use Permit for any major ski resort then in operation has ever been terminated by the Forest Service over the opposition of the permitee.

For use of our permits, we pay a fee to the Forest Service ranging from 1.5% to 4.25% of sales occurring on Forest Service land. Included in the calculation are sales from, among other things, lift tickets, ski school lessons, food and beverages, rental equipment and retail merchandise sales.

GTLC operates three resort properties within Grand Teton National Park under a concession contract with the National Park Service. The concession contract expires at the end of 2002, at which time the contract renewal will be subject to a competitive bidding process under the final rules promulgated earlier this year to implement the concession provisions of the National Park Omnibus Management Act of 1998. The renewal provision of the new regulation is less favorable to the existing concessionaire than the comparable provision under the old regulation. These final rules are expected to be challenged in lawsuits filed recently by or on behalf of one or more existing concessionaire(s). The Company will consider whether it will intervene or otherwise participate in legal proceedings challenging application or interpretation of certain of the rules to GTLC's concession contract. Although we cannot predict or guarantee the outcome of the rules or our prospects for renewal, we currently anticipate we will be well positioned to obtain the renewal of the contract on satisfactory terms. Under the final rules, should we not receive the renewal of the concession contract, we would be compensated for the value of our "possessory interest" in the assets of the three resort properties operated under the concession contract, which is generally defined as the reconstruction cost of such assets less depreciation.

ITEM 2. PROPERTIES.

The following table sets forth the principal properties owned or leased by the Company (all properties are used in the Resort segment, except where the use indicated is "real estate held for sale or development", which is used in the Real Estate segment):

Location	Ownership	Use
Vail Mountain (12,590 acres)	Term Special Use Permit	Ski trails
Vail Mountain	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space
The Lodge at Vail	Owned	Lodging, dining and conference facilities, real estate held for sale or development
Breckenridge Mountain (3,156 acres)	Term Special Use Permit	Ski trails
Breckenridge Mountain	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space, real estate held for sale or development
Village at Breckenridge	Owned	Lodging, dining, conference facilities and commercial space
Great Divide Lodge	Owned	Lodging, dining and conference facilities
Keystone Mountain (5,571 acres)	Term Special Use Permit	Ski trails
Keystone Mountain	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space
Keystone Resort	Owned	Resort operations, dining, commercial space, conference facilities, real estate held for sale or development
Keystone Lodge	Owned	Lodging and resort operations
Keystone Ranch	Owned	Golf course and restaurant facilities
Inn at Keystone	Owned	Lodging, dining and conference facilities
Keystone Conference Center	Owned	Conference facility
Beaver Creek Mountain (2,695 acres)	Term Special Use Permit	Ski trails
Beaver Creek Mountain	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space, real estate held for sale or development
Beaver Creek Resort	Owned	Golf course, commercial space, employee housing and residential spaces
Arrowhead Mountain	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space, real estate held for sale or development
Bachelor Gulch Village	Owned	Ski resort operations, including ski lifts, buildings and other improvements, commercial space, real estate held for sale or development
Seasons at Avon	Leased	Corporate offices
Avon	Owned	Real estate held for sale or development
Avon	Owned	Warehouse and commercial facility
Jenny Lake Lodge	Concessionaire contract	Lodging and resort operations, dining
Jackson Lake Lodge	Concessionaire contract	Lodging and resort operations, dining, conference facilities
Colter Bay Village	Concessionaire contract	Lodging and resort operations, dining
Jackson Hole Golf and Tennis Club	Owned	Lodging, golf course, tennis facilities, dining, conference facilities, real estate held for sale or development
River Course at Keystone	Owned	Golf course and club
Red Sky Ranch	Owned	Golf course under construction and real estate held for sale and development

The Vail Mountain and Beaver Creek Mountain Forest Service Permits are encumbered as security under the Eagle County Industrial Development Bonds.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage and accrued loss contingencies for all matters and that, although the ultimate outcome of such claims cannot be ascertained, current pending and threatened claims are not expected to have a material adverse impact on the financial position, results of operations and cash flows of the Company.

In late July 1999, the U.S. Army Corps of Engineers alleged that certain road construction we undertook as part of the Blue Sky Basin expansion involved discharges of fill material into wetlands in violation of the Clean Water Act. A subsequent review confirmed that the wetland impact involved approximately seven-tenths of one acre. In August 1999, three organizations and one individual collectively notified us and the federal agencies that if the alleged violations are not remedied within 60 days, they intended to file a citizen enforcement action under the Clean Water Act. No action has been filed as of the date of this Form 10-K. Under the Clean Water Act, unauthorized discharges of fill can give rise to administrative, civil and criminal enforcement actions seeking monetary penalties and injunctive relief, including removal of the unauthorized fill. In October 1999, the Environmental Protection Agency, the lead enforcement agency in this matter, ordered us to stabilize the road temporarily and restore the wetland in the summer of 2000. (EPA - Region VIII, Docket No. CWA-8-2000-01). We completed the restoration work on the wetland impact this summer, pursuant to our restoration plan approved by the EPA. The EPA is considering enforcement action, and although we cannot guarantee a particular result, we do not anticipate that a material fine will be levied.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is traded on the New York Stock Exchange under the symbol "MTN". The Company's Class A Common Stock is not listed on any exchange and is not publicly traded. Class A Common Stock is convertible into Common Stock. As of October 16, 2000, 34,903,251 shares of common stock were issued and outstanding, of which 7,439,834 shares were Class A Common Stock held by approximately three holders and 27,463,417 shares were Common Stock held by approximately 4,500 holders.

Other than a rights distribution in October 1996 which gave each stockholder of record the right to receive $2.44 per share of Common Stock held, the Company has never paid or declared a cash dividend on its Common Stock or Class A Common Stock. The declaration of cash dividends in the future will depend on the Company's earnings, financial condition and capital needs and on other factors deemed relevant by the Board of Directors at that time. It is the current policy of the Company's Board of Directors to retain earnings to finance the operations and expansion of the Company's business, and the Company does not anticipate paying any cash dividends on its shares of Common Stock or Class A Common Stock in the foreseeable future.

The following table sets forth, for the fiscal years ended July 31, 2000 and 1999, and quarters indicated (ended October 31, January 31, April 30, and July 31) the range of high and low per share sale prices of Vail Resorts, Inc. Common Stock as reported on the New York Stock Exchange Composite Tape.

	Vail Resorts Common Stock	
	High	Low
Year Ended July 31, 2000		
1/st/ Quarter	$ 23 1/2	$ 17 1/16
2/nd/ Quarter	23 1/8	15 1/16
3/rd/ Quarter	19 5/8	14 3/4
4/th/ Quarter	18 3/8	15 1/8
Year Ended July 31, 1999		
1/st/ Quarter	28 5/8	16
2/nd/ Quarter	26 3/4	20
3/rd/ Quarter	20 9/16	14 5/16
4/th/ Quarter	20 3/4	18

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected historical consolidated financial data of the Company for the periods indicated. The financial data for the fiscal years ended July 31, 2000 and 1999, the ten-month fiscal period ended July 31, 1998 and fiscal years ended September 30, 1996 and 1997 are derived from the consolidated financial statements of the Company, which have been audited by Arthur Andersen LLP, independent accountants, and should be read in conjunction with those statements and related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations". The unaudited pro forma financial data for the twelve months ended July 31, 1997 and 1998 are restated to reflect the Company's change in fiscal year and assume that the acquisition of Breckenridge and Keystone and the Company's initial public offering occurred on August 1, 1996, rather than the actual January 3, 1997 acquisition date and February 4, 1997 initial public offering date. In addition, the unaudited pro forma financial data below exclude the operations of the Arapahoe Basin resort, which the Company divested pursuant to a consent decree with the U.S. Department of Justice. The pro forma results are not necessarily indicative of the results that would have been achieved nor are they necessarily indicative of future results of operations. The data presented below are in thousands, except per share amounts.

	Fiscal Year Ended July 31,		Ten-Month Fiscal Period Ended July 31,	Pro Forma Twelve Months Ended July 31,		Fiscal Year Ended September 30,	
	2000	1999	1998	1998	1997/(2)/	1997/(1)/	1996/(3)/
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)	(audited)	(audited)
Statement of Operations Data:							
Revenue:							
Resort......................	$ 501,375	$ 431,788	$ 336,547	$ 350,498	$ 292,127	$ 259,038	$ 140,288
Real estate.................	51,684	43,912	73,722	84,177	74,356	71,485	48,655
Total revenue............	553,059	475,700	410,269	434,675	366,483	330,523	188,943
Operating expenses:							
Resort......................	388,313	345,687	222,201	244,432	204,724	177,378	102,588
Real estate.................	42,066	34,386	62,619	74,057	64,646	66,307	40,801
Depreciation and amortization...............	61,435	53,256	36,838	42,965	37,997	34,044	18,148
Total operating expenses..	491,814	433,329	321,658	361,454	307,367	277,729	161,537
Income from operations..........	61,245	42,371	88,611	73,221	59,116	52,794	27,406
Net income......................	15,338	12,791	41,018	30,073	25,966	19,698	4,735
Diluted net income per common share.......................	$ 0.44	$ 0.37	$ 1.18	$ 0.87	$ 0.75	$ 0.64	$ 0.22
Other Data:							
Resort							
Resort EBITDA/(3)/(4)/......	$ 113,062	$ 86,101	$ 114,346	$ 106,066	$ 87,403	$ 81,660	$ 46,200
Resort EBITDA margin........	22.6%	19.9%	34.0%	30.3%	29.9%	31.5%	32.9%
Skier days/(5)/.............	4,595	4,606	4,717	4,717	4,890	4,273	2,228
Resort revenue per skier day/(8)/...................	$ 102.76	$ 91.16	$ 71.35	$ 74.31	$ 59.74	$ 60.62	$ 62.97
Real Estate							
Real estate operating income/(6)/.................	9,618	9,526	11,103	10,120	9,710	5,178	7,854
Real estate held for sale and investment/(7)/.......	147,172	152,508	138,916	138,916	155,672	154,925	84,055
Balance Sheet Data							
Total assets................	1,127,818	1,089,239	912,122	912,122	814,816	855,949	422,612
Long-term debt (including current maturities).......	394,235	398,186	284,014	284,014	236,347	265,062	144,750
Stockholders' equity........	$ 493,755	$ 476,775	$ 462,624	$ 462,624	$ 417,187	$ 405,666	$ 123,907

(footnotes appear on following page)

Footnotes to Selected Financial Data:

(1) The financial data for the year ended September 30, 1997 includes the results of operations of Keystone and Breckenridge for the 270-day period from January 4, 1997 to September 30, 1997.

(2) Pro forma twelve months ended July 31, 1997 results are presented excluding a pre-tax $2.2 million reorganization charge and an $8.5 million one-time non-recurring charge to resort operating expense.

(3) For the year ended September 30, 1996, resort operating expense included the following non-recurring charges: (i) $4.5 million related to a rights distribution to option holders, (ii) $1.9 million of compensation expense related to the exercise of certain options held by the Company's former Chairman and Chief Executive Officer and (iii) $2.1 million related to the termination of an employment agreement with the Company's former Chairman and Chief Executive Officer. These non-recurring charges are excluded from the calculation of Resort EBITDA for this period.

(4) Resort EBITDA (earnings before interest expense, income tax expense, depreciation and amortization) is defined as revenues from resort operations less resort operating expenses. Resort EBITDA is not a term that has an established meaning under generally accepted accounting principles ("GAAP"), and it may not be comparable to similarly titled measures reported by other companies. The information concerning Resort EBITDA is included because the Company believes it is an indicative measure of a resort company's operating performance and is generally used by investors to evaluate companies in the resort industry. Resort EBITDA does not purport to represent cash provided by operating activities, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. For information regarding our historical cash flows from operating, investing and financing activities, see our Consolidated Financial Statements included elsewhere in this Form 10-K.

(5) A skier day represents one guest accessing a ski mountain on any one day and includes guests using complimentary tickets and ski passes.

(6) Real estate operating income is defined as revenue from real estate operations less real estate costs and expenses, which include selling and holding costs, operating expenses, and an allocation of the land, infrastructure, mountain improvement and other costs relating to property sold. Real estate costs and expenses exclude charges for depreciation and amortization, as the Company has determined that the portion of those expenses allocable to real estate are not significant.

(7) Real estate held for sale and investment includes all land, development costs and other improvements associated with real estate held for sale and investment, as well as investment in real estate joint ventures.

(8) Resort revenue per skier day excludes revenue generated by Grand Teton Lodge Company in the calculation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following is an analysis of the Company's results of operations, liquidity and capital resources and should be read in conjunction with the Consolidated Financial Statements included in this Form 10-K. To the extent that the following Management's Discussion and Analysis contains statements which are not of a historical nature, such statements are forward-looking statements, which involve risks and uncertainties. These risks include, but are not limited to, changes in the competitive environment of the ski and resort industries, general business and economic conditions, the weather and other factors discussed elsewhere herein and in the Company's filings with the Securities and Exchange Commission.

On September 1, 1997, the Company changed its fiscal year end from September 30 to July 31. Accordingly, the 1998 fiscal period ended on July 31, 1998 and consisted of ten months. This Management's Discussion and Analysis discusses the following comparisons between the following periods:

[X] fiscal year ended July 31, 2000 versus fiscal year ended July 31, 1999,

[X] fiscal year ended July 31, 1999 versus pro forma twelve months ended July 31, 1998, and

[X] fiscal year ended July 31, 1999 versus fiscal ten months ended July 31, 1998.

The pro forma twelve months ended July 31, 1998 reflects the Company's change in fiscal year end and excludes the results of Arapahoe Basin and is presented to compare year to date results for the new fiscal year.

Results of Operations

Fiscal Year Ended July 31, 2000 versus Fiscal Year Ended July 31, 1999 (dollars in thousands, except ETP amounts)

	Fiscal Year Ended July 31, 2000	Fiscal Year Ended July 31, 1999	Increase	Percentage Increase
	(audited)			
Resort Revenue....................	$ 501,375	$ 431,788	$ 69,587	16.1%
Resort Operating Expense..........	388,313	345,687	42,626	12.3%

Resort Revenue. Resort Revenue for the fiscal years ended July 31, 2000 and 1999 is presented by category as follows:

	Fiscal Year Ended July 31, 2000	Fiscal Year Ended July 31, 1999	Increase (Decrease)	Percentage Increase (Decrease)
		(unaudited)		
Lift Tickets.....................	$ 143,547	$ 138,536	$ 5,011	3.6%
Ski School.......................	39,898	37,986	1,912	5.0%
Dining...........................	72,120	62,382	9,738	15.6%
Retail/Rental....................	86,734	77,793	8,941	11.5%
Hospitality......................	75,253	65,839	9,414	14.3%
Other............................	83,823	49,252	34,571	70.2%
Total Resort Revenue.............	$ 501,375	$ 431,788	$ 69,587	16.1%
Total Skier Days.................	4,595	4,606	(11)	(0.2%)
ETP..............................	$ 31.24	$ 30.08	$ 1.16	3.9%

Lift ticket revenue increased due to a 3.9% increase in ETP (effective ticket price, "ETP", is defined as total lift ticket revenue divided by total skier days). The increase in ETP is primarily attributable to increased ticket sales during peak-pricing periods during the third quarter due to increased visitation, an increase in lead ticket prices at Keystone and Breckenridge along with a higher sales price on the Company's Buddy Pass season pass product, a discounted season pass product for Keystone and Breckenridge Mountains. The increase in ETP from these factors was offset slightly by a downturn in the percentage of destination and international guests, who tend to generate higher ETP than local and Front Range skiers. Skier days were impacted by the slow millennium period travel patterns across the U.S. travel industry, weak pre-Christmas activity and unfavorable weather early in the second quarter.

Ski School revenue increased due to a favorable shift in the skier demographic, which resulted in increased participation by a higher percentage of the Company's ski resort guests. In addition, the favorable demographic drove an increase in private lesson sales versus group lessons as well as increased enrollment in children's ski school programs.

The increase in dining revenue is primarily a result of the addition of eight dining operations with the acquisition of GTLC on June 14, 1999. The re-opening of Two Elk Lodge on Vail Mountain in December 1999, a strong operating season for GTLC, and successful repositioning of one of the Company's fine dining restaurants also contributed to the increased revenues. In addition, a dining joint venture which had previously been accounted for under the equity method is now being fully consolidated due to the Company's increased investment in the joint venture.

Retail/rental revenue increased due primarily to a strong operating season for GTLC and the inclusion of a full fiscal year's results for GTLC compared to only two months in fiscal 1999. The Company's retail/rental outlets operated by SSI Venture LLC ("SSV"), a 51.9%-owned fully consolidated retail/rental joint venture, also experienced increased revenue over fiscal 1999.

Hospitality revenue increased primarily as a result of a full fiscal year's results included for GTLC and higher occupancy rates at GTLC during the current operating season. In addition, the Great Divide Lodge at Breckenridge saw increased occupancy during fiscal 2000 due to extensive renovations to the hotel in fiscal 1999 and increased conference room nights due to focused sales efforts.

The increase in other revenue is primarily attributable to the estimated net insurance claim from the Company's Reduced Skier Day Insurance Policy along with the final settlement of the business interruption claim from the Vail fires (see Note 9, Part II, Item 8 of this Form 10-K). Other revenue also increased as a result of the increase in commercial leasing revenue, the inclusion of revenue related to the Internet Service Provider and web site development company purchased in November 1999 and GTLC's revenues for a full fiscal year, the openings of the River Course at Keystone and the Bachelor Gulch Club, and an increase in municipal support operations at Beaver Creek and Keystone, licensing and sponsorships, and brokerage operations.

Resort Operating Expense. Resort operating expense for the year ended July 31, 2000 was $388.3 million, an increase of $42.6 million, or 12.3%, compared to the year ended July 31, 1999. The increase in resort operating expense is commensurate with the increase in revenue over fiscal 1999. In addition, the Company accelerated implementation of marketing and technology strategies for the fiscal 2001 ski season into the fourth quarter of fiscal 2000 and employee benefits expenses rose due to the increasing costs of medical care and management bonuses payable under the Company's long term incentive plan. A portion of the increase can also be attributed to the increased variable expenses associated with the increased level of resort revenue derived from lower-margin 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 a successful cost management program that was implemented at all levels of the Company's operations throughout the fiscal year.

Real Estate Revenue. Revenue from real estate operations for the year ended July 31, 2000 was $51.7 million, an increase of $7.8 million, or 17.7%, compared to the year ended July 31, 1999. Revenue for fiscal 2000 consisted primarily of the sale of 17 Arrowhead Alpine Club residential condominiums, one residential condominium each in

Beaver Creek and Arrowhead Villages, the sale of seven development sites in Bachelor Gulch, the sale of three development sites in Arrowhead, the sale of one development site in Avon, and the profit share from the Company's investment in Keystone/Intrawest LLC (the "Keystone JV"). Profits generated by the Keystone JV during fiscal 2000 included the sale of 113 village condominium units at the River Run development, and seven single-family homesites surrounding the 18-hole River Course. Real estate revenue for fiscal 1999 consisted primarily of the sale of the Bell Tower Mall, one luxury residential penthouse condominium at the Lodge at Vail, the sale of three development sites at Arrowhead, the sale of two single-family homesites and four multi-family homesites at Bachelor Gulch, and our investment in the Keystone JV. Profits generated by the Keystone JV during fiscal 1999 included the sale of 195 village condominium units, primarily at the River Run development, and 60 single-family homesites surrounding the River Course golf course.

Real Estate Operating Expense. Real estate operating expense for the year ended July 31, 2000 was $42.1 million, an increase of $7.7 million, or 22.3%, compared to the year ended July 31, 1999. Real estate operating expense consisted primarily of the cost of sales and related real estate commissions associated with the real estate sales detailed above for both fiscal 2000 and 1999. Profits generated by the Keystone JV are recorded using the equity method; therefore there are no operating expenses associated with this joint venture. Real estate operating expense also includes the selling, general and administrative expenses associated with the Company's real estate operations.

Depreciation and Amortization. Depreciation and amortization expense increased by $8.2 million, or 15.4%, for the year ended July 31, 2000 as compared to the year ended July 31, 1999. The increase was primarily attributable to an increased fixed asset base due to the acquisition of GTLC and fiscal 2000 capital improvements.

Interest expense. During the years ended July 31, 2000 and 1999 we recorded interest expense of $35.1 million and $25.1 million, respectively, relating primarily to our Credit Facility, the Industrial Development Bonds and the senior subordinated debt issued in May 1999. The increase in interest expense for the year ended July 31, 2000 compared to the year ended July 31, 1999 is attributable to the outstanding senior subordinated notes issued in May 1999, partially offset by a reduction in the balance outstanding on the Credit Facility.

Fiscal Year Ended July 31, 1999 versus Pro Forma Twelve Months Ended July 31, 1998 (dollars in thousands except ETP amounts)

The unaudited pro forma results of operations for the twelve months ended July 31, 1998 give effect to the Company's change in fiscal year end and exclude the results of Arapahoe Basin, which the Company divested in September 1997.

	Year Ended July 31, 1999	Pro Forma Twelve Months Ended July 31, 1998	Increase	Percentage Increase
	(audited)	(unaudited)		
Resort Revenue....................	$ 431,788	$ 350,498	$ 81,290	23.2%
Resort Operating Expense..........	345,687	244,432	101,255	41.4%

Resort Revenue. Resort Revenue for the fiscal year ended July 31, 1999 and the pro forma twelve months ended July 31, 1998 is presented by category as follows:

	Year Ended July 31, 1999	Pro Forma Twelve Months Ended July 31, 1998	Increase (Decrease)	Percentage Increase (Decrease)
		(unaudited)		
Lift Tickets	$ 138,536	$ 147,128	$ (8,592)	(5.8)%
Ski School	37,986	38,647	(661)	(1.7)%
Dining	62,382	52,371	10,011	19.1%
Retail/Rental	77,793	20,799	56,994	274.0%
Hospitality	65,839	47,128	18,711	39.7%
Other	49,252	44,425	4,827	10.9%
Total Resort Revenue	$ 431,788	$ 350,498	$ 81,290	23.2%
Total Skier Days	4,606	4,717	(111)	(2.4)%
ETP	$ 30.08	$ 31.19	$ (1.11)	(3.6)%

Lift ticket revenue decreased due to a 2.4% decrease in total skier days as well as a 3.6% decrease in ETP. Management 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 adverse 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 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 four-person season pass for Keystone and Breckvgridge, which accounted for a significant portion of local and Front Range skier days.

Ski School revenue decreased due to the overall decline in skier days as well as the shift in the proportion of total skier days from destination guests to local and Front Range skiers. Local and Front Range skiers are less likely to purchase lessons than destination skiers are. The decline in revenue from the drop in skier days was partially offset by price increases as well as an increase in the percentage of higher-priced packages sold.

The increase in dining revenue is primarily a result of the addition of new dining facilities through acquisition and new construction, coupled with modest growth at existing facilities. The Company opened TenMile Station, the first new on-mountain restaurant at Breckenridge in over 10 years, during the 1998-1999 ski season. The acquisitions of Village at Breckenridge ("VAB") and GTLC in fiscal 1999 each added eight dining facilities. In addition, the results of the four dining operations added through acquisition in fiscal 1998 are reflected for the full fiscal period in fiscal 1999, as opposed to the truncated period reflected during the acquisition year.

Retail/rental revenue increased significantly due to the Company's retail/rental joint venture (SSV), which increased the total number of retail/rental outlets from approximately 40 in fiscal 1998 to approximately 80 in fiscal 1999. Specialty Sports, Inc., the Company's partner in the joint venture, is one of the largest retailers of ski- and golf-related sporting goods in Colorado, and contributed approximately 30 retail and rental outlets to the joint venture.

Hospitality revenue increased as a result of strong performance from existing operations, achieved through effective yield management and growth of the managed property inventory. The acquisitions of VAB and GTLC in fiscal 1999 also contributed significantly. In addition to adding lodging capacity, VAB also added property management operations and a vacation services operation/travel agency. The Company also received the benefit of a full fiscal year's revenues from its fiscal 1998 hotel acquisitions, rather than the truncated period from the acquisition date, which also contributed to the increase.

The increase in other revenue is a result of the increased popularity of summer mountain activities, including the Alpine Slide at Breckenridge mountain, as well as 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. The acquisitions of VAB and GTLC also significantly contributed to other revenue through recreation and special events.

Resort Operating Expense. Resort operating expense for the year ended July 31, 1999 was $345.7 million, an increase of $101.3 million, or 41.4%, compared to the twelve months ended July 31, 1998. The increase in resort operating expense is primarily attributable to the incremental operating expenses contributed by VAB, SSV and GTLC. In addition, operating expenses of the Company's fiscal 1998 acquisitions are reflected for the full fiscal year 1999, as opposed to the truncated period from the date of acquisition for the twelve months ended July 31, 1998. 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 have been partially offset by cost saving measures that have been implemented at all levels of our operations throughout the fiscal year.

Real Estate Revenue. Revenue from real estate operations for the year ended July 31, 1999 was $43.9 million, a decrease of $40.3 million, or 47.8%, compared to the twelve months ended July 31, 1998. The decrease is attributed to the sell-out of homesites at Bachelor Gulch Village in the twelve months ended July 31,1998. Revenue for fiscal 1999 consisted 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 four multi-family homesites at Bachelor Gulch, as well as the profit share from the Company's investment in the Keystone JV. Profits generated by the Keystone JV during fiscal 1999 included the sale of 195 village condominium units, primarily at the River Run development, and 60 single-family homesites surrounding an 18-hole golf course development. Real estate revenue for the twelve months ended July 31, 1998 consisted primarily of the sales of 38 single-family homesites and five multi-family homesites at Bachelor Gulch, two development sites at Arrowhead, six luxury residential condominiums at the Golden Peak base area of Vail mountain and our investment in the Keystone JV.

Real Estate Operating Expense. Real estate operating expense for the year ended July 31, 1999 was $34.4 million, a decrease of $39.7 million, or 53.6%, compared to the twelve months ended July 31, 1998. The decrease in real estate operating expense is due to the sell-out of homesites at Bachelor Gulch Village in the twelve months ended July 31, 1998. Real estate cost of sales for the year ended July 31, 1999 consisted 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 four multi-family homesites at Bachelor Gulch. Real estate cost of sales for the twelve months ended July 31, 1998 consisted primarily of the cost of sales and real estate commissions associated with the sales of 38 single-family homesites and five multi-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.

Depreciation and Amortization. Depreciation and amortization expense increased by $10.3 million, or 24.0%, for the year ended July 31, 1999 as compared to the twelve months ended July 31, 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 retail/rental joint venture discussed above in fiscal 1999, and an increased fixed asset base due to fiscal 1999 capital improvements.

Interest expense. During the year ended July 31, 1999 and the twelve months ended July 31, 1998, we recorded interest expense of $25.1 million and $20.9 million, respectively, relating primarily to our Credit Facility, the Industrial Development Bonds and the senior subordinated debt issued in May 1999. The increase in interest expense for the year ended July 31, 1999 compared to the twelve months ended July 31, 1998 is attributable to the outstanding senior subordinated notes issued in May 1999, partially offset by a reduction in the balance outstanding on the Credit Facility.

Fiscal Year Ended July 31, 1999 versus Fiscal Ten Months Ended July 31, 1998 (dollars in thousands except ETP amounts)

	Year Ended July 31, 1999	Ten Months Ended July 31, 1998	Increase	Percentage Increase
		(audited)		
Resort Revenue....................	$ 431,788	$ 336,547	$ 95,241	28.3%
Resort Operating Expense..........	345,687	222,201	123,486	55.6%

Resort Revenue. Resort Revenue for the year ended July 31, 1999 and the ten months ended July 31, 1998 is presented by category as follows (dollars in thousands):

	Year Ended July 31, 1999	Ten Months Ended July 31, 1998	Increase (Decrease)	Percentage Increase (Decrease)
		(unaudited)		
Lift Tickets....................	$ 138,536	$ 147,128	$ (8,592)	(5.8)%
Ski School......................	37,986	38,647	(661)	(1.7)%
Dining..........................	62,382	48,246	14,136	29.3%
Retail/Rental...................	77,793	19,975	57,818	289.5%
Hospitality.....................	65,839	43,127	22,712	52.7%
Other...........................	49,252	39,424	9,828	24.9%
Total Resort Revenue............	$ 431,788	$ 336,547	$ 95,241	28.3%
Total Skier Days................	4,606	4,717	(111)	(2.4)%
ETP.............................	$ 30.08	$ 31.19	$ (1.11)	(3.6)%

Lift ticket revenue decreased due to a 2.4% decrease in total skier days as well as a 3.6% decrease in ETP. Management 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 adverse 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 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 the overall decline in skier days as well as the shift in the proportion of total skier days from destination guests to local and Front Range skiers. Local and Front Range skiers are less likely to purchase lessons than destination skiers are. The decline in revenue was partially offset by price increases as well as an increase in the percentage of higher-priced packages sold.

The increase in dining revenue is primarily a result of the addition of new dining facilities through acquisition and new construction coupled with modest growth at existing facilities. The Company opened TenMile Station, the first new on-mountain restaurant at Breckenridge in over 10 years, during the 1998-1999 ski season. The acquisitions of VAB and GTLC in fiscal 1999 each added eight dining facilities. In addition, the results of the four dining operations added through acquisition in fiscal 1998 are reflected for the full fiscal period in fiscal 1999, as opposed to the truncated period reflected during the acquisition year.

Retail/rental revenue increased due to the Company's retail/rental joint venture (SSV), which increased the total number of retail/rental outlets from approximately 40 in fiscal 1998 to approximately 80 in fiscal 1999. Specialty Sports, Inc., the Company's partner in the joint venture, is one of the largest retailers of ski- and golf-related sporting goods in Colorado, and contributed approximately 30 retail and rental outlets to the joint venture.

Hospitality revenue increased as a result of strong performance from existing operations, achieved through effective yield management and growth of the managed property inventory. The acquisitions of VAB and GTLC in fiscal 1999 also contributed significantly. In addition to adding lodging capacity, VAB also added property management operations and a vacation services operation/travel agency. The Company also received the benefit of a full fiscal year's revenues from its fiscal 1998 hotel acquisitions, rather than the truncated period from the acquisition date, which also contributed to the increase.

The increase in other revenue is a result of the increased popularity of the summer mountain activities, including the Alpine Slide at Breckenridge mountain, as well as 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. The acquisitions of VAB and GTLC also significantly contributed to other revenue through recreation and special events.

Resort Operating Expense. Resort operating expense for the year ended July 31, 1999 was $345.7 million, an increase of $123.5 million, or 55.6%, compared to the ten months ended July 31, 1998. The increase in resort operating expense is primarily attributable to the incremental operating expenses contributed by VAB, SSV and GTLC. In addition, operating expenses of the Company's fiscal 1998 acquisitions are reflected for the full fiscal year 1999, as opposed to the truncated period from the date of acquisition for the ten months ended July 31, 1998. 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 have been partially offset by cost-saving measures that have been implemented at all levels of our operations throughout the fiscal year.

Real Estate Revenue. Revenue from real estate operations for the year ended July 31, 1999 was $43.9 million, a decrease of $29.8 million, or 40.4%, compared to the ten months ended July 31, 1998. The decrease is attributed to the sell-out of homesites at Bachelor Gulch Village in fiscal 1998. Revenue for fiscal 1999 consisted 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 four multi-family homesites at Bachelor Gulch, as well as the profit share from the Company's investment in the Keystone JV. Profits generated by the Keystone JV during the year ended July 31, 1999 included the sale of 195 village condominium units, primarily at the River Run development, and 60 single-family homesites surrounding an 18-hole golf course development. Real estate revenue for the ten months ended July 31, 1998 consisted primarily of the sales of 36 single-family homesites and five multi-family homesites at Bachelor Gulch, one development site at Arrowhead, five luxury residential condominiums at the Golden Peak base area of Vail mountain and our investment in the Keystone JV.

Real Estate Operating Expense. Real estate operating expense for the year ended July 31, 1999 was $34.4 million, a decrease of $28.2 million, or 45.1%, compared to the ten months ended July 31, 1998. Real estate cost of sales for the year ended July 31, 1999 consisted 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 four multi-family homesites at Bachelor Gulch. Real estate cost of sales for the ten months ended July 31, 1998 consisted primarily of the cost of sales and real estate commissions associated with the sales of 36 single-family homesites and five multi-family homesites at Bachelor Gulch, one development site at Arrowhead, and five 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.

Depreciation and Amortization. Depreciation and amortization expense increased by $16.4 million, or 44.6%, for the year ended July 31, 1999 as compared to the ten months ended July 31, 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 retail/rental joint venture discussed above in fiscal 1999, and an increased fixed asset base due to fiscal 1999 capital improvements.

Interest expense. During the year ended July 31, 1999 and the ten months ended July 31, 1998, we recorded interest expense of $25.1 million and $17.8 million, respectively, relating primarily to our Credit Facility, the Industrial Development Bonds and the senior subordinated debt issued in May 1999. The increase in interest expense for the year ended July 31, 1999 compared to the ten months ended July 31, 1998 is attributable to the outstanding senior subordinated notes issued May 1999, partially offset by a reduction in the balance outstanding on the Credit Facility.

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 (including sales of real estate) and short-term and long-term borrowings.

Cash flows from investing activities have historically consisted of payments for acquisitions, resort capital expenditures, and investments in real estate. Resort capital expenditures for the year ended July 31, 2000 were $77.7 million and investments in real estate for that period were $40.4 million. The primary projects included in resort capital expenditures were (i) the recently completed expansion of the Keystone Conference Center, (ii) completion of the River Course at Keystone, (iii) the first phase of the Blue Sky Basin expansion in Vail's famous back bowls, (iv) a new six-passenger high-speed chairlift at Breckenridge, (v) construction of Zach's Cabin, a private on-mountain dining facility at Beaver Creek, and (vi) upgrades to office and front line information systems. Also included in resort capital expenditures is $10.1 million related to the reconstruction and expansion of Two Elk Lodge and related reconstruction of fire-damaged facilities 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) planning and development of the new Red Sky Ranch golf community, (iv) planning for the construction of The Ritz-Carlton, Bachelor Gulch, and (v) investments in developable land at strategic locations at all four ski resorts.

The Company estimates that it will make resort capital expenditures of approximately $55 million to $65 million during fiscal 2001. The primary projects are anticipated to include (i) snowboarding halfpipe and terrain park improvements at Keystone, (ii) a new six-passenger high-speed chairlift at Keystone, (iii) expansion of Vail's snowmaking capabilities, (iv) new activities at and renovations to Adventure Ridge at Vail, (v) expansion of the grooming fleet at Vail, Beaver Creek and Breckenridge, (vi) base area amenity and parking improvements at Beaver Creek, (vii) upgrades to office and front line information systems, (viii) significant renovations of the Lodge at Vail, and (ix) a new high-speed four-passenger chairlift and the expansion of Pete's Bowl in Blue Sky Basin at Vail. Investments in real estate during fiscal 2001 are expected to total approximately $45 to $55 million. The primary projects are anticipated to include (i) planning and development of projects at Vail, Bachelor Gulch, Arrowhead, Avon, Breckenridge, Keystone and the Jackson Hole Valley, (ii) continued development of Red Sky Ranch, a golf community that will include two 18-hole golf courses, (iii) construction of The Ritz-Carlton, Bachelor Gulch, and (iv) investments in developable land at strategic locations at all four ski resorts. The Company plans to fund these capital expenditures and investments in real estate with cash flow from operations and borrowings under the Credit Facility.

During the year ended July 31, 2000, the Company used $5.1 million in cash in its financing activities, consisting of net payments on long-term debt of $4.8 million and $0.3 million used in other financing activities.

During the year ended July 31, 2000, 35,633 employee stock options were exercised at exercise prices ranging from $6.85 to $10.75. Additionally, 13,176 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.

INFLATION

Although the Company cannot accurately determine the precise effect of inflation on its operations, management does not believe inflation has had a material effect on the results of operations in the last three fiscal years. When the cost of operating resorts increases, the Company generally has been able to pass the increase on to its customers. However, there can be no assurance that increases in labor and other operating costs due to inflation will not have an impact on the Company's future profitability.

SEASONALITY AND QUARTERLY RESULTS

The Company's ski and resort operations are extremely seasonal in nature. In particular, revenues and profits at the Company's ski resorts are substantially lower, historically resulting in losses, in the summer months due to the closure of its ski operations. Conversely, GTLC's peak operating season occurs during the summer months while the winter season generally results in operating losses due to closure of all revenue operations. However, revenues and profits generated by GTLC's summer operations are not sufficient to fully offset the Company's off-season losses from its ski resorts. During the 2000 fiscal year, 76.8% of total resort revenues were earned during the second and third fiscal quarters. Quarterly results may be materially affected by the timing of snowfall and the integration of acquisitions. Therefore, the operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent fiscal quarter or for a full fiscal year. The Company is taking steps to smooth its earnings cycle by investing in additional summer activities, such as golf course development, including acquiring new resorts, such as GTLC. (See Note 13 of the Notes to Consolidated Financial Statements for Selected Quarterly Financial Data).

ECONOMIC DOWNTURN

Skiing and tourism are discretionary recreational activities that can be impacted by a significant economic slowdown, which, in turn, could impact the Company's operating results. Although historically economic downturns have not had an adverse impact on the Company's operating results, there can be no assurance that a decrease in the amount of discretionary spending by the public in the future would not have an adverse effect on the Company.

UNFAVORABLE WEATHER CONDITIONS

The ski industry's ability to attract visitors to its resorts is influenced by weather conditions and the amount and timing of snowfall during the ski season. Unfavorable weather conditions can adversely affect skier days. In the past 20 years the Company's ski resorts have averaged between 300 and 350 inches of annual snowfall, significantly in excess of the average for U.S. ski resorts. However, there is no assurance that the Company's resorts will receive seasonal snowfalls near the historical average in the upcoming or future seasons. Also, the early season snow conditions and skier perceptions of early season snow conditions influence the momentum and success of the overall season. The Company believes that poor snow conditions early in the ski season for the past two years has adversely affected operating results for those periods. Although there is no way to predict whether or not this weather pattern will continue, which would have an adverse effect on the Company's results of operations, it is possible that the poor early season snow for the past two ski seasons could negatively impact visitation for the 2000-01 ski season regardless of actual snow conditions at the Company's resorts.

LABOR MARKET

The labor market in Colorado is the tightest it has been in decades, and nationwide unemployment rates are at record lows. As a result the Company has increased wage rates for seasonal labor in order to attract and retain sufficient labor levels in operations. While the Company believes it will be able to offset this increased expense with cost control measures, there can be no assurance that increasing cost control measures will be successful or that labor costs will not have an adverse impact on the Company's operating results.

SKIER DAY INSURANCE

As discussed elsewhere in this Form 10-K, the Company derived a significant portion of its fiscal 2000 revenues from its claim under a reduced skier day insurance policy covering the 1999-2000 ski season. The Company has not yet received any payment under the claim. While the Company has no reason to believe that the claim will not be settled to the full extent of revenue recognized, there can be no assurance that the actual settlement of the insurance claim will not differ materially from the amount recognized in the Company's financial statements. In addition, the Company has not yet decided whether to purchase a similar insurance product for the 2000-01 ski season, or, if so, whether any insurance policy will be available on terms satisfactory to the Company.

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.

Project Results. The Company's Year 2000 Project achieved project close out with no Year 2000 related failures that impacted the Company's operations or financial condition. Final project close out occurred in March of 2000. The Company's significant vendors experienced no disruptions that affected their ability to provide products and services to the Company. The effect of Year 2000 on revenue and spending patterns is discussed elsewhere in this Form 10-K.

Costs. The final multi-year cost of the Year 2000 project was approximately $900,000 and was funded from operating cash flow. These costs were not 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. In a number of instances, the Company decided 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. The remaining $300,000 of project costs were expensed as incurred. Costs exclude expenditures for systems that were replaced under the Company's regularly planned schedule.

CAUTIONARY STATEMENT

Statements in this Form 10-K, 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. You can identify these statements by forward-looking words such as "may", "will", "expect", "plan", "intend", "anticipate", "believe", "estimate", and "continue" or similar words. 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:

- a significant downturn in general business and economic conditions,
- unfavorable weather conditions, including inadequate snowfall in the early season,
- failure to attract and retain sufficient workforce,
- failure to obtain necessary approvals needed to implement planned development projects,
- competition in the ski and resort industry,
- failure to successfully integrate acquisitions,
- adverse changes in vacation real estate markets, and
- failure or delay in receiving reduced skier day insurance cash proceeds.

Readers are also referred to the uncertainties and risks identified in the Company's Registration Statement on Form S-4 for its Senior Subordinated Debt exchange notes (Commission File No. 333-80621) and elsewhere in this Form 10-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Risk. The Company's exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At July 31, 2000, the Company had $126 million of variable rate indebtedness, representing 32% of the Company's total debt outstanding, at an average interest rate during fiscal 2000 of 8.6% (see Note 4 of the Notes to Consolidated Financial Statements). 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. The net cash amounts paid or received on the agreements are accrued and recognized as an adjustment to interest expense. As of July 31, 2000, the Company had Swap Agreements in effect with notional amounts totaling $75.0 million which will mature December 2002. Borrowings not subject to Swap Agreements at July 31, 2000 totaled $319.2 million. Swap Agreement rates are based on one-month LIBOR. The counterparties to the Swap Agreements are major financial institutions and management believes that the risk of incurring credit losses is remote. Based on average floating-rate borrowings outstanding during the year ended July 31, 2000, a 100-basis point change in LIBOR would have caused the Company's monthly interest expense to change by $23,333. Management believes that these amounts are not significant to the Company's results of operations.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133, as amended, is effective for fiscal years beginning after June 15, 2000, therefore the Company is required to adopt SFAS No. 133 on August 1, 2000.

SFAS No. 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 also requires that the Company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 allows special hedge accounting for cash flow hedges by providing that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. If SFAS No. 133 had to be applied to all Swap Agreements in place at July 31, 2000, the fair value of the Swap Agreements would increase assets by approximately $2.1 million with an offsetting amount recorded as the effect of a change in accounting principle. Management does not anticipate that the adoption of SFAS No. 133 will have a material effect on the Company's financial position or annual results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Vail Resorts, Inc.

Consolidated Financial Statements for the Years Ended July 31, 2000 and 1999 and the Ten Months Ended July 31, 1998

Report of Independent Public Accountants

To the Board of Directors of
Vail Resorts, Inc.:

We have audited the accompanying consolidated balance sheets of VAIL RESORTS, INC. and subsidiaries as of July 31, 2000 and 1999 and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended July 31, 2000 and 1999 and the ten-month period ended July 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vail Resorts, Inc. and subsidiaries as of July 31, 2000 and 1999 and the results of their operations and their cash flows for the years ended July 31, 2000 and 1999 and the ten-month period ended July 31, 1998, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

Denver, Colorado,
October 14, 2000

Vail Resorts, Inc.
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	July 31, 2000	July 31, 1999
Assets		
Current assets:		
Cash and cash equivalents	$ 8,821	$ 18,302
Restricted cash	9,847	7,022
Trade receivables, net of allowances of $2,024 and $959, respectively	39,427	29,650
Inventories	24,092	22,805
Deferred income taxes (Note 7)	10,364	10,404
Other current assets	7,803	4,512
Total current assets	100,354	92,695
Property, plant and equipment, net (Note 5)	655,172	611,141
Real estate held for sale and investment	147,172	152,508
Deferred charges and other assets	26,835	30,011
Notes receivable	3,425	1,380
Intangible assets, net (Note 5)	194,860	201,504
Total assets	$ 1,127,818	$ 1,089,239
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses (Note 5)	$ 105,502	$ 89,445
Income taxes payable (Note 7)	2,645	1,633
Long-term debt due within one year (Note 4)	2,037	2,057
Total current liabilities	110,184	93,135
Long-term debt (Note 4)	392,198	396,129
Other long-term liabilities	31,710	31,146
Deferred income taxes (Note 7)	92,577	84,728
Commitments and contingencies (Note 9)	--	--
Minority interest in net assets of consolidated joint ventures	7,394	7,326
Stockholders' equity (Note 12):		
Preferred stock, $0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock:	--	--
Class A common stock, convertible to common stock, $0.01 par value, 20,000,000 shares authorized, 7,439,834 shares issued and outstanding	74	74
Common stock, $0.01 par value, 40,000,000 shares authorized, 27,182,123 and 27,092,901 shares issued and outstanding as of July 31, 2000 and 1999, respectively	272	271
Additional paid-in capital	404,564	402,923
Retained earnings	88,845	73,507
Total stockholders' equity	493,755	476,775
Total liabilities and stockholders' equity	$ 1,127,818	$ 1,089,239

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended July 31, 2000	Year Ended July 31, 1999	Ten Months Ended July 31, 1998
Net revenues:			
Resort	$ 501,375	$ 431,788	$ 336,547
Real estate	51,684	43,912	73,722
Total net revenues	553,059	475,700	410,269
Operating expenses:			
Resort	388,313	345,687	222,201
Real estate	42,066	34,386	62,619
Depreciation and amortization	61,435	53,256	36,838
Total operating expenses	491,814	433,329	321,658
Income from operations	61,245	42,371	88,611
Other income (expense):			
Investment income	1,843	1,624	1,784
Interest expense	(35,108)	(25,099)	(17,789)
Gain (loss) on disposal of fixed assets	(104)	3,283	(1,706)
Other income (expense)	32	63	(736)
Minority interest in net income of consolidated joint ventures	(713)	(1,448)	--
Income before provision for income taxes	27,195	20,794	70,164
Provision for income taxes (Note 7)	(11,857)	(8,003)	(29,146)
Net income	$ 15,338	$ 12,791	$ 41,018
Net income per common share (Notes 2 and 3):			
Basic	$ 0.44	$ 0.37	$ 1.20
Diluted	$ 0.44	$ 0.37	$ 1.18

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Statements of Stockholders' Equity
(In thousands, except share amounts)

	Common Stock				Additional		Total
	Shares				Paid-in	Retained	Stockholders'
	Class A	Common	Total	Amount	Capital	Earnings	Equity
Balance, September 30, 1997...	11,639,834	21,765,815	33,405,649	$ 334	$ 385,634	$ 19,698	$ 405,666
Net income for the ten months ended July 31, 1998........	--	--	--	--	--	41,018	41,018
Issuance of shares pursuant to options exercised (Note 11)........................	--	1,043,271	1,043,271	11	7,990	--	8,001
Tax effect of stock option exercises..................	--	--	--	--	7,669	--	7,669
Restricted stock issued (Note 11)........................	--	8,260	8,260	--	270	--	270
Shares of Class A Common Stock converted to Common Stock (Note 12)...........	(4,000,000)	4,000,000	--	--	--	--	--
Balance, July 31, 1998........	7,639,834	26,817,346	34,457,180	$ 345	$ 401,563	$ 60,716	$ 462,624
Net income for the year ended July 31, 1999..............	--	--	--	--	--	12,791	12,791
Issuance of shares pursuant to options exercised (Note 11)........................	--	67,360	67,360	--	677	--	677
Tax effect of stock option exercises..................	--	--	--	--	435	--	435
Restricted stock issued (Note 11)........................	--	8,195	8,195	--	248	--	248
Shares of Class A Common Stock converted to Common Stock (Note 12)...........	(200,000)	200,000	--	--	--	--	--
Balance, July 31, 1999........	7,439,834	27,092,901	34,532,735	$ 345	$ 402,923	$ 73,507	$ 476,775
Net income for the year ended July 31, 2000..............	--	--	--	--	--	15,338	15,338
Issuance of shares pursuant to options exercised (Note 11)........................	--	35,633	35,633	--	314	--	314
Tax effect of stock option exercises..................	--	--	--	--	183	--	183
Restricted stock issued (Note 11)........................	--	13,176	13,176	--	255	--	255
Issuance of shares in purchase of technology company......	--	40,413	40,413	1	889	--	890
Balance, July 31, 2000........	7,439,834	27,182,123	34,621,957	$ 346	$ 404,564	$ 88,845	$ 493,755

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements.

Vail Resorts, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended July 31, 2000	Year Ended July 31, 1999	Ten Months Ended July 31, 1998
Cash flows from operating activities:			
Net income	$ 15,338	$ 12,791	$ 41,018
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	61,435	53,256	36,838
Non-cash cost of real estate sales	27,402	23,779	49,112
Non-cash compensation related to stock grants (Note 11)	229	358	285
Non-cash equity income	(4,482)	(224)	(2,973)
Deferred financing costs amortized	1,734	742	448
(Gain) loss on disposal of fixed assets	104	(3,283)	1,706
Deferred income taxes, net (Note 7)	7,889	7,103	19,093
Minority interest in net income of consolidated joint venture	713	1,448	--
Changes in assets and liabilities:			
Restricted cash	(2,825)	(876)	(415)
Accounts receivable, net	(9,777)	(5,728)	(4,358)
Notes receivable, net	(2,045)	4,263	(93)
Inventories	(1,287)	(6,554)	2,497
Accounts payable and accrued expenses	16,057	20,136	(16,226)
Income taxes payable	1,012	(606)	1,914
Other assets and liabilities	127	(3,995)	5,497
Net cash provided by operating activities	111,624	102,610	134,343
Cash flows from investing activities:			
Cash paid in resort acquisition, net of cash acquired	--	(48,360)	--
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)	--
Cash paid in acquisition of warehouse complex	--	(8,600)	--
Investments in joint ventures	--	(5,000)	--
Resort capital expenditures	(77,656)	(65,168)	(80,454)
Investments in real estate	(40,410)	(32,980)	(15,661)
Cash received from disposal of fixed assets	2,063	--	--
Net cash used in investing activities	(116,003)	(204,424)	(150,365)
Cash flows from financing activities:			
Proceeds from the exercise of stock options	314	677	8,001
Payments under Rights	--	--	(5,707)
Refund of bond reserve fund	--	--	3,297
Payment of financing costs	(619)	(8,099)	--
Proceeds from borrowings under long-term debt	206,450	416,642	334,000
Payments on long-term debt	(211,247)	(302,470)	(318,345)
Net cash provided by (used in) financing activities	(5,102)	106,750	21,246
Net increase (decrease) in cash and cash equivalents	(9,481)	4,936	5,224
Cash and cash equivalents:			
Beginning of period	18,302	13,366	8,142
End of period	$ 8,821	$ 18,302	$ 13,366
Cash paid for interest	$ 35,470	$ 21,022	$ 16,336
Taxes paid, net of refunds received	$ 2,768	$ 850	$ --

The accompanying Notes to consolidated Financial Statements are an integral part of these financial statements.

1. Basis of Presentation

Vail Resorts, Inc. is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in two business segments--resort and real estate. Vail Associates, Inc., an indirect 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. In addition to the ski resorts, Vail Associates owns and operates Grand Teton Lodge Company ("GTLC"), which operates three resorts within Grand Teton National Park (under a National Park Service concessionaire contract) and the Jackson Hole Golf & Tennis Club in Wyoming. Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary of Vail Associates, conducts the Company's real estate development activities. The Company's mountain resort businesses are seasonal in nature. The Company's ski resort businesses and related amenities typically have operating seasons from late October through mid-May; the Company's operations at GTLC generally run from mid-May through mid-October.

2. Summary of Significant Accounting Policies

Principles of Consolidation--The accompanying consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and subsidiaries in which the Company holds a controlling interest. Investments in joint ventures in which the Company does not have a controlling interest are accounted for under the equity method. All significant intercompany transactions have been eliminated.

Cash and Cash Equivalents--The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The carrying amounts reported in the balance sheet for cash equivalents are at fair value.

Restricted Cash--Restricted cash represents amounts held as reserves for self-insured worker's compensation claims, owner and guest advance deposits held in escrow for lodging reservations and compensating balances on the Company's depository accounts.

Inventories--The Company's inventories consist primarily of purchased retail goods, food, and spare parts. Inventories are stated at the lower of cost or market or fair value, determined using an average weighted cost method for retail inventories and using the first-in, first-out ("FIFO") method for all other inventories. The Company records a reserve for anticipated shrinkage and obsolete inventory.

Property, Plant and Equipment--Property, plant and equipment is carried at cost net of accumulated depreciation. Depreciation is calculated on the straight-line method based on the following useful lives:

	Estimated Life in Years
Land improvements	40
Buildings and terminals	40
Ski lifts	15
Machinery, equipment, furniture and fixtures	1-12
Automobiles and trucks	3-5

Ski trails are depreciated over the life of their respective United States Forest Service permits.

Interest capitalized on non-real estate capital projects during fiscal 2000 was $0.9 million.

2. Summary of Significant Accounting Policies--(Continued)

Real Estate Held for Sale-- The Company capitalizes as land held for sale the original acquisition cost (or appraised value as of the effective date, as defined below), direct construction and development costs, property taxes, interest incurred on costs related to land under development, and other related costs (engineering, surveying, landscaping, etc.) until the property reaches its intended use. The cost of sales for individual parcels of real estate or condominium units within a project is determined using the relative sales value method. Selling expenses are charged against income in the period incurred. Interest capitalized on real estate development projects during fiscal years 2000 and 1999 totaled $0.2 million and $0.2 million, respectively. There was no interest capitalized on real estate development projects during fiscal 1998.

The Company is a member in the Keystone/Intrawest LLC ("Keystone JV"), which is a joint venture with Intrawest Resorts, Inc. formed to develop land at the base of Keystone Mountain. The Company contributed 500 acres of development land as well as certain other funds to the joint venture. The Company's investment in the Keystone JV, including the Company's equity earnings from the inception of the Keystone JV, is reported as real estate held for sale in the accompanying balance sheets as of July 31, 2000 and 1999. The Company recorded $3.1 million and $7.7 million in equity income for the fiscal years ended July 31, 2000 and 1999, respectively, related to the Keystone JV.

Deferred Financing Costs--Costs incurred with the issuance of debt securities are included in deferred charges and other assets, net of accumulated amortization. Amortization is charged to interest expense over the respective original lives of the applicable debt issues.

Interest Rate Agreements--The Company enters into interest rate exchange agreements, or swap agreements ("Swap Agreements"), to reduce its exposure to fluctuating interest rates. The Swap Agreements, which are derivatives of the Company's existing debt agreements, exchange the interest rate on all or a portion of the Company's debt for either fixed- or floating-rate interest agreements. Net interest is accrued as either interest receivable or interest payable with the offset recorded in interest expense. Any premium paid is amortized over the life of the agreement.

Intangible Assets--Upon emergence from bankruptcy on October 8, 1992, the Company's reorganization value exceeded the amounts allocated to the net tangible and other intangible assets of the Company. This excess reorganization value has been classified as an intangible asset on the Company's balance sheet. The Company has classified as goodwill the cost in excess of fair value of the net assets of companies acquired in purchase transactions. Intangible assets are recorded net of accumulated amortization in the accompanying consolidated balance sheet and amortized using the straight-line method over their estimated useful lives as follows:

Excess reorganization value..........	20 years
Goodwill............................	5-40 years
Trademarks..........................	40 years
Other intangibles...................	3-15 years

Long-lived Assets--The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of". SFAS No. 121 establishes procedures for the review of recoverability and measurement of impairment, if necessary, of long-lived assets, goodwill and certain identifiable intangibles held and used by an entity. SFAS No. 121 requires that those assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. SFAS No. 121 also requires that long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less estimated selling costs. As of July 31, 2000 management believes that there has not been any impairment of the Company's long-lived assets, goodwill or other identifiable intangibles.

2. Summary of Significant Accounting Policies--(Continued)

Revenue Recognition--Resort Revenues are derived from a wide variety of sources, including sales of lift tickets, ski school tuition, dining, retail stores, equipment rental, hotel operations, property management services, travel reservation services, club management, real estate brokerage, conventions, golf course greens fees, licensing and sponsoring activities and other recreational activities, and are recognized as services are performed. Revenues from real estate sales are not recognized until title has been transferred, and revenue is deferred if the receivable is subject to subordination until such time as all costs have been recovered. Until the initial down payment and subsequent collection of principal and interest are by contract substantial, cash received from the buyer is reported as a deposit on the contract.

Deferred Revenue--The Company records deferred revenue related to the sale of season ski passes and certain daily lift ticket products. The number of season pass holder visits is estimated based on historical data, and the deferred revenue is recognized throughout the season based on this estimate. During the ski season the estimated visits are compared to the actual visits and adjustments are made if necessary.

Advertising Costs--Advertising costs are expensed the first time the advertising takes place. Advertising expense for the fiscal years ended July 31, 2000 and 1999 and the ten-month period ended July 31, 1998 was $10.0 million, $8.8 million and $8.7 million, respectively. At July 31, 2000 and 1999, prepaid advertising costs of $661,000 and $610,000, respectively, are reported as current assets in the Company's consolidated balance sheets.

Income Taxes--The Company uses the liability method of accounting for income taxes as prescribed by SFAS No. 109, "Accounting for Income Taxes". Under SFAS No. 109, a deferred tax liability or asset is recognized for the effect of temporary differences between financial reporting and income tax reporting (See Note 7).

Net Income Per Share--In accordance with SFAS No. 128, "Earnings Per Share", the company computes net income per share on both the basic and diluted basis (See Note 3).

Fair Value of Financial Instruments--The recorded amounts for cash and cash equivalents, receivables, other current assets, and accounts payable and accrued expenses approximate fair value due to the short-term nature of these financial instruments. The fair value of amounts outstanding under the Company's Credit Facilities approximates book value due to the variable nature of the interest rate associated with that debt. The fair values of the Company's Senior Subordinated Notes, Industrial Development Bonds and other long-term debt have been estimated using discounted cash flow analyses based on current borrowing rates for debt with similar maturities and ratings. The estimated fair values of the Senior Subordinated Notes, Industrial Development Bonds and other long-term debt at July 31, 2000 and 1999 are presented below (in thousands):

	July 31, 2000		July 31, 1999	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Senior Subordinated Notes....................	$ 200,000	$ 150,861	$ 200,000	$ 153,877
Industrial Development Bonds.................	63,200	63,235	63,200	65,746
Other Long-Term Debt.........................	5,035	5,139	4,686	4,627

Stock Compensation--The Company's employee stock option plans are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". The Company has adopted the disclosure requirements of SFAS No.123, "Accounting for Stock-Based Compensation" (see Note 11).

Use of Estimates--The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies--(Continued)

Reclassifications--Certain reclassifications have been made to the accompanying consolidated financial statements for the year ended July 31, 1999 and the ten months ended July 31, 1998 to conform to the current period presentation.

New Accounting Standards--In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133, as amended, is effective for fiscal years beginning after June 15, 2000, therefore the Company is required to adopt SFAS No. 133 on August 1, 2000.

SFAS No. 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS No. 133 also requires that the Company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 allows special hedge accounting for cash flow hedges by providing that the effective portion of the gain or loss on a derivative instrument designated and qualifying as a cash flow hedging instrument be reported as a component of other comprehensive income and be reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. If SFAS No. 133 had to be applied to all Swap Agreements in place at July 31, 2000, the fair value of the Swap Agreements would increase assets by approximately $2.1 million with an offsetting amount recorded as the effect of a change in accounting principle. Management does not anticipate the adoption of SFAS No. 133 will have a material effect on the Company's financial position or annual results of operations.

The Company adopted Accounting Standards Executive Committee ("AcSEC") Statement of Position ("SOP") 98-1 which provides guidance on accounting for the costs of computer software developed or obtained for internal use. The adoption of this SOP had no material effect on the Company's financial statements.

The Company adopted AcSEC SOP 98-5, which requires that all non-governmental entities expense costs of start-up activities as incurred, in fiscal 2000. The adoption of this SOP had no material effect on the Company's financial statements.

3. Net Income Per Common Share

SFAS No. 128, "Earnings Per Share" ("EPS"), establishes standards for computing and presenting EPS. SFAS No. 128 requires the dual presentation of basic and diluted EPS on the face of the income statement and requires a reconciliation of numerators (net income) and denominators (weighted-average shares outstanding) for both basic and diluted EPS in the footnotes. Basic 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.

	Fiscal Year Ended July 31, 2000		Fiscal Year Ended July 31, 1999		Ten Months Ended July 31, 1998	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income per common share:						
Net income	$ 15,338	$ 15,338	$ 12,791	$ 12,791	$ 41,018	$ 41,018
Weighted-average shares outstanding	34,599	34,599	34,562	34,562	34,204	34,204
Effect of dilutive stock options	--	180	--	233	--	547
Total shares	34,599	34,779	34,562	34,795	34,204	34,751
Net income per common share	$ 0.44	$ 0.44	$ 0.37	$ 0.37	$ 1.20	$ 1.18

4. Long-Term Debt

Long-term debt as of July 31, 2000 and 1999 is summarized as follows (in thousands):

	(e) Maturity	July 31, 2000	1999
Industrial Development Bonds (a).......	2003-2020	$ 63,200	$ 63,200
Revolving Credit Facilities (b)........	2003	126,000	130,300
Senior Subordinated Notes(c)...........	2009	200,000	200,000
Other (d)..............................	2001-2029	5,035	4,686
		394,235	398,186
Less: Current Maturities...............		2,037	2,057
		$392,198	$396,129

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.

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 (6.62% at July 31, 2000) plus a margin ranging from 0.75% to 2.25% or (ii) the agent's prime lending rate, (9.50% at July 31, 2000) 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, which differs from the definition of Resort EBITDA used elsewhere in this filing). The Credit Facility matures on December 19, 2002.

On December 30, 1998, SSV established a credit facility ("SSV Facility") that provides debt financing up to an aggregate principal amount of $20 million. On October 15, 1999, the SSV Facility was amended to increase the aggregate principal amount to $25 million. The amended SSV Facility consists of (i) a $15 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. The principal amount outstanding on the Tranche B term loan was $8.5 million at July 31, 2000. Future minimum amortization under the Tranche B term loan facility is $1.0 million each year during the fiscal years 2001-2003, and $5.5 million in 2004. The SSV Facility bears interest annually at the rates prescribed above for the Credit Facility. SSV also pays a quarterly unused commitment fee at the same rates as the unused commitment fee for the Credit Facility.

c) The Company has outstanding $200 million of Senior Subordinated Notes (the "Notes"). The Notes have a fixed annual interest rate of 8.75%, with interest due semi-annually on May 15 and November 15. 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.

d) Other obligations bear interest at rates ranging from 0.0% to 7.0% and have maturities ranging from 2001 to 2029.

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

4. Long-Term Debt--(Continued)

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

Due during the twelve months ending July 31:	As of July 31, 2000
2001	$ 2,037
2002	1,780
2003	120,055
2004	5,558
2005	61
Thereafter	264,744
Total debt	$394,235

5. Supplementary Balance Sheet Information (in thousands)

The composition of property, plant and equipment follows:

	July 31, 2000	July 31, 1999
Land and land improvements	$156,936	$133,354
Buildings and terminals	316,290	287,870
Machinery and equipment	244,165	208,740
Automobiles and trucks	15,270	15,300
Furniture and fixtures	60,749	46,405
Construction in progress	37,412	48,649
	830,822	740,318
Accumulated depreciation	(175,650)	(129,177)
Property, plant and equipment, net	$655,172	$611,141

Depreciation expense for the fiscal years ended July 31, 2000 and 1999 and the ten months ended July 31, 1998 totaled $51.8 million, $43.5 million, and $28.4 million, respectively.

The composition of intangible assets follows:

	July 31, 2000	July 31, 1999
Trademarks	$ 42,721	$ 42,611
Other intangible assets	44,521	43,213
Goodwill	146,262	144,775
Excess reorganization value (See Note 2)	24,594	24,593
	$258,098	$255,192
Accumulated amortization	(63,238)	(53,688)
	$194,860	$201,504

Amortization expense for the fiscal years ended July 31, 2000 and 1999 and for the ten months ended July 31, 1998 totaled $9.6 million, $9.8 million, and $8.4 million, respectively.

5. Supplementary Balance Sheet Information (in thousands)--(Continued)

The composition of accounts payable and accrued expenses follows:

	July 31, 2000	July 31, 1999
Trade payables	$ 37,118	$33,434
Deferred Revenue	18,088	9,327
Deposits	9,889	11,894
Accrued salaries and wages	19,782	13,969
Accrued interest	5,885	6,301
Property taxes	5,731	5,770
Liability to complete real estate sold, short term	1,232	1,718
Other accruals	7,777	7,032
	$105,502	$89,445

6. Retirement and Profit Sharing Plans

The Company maintains a defined contribution retirement plan (the "Plan"), qualified under Section 401(k) of the Internal Revenue Code, for its employees. Employees are eligible to participate in the Plan upon satisfying the following requirements: (1) the employees must be at least 21 years old, and (2) the employees must complete either (a) 1,500 hours of service since employment commencement date, provided that no employees who complete 1,500 hours of service are eligible to participate in the Plan earlier than the first anniversary of their employment commencement date, or (b) a 12-consecutive-month period beginning on their employment commencement date, or any subsequent 12-consecutive-month period beginning on the anniversary of their employment commencement date, during which they are credited with 1,000 or more hours of service. Participants may contribute from 2% to 22% of their qualifying annual compensation up to the annual maximum specified by the Internal Revenue Code. The Company matches an amount equal to 50% of each participant's contribution up to 6% of a participant's annual qualifying compensation. The Company's matching contribution is entirely discretionary and may be reduced or eliminated at any time.

Total retirement plan expense recognized by the Company for the fiscal years ended July 31, 2000 and 1999 and for the ten months ended July 31, 1998 was $1.5 million, $0.8 million, and $0.8 million, respectively.

7. Income Taxes

At July 31, 2000, the Company has total federal net operating loss ("NOL") carryovers of approximately $255 million for income tax purposes that expire in the years 2004 through 2008. The Company will only be able to use these NOLs to the extent of approximately $8.0 million per year through October 8, 2007 (Section 382 amount). Consequently, the accompanying financial statements and table of deferred items only recognize benefits related to the NOLs to the extent of the Section 382 amount.

At July 31, 2000 the Company has approximately $5.4 million in unused minimum tax credit carryovers. These tax credits have an unlimited carryforward period.

7. Income Taxes--(Continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of July 31, 2000 and 1999 are as follows (in thousands):

	July 31, 2000	July 31, 1999
Deferred income tax liabilities:		
Fixed assets	$ 76,264	$ 70,254
Intangible assets	17,324	17,964
Other, net	(909)	1,757
Total	92,679	89,975
Gross deferred income tax assets:		
Accrued expenses	4,825	3,450
Net operating loss carryforwards	11,090	22,393
Minimum tax credit	5,351	2,894
Other, net	--	261
Total	21,266	28,998
Valuation allowance for deferred income tax assets	(10,800)	(13,347)
Deferred income taxes, net of valuation allowance	10,466	15,651
Net deferred income tax liability	$ 82,213	$ 74,324

The net current and non-current components of deferred income taxes recognized in the July 31, 2000 and 1999 balance sheets are as follows (in thousands):

	July 31, 2000	July 31, 1999
Net current deferred income tax asset	$ 10,364	$ 10,404
Net non-current deferred income tax liability	92,577	84,728
Net deferred income tax liability	$ 82,213	$ 74,324

Significant components of the provision for income taxes from continuing operations are as follows (in thousands):

	Year Ended July 31, 2000	Year Ended July 31, 1999	Ten Months Ended July 31, 1998
Current:			
Federal	$ 2,381	$ 255	$ 1,157
State	1,404	210	1,082
Total current	3,785	465	2,239
Deferred:			
Federal	7,193	7,880	17,173
State	696	(777)	1,920
Total deferred	7,889	7,103	19,093
Tax benefit related to exercise of stock options and issuance of restricted stock	183	435	7,814
	$ 11,857	$ 8,003	$ 29,146

7. Income Taxes--(Continued)

A reconciliation of the income tax provision from continuing operations and the amount computed by applying the U.S. federal statutory income tax rate to income from continuing operations before income taxes is as follows:

	Year Ended July 31, 2000	Year Ended July 31, 1999	Ten Months Ended July 31, 1998
At U.S. federal income tax rate........................	35.0%	35.0%	35.0%
State income tax, net of federal benefit...............	3.0%	3.3%	4.8%
Benefit of state tax reduction.........................	--	(3.7%)	--
Goodwill and Excess Reorganization Value amortization..	4.4%	3.7%	1.8%
Other..	1.2%	0.2%	(0.1%)
	43.6%	38.5%	41.5%

8. Related Party Transactions

Resort operating expense includes an annual fee of $500,000 for management services provided by an affiliate of the majority holder of the Company's Class A Common Stock. This fee is generally settled partially through use of the Company's facilities and partially in cash. The fee for the years ended July 31, 2000 and 1999 and the ten months ended July 31, 1998 was $500,000, $500,000 and $417,000 respectively. At July 31, 2000, the Company's liability with respect to this arrangement was $499,000.

Vail Associates has the right to appoint 4 of 9 directors of the Beaver Creek Resort Company of Colorado ("Resort Company"), a non-profit entity formed for the benefit of property owners and certain others in Beaver Creek. Vail Associates has a management agreement with the Resort Company, renewable for one-year periods, to provide management services on a fixed fee basis. During fiscal years 1991 through 2000, the Resort Company was able to meet its operating requirements through its own operations. Management fees and reimbursement of operating expenses paid to the Company under its agreement with the Resort Company during the years ended July 31, 2000 and 1999 and the ten months ended July 31, 1998 totaled $5.7 million, $5.2 million and $4.7 million, respectively.

In 1991, the Company loaned to Andrew P. Daly, the Company's President, $300,000, $150,000 of which bears interest at 9% and the remainder of which is non-interest bearing. The principal sum plus accrued interest is due no later than one year following the termination, for any reason, of Mr. Daly's employment with the Company. The proceeds of the loan were used to finance the purchase and improvement of real property. The loan is secured by a deed of trust on such property.

In 1995, Mr. Daly's spouse and James P. Thompson, President of VRDC, and his spouse received financial terms more favorable than those available to the general public in connection with their purchases of homesites at Bachelor Gulch Village. Rather than payment of an earnest money deposit with the entire balance due in cash at closing, these contracts provide for no earnest money deposit with the entire purchase price (which was below fair market value) to be paid under promissory notes of $438,750 and $350,000 for Mr. Daly's spouse and Mr. and Mrs. Thompson, respectively. Mrs. Daly's note is secured by a first deed of trust and amortized over 25 years at a rate of eight percent per annum interest, with a balloon payment due on the earlier of five years from the date of closing or one year from the date Mr. Daly's employment with the company is terminated.

In 1999, the agreement with respect to Mr. and Mrs. Thompson's note was amended to provide that the promissory note, which continues to accrue at a rate of eight percent per annum, will be payable in full in the form of one lump sum payment. The lump sum payment shall be due on the earlier of (i) the date the property is sold, (ii) two years from the date Mr. Thompson's employment with the Company is terminated for any reason, or (iii) September 1, 2009. The amended agreement between the Company and Mr. and Mrs. Thompson also contemplates that the Company's loan will be subordinated to an anticipated construction loan and, ultimately, permanent financing on the home, on terms and conditions reasonably acceptable to the Company.

8.   Related Party Transactions--(Continued)

In 1999, the Company entered into an agreement with William A. Jensen, Senior Vice President and Chief Operating Officer for Vail, whereby the Company invested in the purchase of a primary residence for Mr. and Mrs. Jensen in Vail, Colorado. The Company contributed $1,000,000 towards the purchase price of the residence and thereby obtained an approximate 49% undivided ownership interest in such residence. The Company shall be entitled to receive its proportionate share of the resale price of the residence, less certain deductions, upon the earlier of the resale of the residence or within approximately 18 months after Mr. Jensen's termination of employment from the Company.

In connection with the employment of Roger D. McCarthy as Senior Vice President and Chief Operating Officer for Breckenridge, the Company has agreed to invest up to $400,000, but not to exceed 50% of the purchase price, for the purchase of a primary residence for Mr. McCarthy and his family in Breckenridge, Colorado. Based on the actual amount invested by the Company, the Company will obtain a proportionate undivided ownership interest in such residence. The Company shall be entitled to receive its proportionate share of the resale price of the residence, less certain deductions, upon the earlier of the resale of the residence or within approximately 18 months after Mr. McCarthy's termination of employment from the Company.

9.   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 the BGMD. SCMD is comprised of approximately 150 acres of open space land owned by the Company and members of the Board of Directors of the 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 and townhomes, and lodging units. As of July 31, 2000, the Company has sold 104 single-family homesites and sixteen 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 $40.7 million letter of credit issued against the Company's Credit Facility. 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 $20.4 million at July 31, 2000. The Company has allocated $11.0 million of that amount to the Bachelor Gulch Village homesites which were sold as of July 31, 2000 and has recorded that amount as a liability in the accompanying financial statements. The total subsidy incurred as of July 31, 2000 and 1999 was $6.5 million and $4.3 million, respectively.

At July 31, 2000, the Company had various other letters of credit outstanding in the aggregate amount of $46.2 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). Three other chairlifts sustained minor damage. The Company has completed the reconstruction and reparation of all of the damaged and destroyed facilities. During the third quarter of fiscal 2000, the Company settled its insurance claim related to the fires for $24.5 million, including both the property and business interruption loss claims. The incident did not have a net material impact on the Company's results of operations or cash flows.

The Company purchased a Reduced Skier Day Insurance Policy, a customized insurance product, for the 1999-2000 ski season. Under this policy, the Company receives a fixed payment for each paid skier day below certain targeted levels for the season. During fiscal 2000, the net benefit recognized in the financial statements from the policy was $13.9 million. The proceeds from the insurance policy have not yet been received. The Company expects to settle the insurance claim by the end of calendar 2000.

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 fiscal years ended July 31, 2000 and 1999 and the ten months ended July 31, 1998, the Company recorded lease expense related to these agreements of $20.1 million, $11.5 million, $6.4 million, respectively, which is included in the accompanying consolidated statements of operations.

9. Commitments and Contingencies--(Continued)

Future minimum lease payments under these leases as of July 31, 2000 are as follows (in thousands):

Due during fiscal years ending July 31:	
2001	$ 7,615
2002	4,858
2003	3,847
2004	3,626
2005	2,593
Thereafter	8,496
Total	$ 31,035

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage and accrued loss contingencies for all matters and that, although the ultimate outcome of such claims cannot be ascertained, current pending and threatened claims are not expected to have a material adverse impact on the financial position, results of operations and cash flows of the Company.

In July 1999, the U.S. Army Corps of Engineers alleged that certain road construction which we undertook as part of the Blue Sky Basin expansion involved discharges of fill material into wetlands in violation of the Clean Water Act. A subsequent review confirmed that the wetland impact involved approximately seven-tenths of one acre. In August 1999, three organizations and one individual collectively notified us and the federal agencies that if the alleged violations were not remedied within 60 days, they intended to file a citizen enforcement action under the Clean Water Act. No action has been filed as of the date of this Form 10-K. Under the Clean Water Act, unauthorized discharges of fill can give rise to administrative, civil and criminal enforcement actions seeking monetary penalties and injunctive relief, including removal of the unauthorized fill. In October 1999, the Environmental Protection Agency, the lead enforcement agency in this matter, ordered us to stabilize the road temporarily and restore the wetland in the summer of 2000. (EPA - Region VIII, Docket No. CWA-8-2000-01). We completed the restoration work on the wetland impact this summer, pursuant to our restoration plan approved by the EPA. The EPA is considering enforcement action, and although we cannot guarantee a particular result, we do not anticipate that a material fine will be levied.

10. Segment Information

The Company has two reportable segments: resort operations and real estate operations. The Company's resort segment operates mountain resorts and related amenities. The real estate segment develops, buys and sells real estate in and around the Company's mountain resort communities. The Company's two reportable segments, although integral to the success of each other, offer distinctly different products and services and require different types of management focus. As such, these segments are managed separately.

The Company evaluates performance and allocates resources to its segments based on operating revenue and earnings or losses before income taxes, depreciation, amortization, investment income, interest expense, gains or losses on asset disposals, and the elimination of minority interests ("EBITDA"). Resort EBITDA consists of net resort revenue less resort operating expense. Real estate EBITDA consists of net real estate revenue less real estate operating expense. The accounting policies are the same as those described in the Summary of Significant Accounting Policies (Note 2).

10. Segment Information--(Continued)

Following is key financial information by reportable segment and for the Company used by management in evaluating performance and allocating resources:

	Year Ended July 31, 2000	Year Ended July 31, 1999	Ten Months Ended July 31, 1998
Net revenue:			
Resort	$ 501,375	$ 431,788	$ 336,547
Real estate	51,684	43,912	73,722
	553,059	475,700	410,269
EBITDA:			
Resort	113,062	86,101	114,346
Real estate	9,618	9,526	11,103
	122,680	95,627	125,449
Depreciation and amortization:			
Resort	61,435	53,256	36,838
Real estate	--	--	--
	61,435	53,256	36,838
Capital expenditures:			
Resort	79,591	65,168	80,454
Real estate	40,410	32,980	15,661
	120,001	98,148	96,115
Identifiable assets:			
Resort	655,172	611,141	501,371
Real estate	147,172	152,508	138,916
	$ 802,344	$ 763,649	$ 640,287
Reconciliation to consolidated income before provision for income taxes:			
Resort EBITDA	$ 113,062	$ 86,101	$ 114,346
Real estate EBITDA	9,618	9,526	11,103
Total EBITDA	122,680	95,627	125,449
Depreciation and amortization expense	61,435	53,256	36,838
Other income (expense):			
Investment income	1,843	1,624	1,784
Interest expense	(35,108)	(25,099)	(17,789)
Gain (loss) on disposal of fixed assets	(104)	3,283	(1,706)
Other income (expense)	32	63	(736)
Minority interest in net income of consolidated joint venture	(713)	(1,448)	--
Income before provision for income taxes	$ 27,195	$ 20,794	$ 70,164

11. Stock Compensation Plans

At July 31, 2000, the Company has three stock-based compensation plans, which are described below. The Company applies APB Opinion No. 25 and related Interpretations in accounting for stock-based compensation to employees. Accordingly, no compensation cost has been recognized for its fixed stock option plans. Had compensation cost for the Company's three stock-based compensation plans been determined consistent with SFAS No. 123, "Accounting for Stock Based Compensation", the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below (in thousands, except per share amounts):

	July 31, 2000	July 31, 1999	July 31, 1998
Net Income			
As reported	$ 15,338	$ 12,791	$ 41,018
Pro forma	12,654	9,721	39,320
Basic net income per common share			
As reported	$ 0.44	$ 0.37	$ 1.20
Pro forma	0.37	0.28	1.15
Diluted net income per common share			
As reported	$ 0.44	$ 0.37	$ 1.18
Pro forma	0.37	0.28	1.13

The Company has three fixed option plans--the 1993 Stock Option Plan ("1993 Plan"), the 1996 Long Term Incentive and Share Award Plan ("1996 Plan") and the 1999 Long Term Incentive and Share Award Plan ("1999 Plan"). Under the 1993 Plan, incentive stock options (as defined under Section 422 of the Internal Revenue Code of 1986) or non-incentive stock options covering an aggregate of 2,045,510 shares of Common Stock may be issued to key employees, directors, consultants, and advisors of the Company or its subsidiaries. Exercise prices and vesting dates for options granted under the 1993 Plan are set by the Compensation Committee of the Company's Board of Directors ("Compensation Committee"), except that the vesting period must be at least six months and exercise prices for incentive stock options may not be less than the stock's market price on the date of grant. The term of the options granted under the 1993 Plan is determined by the Compensation Committee, provided that all incentive stock options granted have a maximum life of ten years. 1,500,000 and 2,500,000 shares of Common Stock may be issued in the form of options, stock appreciation rights ("SARs"), restricted shares, restricted share units, performance shares, performance share units, dividend equivalents or other share-based awards under the 1996 Plan and the 1999 Plan, respectively. Under the 1996 Plan and the 1999 Plan, awards may be granted to employees, directors or consultants of the Company or its subsidiaries or affiliates. The terms of awards granted under the 1996 Plan and 1999 Plan, including exercise price, vesting period and life, are set by the Compensation Committee. To date, no options have been granted to non-employees under any of the three plans. At July 31, 2000, approximately 7,000, 107,000 and 1,748,000 options were available under the 1993 Plan, 1996 Plan and 1999 Plan, respectively.

11. Stock Compensation Plans--(Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999, and 1998, respectively: dividend yield of 0% for each year, expected volatility of 47.0%, 40.7% and 14.7%; risk-free interest rates of 6.01% and ranges from 4.24% to 5.70% and 5.49% to 6.61%; and expected lives ranging from 6 to 8 years for each year. A summary of the status of the Company's two fixed stock option plans as of July 31, 2000, 1999 and 1998 and changes during the years ended July 31, 2000 and 1999 and the ten months ended July 31, 1998 is presented below (in thousands, except per share amounts):

Fixed Options	Shares Subject to Option	Weighted Average Exercise Price Per Share
Balance at September 30, 1997	2,909	$ 15
Granted	96	28
Exercised	(1,043)	8
Forfeited	(125)	17
Balance at July 31, 1998	1,837	$ 18
Granted	688	23
Exercised	(67)	10
Forfeited	(79)	21
Balance at July 31, 1999	2,379	$ 19
Granted	766	20
Exercised	(36)	9
Forfeited	(123)	23
Balance at July 31, 2000	2,986	$ 20

The following table summarizes information about fixed stock options outstanding at July 31, 2000 (in thousands, except per share and life amounts):

	Options Outstanding			Options Exercisable	
Exercise Price Range Per Share	Shares Outstanding	Weighted-Average Remaining Contractual Life Per Share	Weighted-Average Exercise Price Per Share	Shares Exercisable	Weighted-Average Exercise Price Per Share
$ 6-11	563	3.4	$ 8.86	548	$ 8.81
16-20	1,051	8.0	19.29	385	19.82
*20-25	1,223	7.9	23.73	551	24.01
*25-29	149	7.9	27.31	87	27.42
$ 6-29	2,986	7.1	$ 19.54	1,571	$ 17.87

* means greater than

During fiscal years 1997 and 1996, the Company granted restricted stock to certain executives under the 1996 Plan. The aggregate number of shares granted totaled 12,000 and 62,000 in fiscal 1997 and 1996, respectively. The shares vest in equal increments over periods ranging from three to five years. Compensation expense related to these restricted stock awards is charged ratably over the respective vesting periods. No restricted stock was granted during fiscal 2000, 1999 or 1998, however 13,176, 8,195 and 8,260 vested shares were issued, respectively.

12. Capital Stock

The Company has two classes of Common Stock outstanding, Class A Common Stock and Common Stock. The rights of holders of Class A Common Stock and Common Stock are substantially identical, except that, while any Class A Common Stock is outstanding, holders of Class A Common Stock elect a class of directors that constitutes two-thirds of the Board and holders of Common Stock elect another class of directors constituting one-third of the Board. At July 31, 2000 and 1999, one shareholder owned substantially all of the Class A Common Stock and, as a result, has effective control of the Company's Board of Directors. The Class A Common Stock is convertible into Common Stock (i) at the option of the holder, (ii) automatically, upon transfer to a non-affiliate and (iii) automatically if less than 5,000,000 shares (as such number shall be adjusted by reason of any stock split, reclassification or other similar transaction) of Class A Common Stock are outstanding. The Common Stock is not convertible. Each outstanding share of Class A Common Stock and Common Stock is entitled to vote on all matters submitted to a vote of stockholders. Blocks of 200,000 shares and 4,000,000 shares of Class A Common stock were converted to Common Stock during fiscal 1999 and 1998 respectively, as they were sold to a non-affiliated company of the prior holder. There were no shares of Class A Common Stock converted to Common Stock during fiscal 2000.

13. Selected Quarterly Financial Data (Unaudited--In thousands, except per share amounts)

	Fiscal 2000				
	Year Ended July 31, 2000	Quarter Ended July 31, 2000	Quarter Ended April 30, 2000	Quarter Ended January 31, 2000	Quarter Ended October 31, 1999
Resort revenue	$ 501,375	$ 59,627	$ 223,761	$ 161,128	$ 56,859
Real estate revenue	51,684	14,937	26,028	1,749	8,970
Total revenue	553,059	74,564	249,789	162,877	65,829
Income (loss) from operations	61,245	(22,716)	85,115	31,078	(32,232)
Net income (loss)	15,338	(15,995)	42,830	10,947	(22,444)
Basic net income (loss) per common share	0.44	(0.46)	1.24	0.32	(0.65)
Diluted net income (loss) per common share	$ 0.44	$ (0.46)	$ 1.23	$ 0.31	$ (0.64)

	Fiscal 1999				
	Year Ended July 31, 1999	Quarter Ended July 31, 1999	Quarter Ended April 30, 1999	Quarter Ended January 31, 1999	Quarter Ended October 31, 1999
Resort revenue	$ 431,788	$ 52,442	$ 188,220	$ 156,141	$ 34,985
Real estate revenue	43,912	12,503	14,022	3,816	13,571
Total revenue	475,700	64,945	202,242	159,957	48,556
Income (loss) from operations	42,371	(25,500)	61,870	36,856	(30,855)
Net income (loss)	12,791	(13,528)	30,247	16,530	(20,458)
Basic net income (loss) per common share	0.37	(0.39)	0.87	0.48	(0.59)
Diluted net income (loss) per common share	$ 0.37	$ (0.39)	$ 0.87	$ 0.47	$ (0.59)

14. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 8 3/4% Senior Subordinated Notes due 2009 (see Note 4), are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by substantially all of the Company's consolidated subsidiaries (collectively, and excluding the Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for SSV, Vail Associates Investments, Inc. and Vail Resorts Holdings, Inc. (together, the "Non-Guarantor Subsidiaries"). SSV is a 51.9%-owned joint venture which owns and operates certain retail and rental operations. Vail Associates Investments, Inc. and Vail Resorts Holdings, Inc. are 100%-owned corporations which own 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 July 31, 2000 and 1999 and for the years then ended.

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.

14. Guarantor Subsidiaries and Non-Guarantor Subsidiaries--(Continued)

Supplemental Condensed Consolidating Balance Sheet
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			July 31, 2000		
Current assets:					
Cash and cash equivalents	$ --	$ 18,346	$ 322	$ --	$ 18,668
Trade receivables	200	38,591	636	--	39,427
Inventories, net	--	8,720	15,372	--	24,092
Deferred income taxes	1,134	9,230	--	--	10,364
Other current assets	--	7,122	681	--	7,803
Total current assets	1,334	82,009	17,011	--	100,354
Property, plant and equipment, net	--	643,680	11,492	--	655,172
Real estate held for sale and investment	--	141,538	5,634	--	147,172
Deferred charges and other assets	6,452	23,708	100	--	30,260
Intangible assets, net	--	182,492	12,368	--	194,860
Investments in subsidiaries and advances to (from) subsidiaries	691,670	(9,324)	(6,004)	(676,342)	--
Total assets	$ 699,456	$ 1,064,103	$ 40,601	$ (676,342)	$ 1,127,818
Current liabilities:					
Accounts payable and accrued expenses	$ 4,699	$ 89,962	$ 10,841	$ --	$ 105,502
Income taxes payable	--	2,645	--	--	2,645
Long-term debt due within one year	--	1,037	1,000	--	2,037
Total current liabilities	4,699	93,644	11,841	--	110,184
Long-term debt	200,000	179,198	13,000	--	392,198
Other long-term liabilities	1,002	30,708	--	--	31,710
Deferred income taxes	--	92,577	--	--	92,577
Minority interest in net assets of consolidated joint ventures	--	100	7,294	--	7,394
Total stockholders' equity	493,755	667,876	8,466	(676,342)	493,755
Total liabilities and stockholders' equity	$ 699,456	$ 1,064,103	$ 40,601	$ (676,342)	$ 1,127,818
			July 31, 1999		
Current assets:					
Cash and cash equivalents	$ --	$ 25,097	$ 227	$ --	$ 25,324
Trade receivables	321	28,790	539	--	29,650
Inventories, net	--	8,667	14,138	--	22,805
Deferred income taxes	1,353	9,051	--	--	10,404
Other current assets	--	4,326	186	--	4,512
Total current assets	1,674	75,931	15,090	--	92,695
Property, plant and equipment, net	--	600,497	10,644	--	611,141
Real estate held for sale and investment	--	147,232	5,276	--	152,508
Deferred charges and other assets	8,752	22,519	120	--	31,391
Intangible assets, net	--	188,197	13,307	--	201,504
Investments in subsidiaries and advances to (from) subsidiaries	672,609	14,405	(6,122)	(680,892)	--
Total assets	$ 683,035	$ 1,048,781	$ 38,315	$ (680,892)	$ 1,089,239
Current liabilities:					
Accounts payable and accrued expenses	$ 5,132	$ 76,341	$ 7,972	$ --	$ 89,445
Income taxes payable	--	1,633	--	--	1,633
Long-term debt due within one year	--	520	1,537	--	2,057
Total current liabilities	5,132	78,494	9,509	--	93,135
Long-term debt	200,000	182,829	13,300	--	396,129
Other long-term liabilities	1,128	30,018	--	--	31,146
Deferred income taxes	--	84,728	--	--	84,728
Minority interest in net assets of consolidated joint venture	--	--	7,326	--	7,326
Total stockholders' equity	476,775	672,712	8,180	(680,892)	476,775
Total liabilities and stockholders' equity	$ 683,035	$ 1,048,781	$ 38,315	$ (680,892)	$ 1,089,239

14. Guarantor Subsidiaries and Non-Guarantor Subsidiaries--(Continued)

Supplemental Condensed Consolidating Statement of Operations
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	For the Year Ended July 31, 2000				
Total revenues	$ --	$ 476,977	$ 78,713	$ (2,631)	$ 553,059
Total operating expenses	1,656	417,036	75,753	(2,631)	491,814
Income (loss) from operations	(1,656)	59,941	2,960	--	61,245
Other expense	(18,133)	(13,726)	(1,478)	--	(33,337)
Minority interest in net income of consolidated joint ventures	--	--	(713)	--	(713)
Income (loss) before benefit (provision) for income taxes	(19,789)	46,215	769	--	27,195
Benefit (provision) for income taxes	8,628	(20,485)	--	--	(11,857)
Net income (loss) before equity in income of consolidated subsidiaries	(11,161)	25,730	769	--	15,338
Equity in income of consolidated subsidiaries	26,499	769	--	(27,268)	--
Net income	$ 15,338	$ 26,499	$ 769	$ (27,268)	$ 15,338
	For the Year Ended July 31, 1999				
Total revenues	$ --	$ 404,168	$ 73,233	$ (1,701)	$ 475,700
Total operating expenses	1,449	364,598	68,983	(1,701)	433,329
Income (loss) from operations	(1,449)	39,570	4,250	--	42,371
Other expense	(3,842)	(15,048)	(1,239)	--	(20,129)
Minority interest in net income of consolidated joint venture	--	--	(1,448)	--	(1,448)
Income (loss) before benefit (provision) for income taxes	(5,291)	24,522	1,563	--	20,794
Benefit (provision) for income taxes	2,036	(10,039)	--	--	(8,003)
Net income (loss) before equity in income of consolidated subsidiaries	(3,255)	14,483	1,563	--	12,791
Equity in income of consolidated subsidiaries	16,046	1,563	--	(17,609)	--
Net income	$ 12,791	$ 16,046	$ 1,563	$ (17,609)	$ 12,791

14. Guarantor Subsidiaries and Non-Guarantor Subsidiaries--(Continued)

Supplemental Condensed Consolidating Statement of Cash Flows
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	For the Year Ended July 31, 2000			
Cash flows from operating activities	$ 34,055	$ 70,567	$ 7,002	$ 111,624
Cash flows from investing activities:				
Resort capital expenditures	--	(72,109)	(5,547)	(77,656)
Investments in real estate	--	(40,410)	--	(40,410)
Cash flows from other investing activities	--	2,111	(48)	2,063
Net cash used in investing activities	--	(110,408)	(5,595)	(116,003)
Cash flows from financing activities:				
Proceeds from borrowings under long-term debt	--	206,250	200	206,450
Payments on long-term debt	--	(210,210)	(1,037)	(211,247)
Advances to (from) affiliates	(33,750)	34,225	(475)	--
Other financing activities	(305)	--	--	(305)
Net cash provided by (used in) financing activities	(34,055)	30,265	(1,312)	(5,102)
Net increase (decrease) in cash and cash equivalents	--	(9,576)	95	(9,481)
Cash and cash equivalents:				
Beginning of period	--	18,075	227	18,302
End of period	$ --	$ 8,499	$ 322	$ 8,821
	For the Year Ended July 31, 1999			
Cash flows from operating activities	$ 16,082	$ 78,775	$ 7,753	$ 102,610
Cash flows from investing activities:				
Cash paid in resort acquisitions, net of cash acquired	--	(48,360)	--	(48,360)
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	--	(57,313)	(7,855)	(65,168)
Investments in real estate	--	(32,980)	--	(32,980)
Cash flows from other investing activities	--	(13,600)	--	(13,600)
Net cash used in investing activities	--	(186,053)	(18,371)	(204,424)
Cash flows from financing activities:				
Proceeds from the exercise of stock options	677	--	--	677
Proceeds from borrowings under long-term debt	200,000	185,190	31,452	416,642
Payments on long-term debt	--	(281,222)	(21,248)	(302,470)
Payment of financing costs	(8,099)	--	--	(8,099)
Advances to (from) affiliates	(208,660)	208,021	639	--
Net cash provided by (used in) financing activities	(16,082)	111,989	10,843	106,750
Net increase (decrease) in cash and cash equivalents	--	4,711	225	4,936
Cash and cash equivalents:				
Beginning of period	--	13,364	2	13,366
End of period	$ --	$ 18,075	$ 227	$ 18,302

15. Acquisitions

On June 14, 1999, the Company purchased 100% of the outstanding shares of GTLC, a Wyoming corporation, from CSX Corporation for a total purchase price of $55 million. The acquisition was accounted for under the purchase method of accounting. GTLC operates four resort properties in northwestern Wyoming: Jenny Lake Lodge, Jackson Lake Lodge, Colter Bay Village and Jackson Hole Golf & Tennis Club. GTLC operates the first three resorts, 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 GTLC and includes approximately 30 acres of developable land.

The following unaudited pro forma revenue for the year ended July 31, 1999 assumes the acquisition of GTLC occurred on August 1, 1998. The pro forma revenue is not necessarily indicative of the actual revenue that would have been recognized, nor is it necessarily indicative of future revenue. The unaudited revenue for the year ended July 31, 2000 is provided for comparative purposes. Pro forma net income and EPS are not presented as the pro forma adjustments are immaterial to the actual net income and EPS of the Company, and, in the opinion of the Company, would not provide additional meaningful information to the reader.

	Year Ended July 31, 2000	Pro Forma Year Ended July 31, 1999
	(unaudited)	
Total revenue	$ 553,059	$ 490,290

16. Subsequent Events

In October 2000, the Company acquired a 49% interest in a newly formed Irish corporation whose purpose is to develop a resort based reservations system which will enable the shopping, booking and distribution of packaged vacations. The Company's initial investment is $5 million, with approximately $1 million paid at closing and the remainder due in quarterly installments over the following twelve-month period. The Company will be granted a free license to use the system but will be charged at favorable rates for ongoing maintenance and on-site support and is obligated to provide certain levels of marketing assistance. The Company will also earn a commission for all customers referred. The Company anticipates that such system will be completed and ready for the Company's use in time for the 2002-03 ski season.

Also in October 2000, the Company entered into a joint venture agreement with a venture led by an affiliate of Continental Gencom for the construction of The Ritz-Carlton, Bachelor Gulch (the "Hotel"). The Hotel, scheduled to open in late 2002, is being developed by The Athens Group, of Phoenix, Arizona, and will include a 238-room hotel, a 20,000-square-foot spa and fitness center, ski rental, lesson and retail space, restaurants plus meeting space. In addition, 23 privately owned luxury penthouse residences are also being built above the hotel. All twenty-three of these penthouses are already under contract. The Company will acquire a 49% interest in the joint venture in return for a cash investment of $3.3 million, land contribution with a $3.4 million book value, and an interest-bearing loan to the joint venture of up to $4.5 million. Construction of the entire hotel project is expected to cost approximately $162 million. In order to cover construction costs, the joint venture is obtaining $97 million in debt financing from a syndicate of banks. The remainder is being funded by a combination of equity and debt contributed by the partners, mezzanine financing, and the sale of condominiums. Under the terms of the joint venture, The Company will provide golf, spa and club privileges for a fee of $3.7 million. The Company will receive $3 million up front and $0.7 million as penthouse residences close. Separately, the Company will contract with the hotel joint venture to acquire the 20,000-square-foot spa, plus 8,500 square feet of skier services area, at the developer's cost of approximately $13 million. The majority of this expense is expected to be recouped through membership sales in the Bachelor Gulch Club.

In October 2000, in connection with the employment of Martin White as Senior Vice President, Marketing, the Company agreed to invest up to $800,000, but not to exceed 50% of the purchase price, for the purchase of a primary residence for Mr. White and his family in the Vail Valley. Based on the actual amount invested by the

Company, the Company will obtain a proportionate undivided ownership interest in such residence. The Company shall be entitled to receive its proportionate share of the resale price of the residence, less certain deductions, upon the earlier of the resale of the residence or within approximately 18 months after Mr. White's termination from the Company.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the annual meeting of shareholders to be held December 6, 2000.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the annual meeting of shareholders to be held December 6, 2000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the annual meeting of shareholders to be held December 6, 2000.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the annual meeting of shareholders to be held December 6, 2000.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

a) Index to Financial Statements and Financial Statement Schedules.
   i) See "Item 8. Financial Statements and Supplementary Data" for the index to the Financial Statements.
   ii) All other schedules have been omitted because the required information is not applicable or because the information required has been included in the financial statements or notes thereto.
   iii) Index to Exhibits

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

Exhibit Number	Description	Sequentially Numbered Page
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.)	

Exhibit Number	Description	Sequentially Numbered Page
4.1	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.)	
4.2	Purchase Agreement, dated as of May 6, 1999 among Vail Resorts, Inc., the guarantors named on Schedule I thereto, and Bear Sterns & Co. Inc., NationsBanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. (Incorporated by reference to Exhibit 4.2 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.3	Indenture, dated as of May 11, 1999, among Vail Resorts, Inc., the guarantors named therein and the United States Trust Company of New York, as trustee. (Incorporated by reference to Exhibit 4.3 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.4	Form of Global Note (Included in Exhibit 4.3 incorporated by reference to Exhibit 4.3 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.5	Registration Rights Agreement, dated as of May 11, 1999 among Vail Resorts, Inc., the guarators signatory thereto and Bear Stearns & Co. Inc., NationsBanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. (Incorporated by reference to Exhibit 4.5 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.6	First Supplemental Indenture, dated as of August 22, 1999, among the Company, the guarantors named therein and the United States Trust Company of New York, as trustee. (Incorporated by reference to Exhibit 4.6 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
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	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.)	

Exhibit Number	Description	Sequentially Numbered Page
10.6	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.)	
10.7	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.)	
10.8(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.)	
10.8(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.)	
10.9	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.)	
10.10(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.)	
10.10(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.)	
10.10(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.)	
10.10(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.)	
10.11	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
10.12	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.)	
10.13	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.)	
10.14	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.)	
10.15(a)	Shareholder Agreement among Vail Resorts, Inc., Ralston Foods, Inc., and Apollo Ski Partners, L.P. 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.)	
10.15(b)	First Amendment to the Shareholder Agreement dated as of November 1, 1999, among Vail Resorts, Inc., Ralcorp Holdings, Inc. (f/k/a Ralston Foods, Inc.) and Apollo Ski Partners, L.P. (Incorporated by reference to Exhibit 10.17(b) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2000.)	
10.16	1996 Stock Option Plan (Incorporated by reference from the Company's Registration Statement on Form S-3, File No. 333-5341).	
10.17	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.)	
10.18(a)	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.)	
10.18(b)	Trust Indenture dated as of April 1, 1998 securing Sports and Housing Facilities Revenue Refunding Bonds by and between Eagle County, Colorado and US Bank, N.A., as Trustee. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.19	Credit agreement dated December 30, 1998 among SSI Venture LLC and NationsBank of Texas, N.A., (Incorporated by reference to Exhibit 10.24 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 1999.)	
10.20(a)	Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc"), and NationsBank, N.A. and NationsBanc Montgomery Securities LLC dated as of May 1, 1999. (Incorporated by reference to Exhibit 10.25 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1999.)	

Exhibit Number	Description	Sequentially Numbered Page
10.20(b)	First Amendment and Consent to Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Bank of America, N.A., and the lenders named therein dated as of December 31, 1999. (Incorporated by reference to Exhibit 10.20(b) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	
10.20(c)	Second Amendment to Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Bank of America, N.A., and the lenders named therein dated as of April 21, 2000 but effective as of February 1, 2000. (Incorporated by reference to Exhibit 10.20(c) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	
10.21	Employment Agreement dated October 28, 1996 by and between Vail Resorts, Inc. and James P. Donohue. (Incorporated by reference to Exhibit 10.24 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 1999.)	
10.22	Vail Resorts, Inc. 1999 Long Term Incentive and Share Award Plan. (Incorporated by reference to the Company's registration statement on Form S-8, File No. 333-32320).	
10.23	Vail Resorts Deferred Compensation Plan effective as of October 1, 2000.	31
21	Subsidiaries of Vail Resorts, Inc. (Incorporated by reference to Exhibit 27 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	
27	Financial Data Schedules	

b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

VAIL RESORTS, INC.

BY: /S/ JAMES P. DONOHUE

James P. Donohue
Senior Vice President and
Chief Financial Officer

DATED: October 26, 2000

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints James P. Donohue, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any or all amendments or supplements to this Form 10-K and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing necessary or appropriate to be done with this Form 10-K and any amendments or supplements hereto, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on October 26, 2000.

Signature	Title
/S/ ADAM M. ARON Adam M. Aron	Chairman of the Board and Chief Executive Officer (Principal Chief Executive Officer)
/S/ ANDREW P. DALY Andrew P. Daly	Director and President
/S/ JAMES P. DONOHUE James P. Donohue	Senior Vice President and Chief Financial Officer
/S/ FRANK J. BIONDI Frank J. Biondi	Director
/S/ LEON D. BLACK Leon D. Black	Director
/S/ CRAIG M. COGUT Craig M. Cogut	Director
/S/ STEPHEN C. HILBERT Stephen C. Hilbert	Director

Signature	Title
/S/ ROBERT A. KATZ Robert A. Katz	Director
/S/ THOMAS H. LEE Thomas H. Lee	Director
/S/ WILLIAM L. MACK William L. Mack	Director
/S/ JOE R. MICHELETTO Joe R. Micheletto	Director
/S/ ANTONY P. RESSLER Antony P. Ressler	Director
/S/ MARC J. ROWAN Marc J. Rowan	Director
/S/ JOHN J. RYAN III John J. Ryan III	Director
/S/ JOHN F. SORTE John F. Sorte	Director
/S/ BRUCE H. SPECTOR Bruce H. Spector	Director
/S/ WILLIAM P. STIRITZ William P. Stiritz	Director
/S/ JAMES S. TISCH James S. Tisch	Director

Exhibit 10.23

VAIL RESORTS

DEFERRED COMPENSATION PLAN

VAIL RESORTS
DEFERRED COMPENSATION PLAN

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VAIL RESORTS
DEFERRED COMPENSATION PLAN

The Vail Corporation, d/b/a Vail Associates, Inc. a Colorado corporation (the "Employer"), hereby adopts the Vail Resorts Deferred Compensation Plan (the "Plan") for the benefit of a select group of management or highly compensated employees. This Plan is an unfunded arrangement and is intended to be exempt from the participation, vesting, funding, and fiduciary requirements set forth in Title I of the Employee Retirement Income Security Act of 1974, as amended. This Plan is effective October 1, 2000.

ARTICLE 1
Definitions

1.1 Account. The bookkeeping account established for each Participant as provided in Section 5.1 hereof.

1.2 Administrator. Shall be a Committee consisting of those individuals appointed from time to time by the Executive Committee of the Board of Directors of Vail Resorts, Inc.

1.3 Beneficiary. The person, persons, trust or other entity a Participant designates by written revocable designation filed with the Administrator to receive payments in event of his or her death.

1.4 Board. The Executive Committee of the Board of Directors of Vail Resorts, Inc.

1.5 Bonus. Compensation which is designated as such by the Employer and which relates to services performed during an incentive period by an Eligible Employee in addition to his or her Salary, including any pretax elective deferrals from said Bonus to any Employer sponsored plan that includes amounts deferred under a Deferral Election or a qualified cash or deferred arrangement under Code Section 401(k) or cafeteria plan under Code Section 125.

1.6 Code. The Internal Revenue Code of 1986, as amended.

1.7 Compensation. The Participant's earned income, including Salary, Bonus and other remuneration from the Employer.

1.8 Deferrals. The portion of Compensation that a Participant elects to defer in accordance with Section 3.1 hereof.

1.9 Deferral Election. The separate written agreement, submitted to the Administrator, by which an Eligible Employee agrees to participate in the Plan and make Deferrals thereto. The Deferral Election will specify the amount of Compensation that a Participant chooses to defer.

1.10 Disability. Any medically determinable physical or mental disorder that renders a Participant incapable of continuing in the employment of the Employer in his or her regular duties of employment, as determined by the Administrator in its sole discretion.

1.11 Discretionary Contribution. An Employer Contribution as described in Section 3.3 hereof.

1.12 Effective Date. October 1, 2000.

1.13 Eligible Employee. Each Employee designated by the Administrator pursuant to Section 2.1 as eligible to participate in the Plan.

1.14 Employee. Any person employed by the Employer.

1.15 Employer. The Vail Corporation, d/b/a Vail Associates, Inc. and its subsidiaries.

1.16 Enrollment Period

a. For individuals who are Eligible Employees prior to the commencement of a given Plan Year, Enrollment Period means the period set by the Administrator, which ends prior to the first day of a Plan Year.

b. With respect to an Eligible Employee designated as such by the Company effective as of any day after the first day of a Plan Year, Enrollment Period means the period beginning with the date of his/her designation as an Eligible Employee, and ending prior to the first day such Eligible Employee's participation in the Plan commences.

1.17 Investment Fund or Funds. Each investment(s), which serves as a means to measure value, increases or decreases with respect to a Participant's Accounts.

1.18 Matching Contribution. An Employer contribution as described in Section 3.2 hereof.

1.19 Participant. An Eligible Employee who is a Participant as provided in Article 2.

1.20 Plan. Vail Resorts Deferred Compensation Plan.

1.21 Plan Year. October 1 through December 31, 2000 for the first Plan Year; January 1 through December 31 for each subsequent Plan Year.

1.22 Retirement. Retirement means the termination of the Participant's employment or contract with the Employer for any reason other than death or disability on or after age 60.

1.23 Salary. An Eligible Employee's base salary rate or rates in effect at any time during a Plan Year, including any pretax elective deferrals from said Salary to any Employer sponsored plan that includes amounts deferred under a Deferral Election or a qualified cash or deferred arrangement under Code Section 401(k) or cafeteria plan under Code Section 125.

1.24 Trust. The agreement between the Employer and the Trustee under which the assets of the Plan are held, administered and managed, which shall conform to the terms of Rev. Proc. 92-64.

1.25 Trustee. Wells Fargo Bank, N.A., or such other successor that shall become trustee pursuant to the terms of the Plan.

1.26 Years of Service. A Participant's "Years of Service" shall be measured by the total number of full twelve (12) month periods that an individual has been an Employee.

ARTICLE 2
Participation

2.1 Designation as Eligible Employee. The Administrator shall from time to time specify one or more persons from a select group of management or highly compensated employees as Eligible Employees. Such specification shall be in writing, with a copy delivered to the Employer and the person designated as eligible, and shall set the date as of when the person becomes eligible.

For the October 1, 2000 - December 31, 2000 Plan Year, and for subsequent Plan Years until the Administrator otherwise directs, an Eligible Employee shall mean each Employee:

(a) who is designated as such by the Administrator; and,

(b) has a Salary Grade Level of 30 and above; and,

(c) earns at least $120,000 or more.

An individual's designation as an Eligible Employee may be revoked at any time upon written notice of the Administrator to such individual.

2.2 Commencement of Participation. Each Eligible Employee shall become a Participant at the earlier of the first day of the Plan Year or the date on which his or her Deferral Election first becomes effective.

2.3 Loss of Eligible Employee Status.

(a) A Participant who is no longer an Eligible Employee shall not be permitted to submit a Deferral Election and all Deferrals for such Participant shall cease immediately upon the determination that the Participant is no longer considered an Eligible Employee.

(b) Amounts credited to the Account of a Participant described in subsection (a) shall continue to be held, pursuant to the terms of the Plan and shall be distributed as provided in Article 6.

(c) A Participant who is no longer an Eligible Employee shall continue to receive quarterly statements, and shall retain the right to make changes in investment selection according to Section 5.2.

ARTICLE 3
Contributions

3.1 Deferrals.

(a) On an annual basis, each Participant may authorize the Employer to reduce his/her future Compensation by a percentage not to exceed an amount allowed for the Plan Year as established by the Employer, and to have a corresponding amount credited to his/her Accounts, in accordance with Article 5, by filing a Deferral Agreement with the Administrator during his/her initial Enrollment Period or any subsequent Enrollment Period preceding the Plan Year during which such Compensation will be earned.

(b) Each Eligible Employee shall deliver an annual Deferral Election to the Employer before any Deferrals can become effective. Such Deferral Election shall be void with respect to any Deferral unless submitted before the beginning of the Plan Year during which the amount to be deferred will be earned; provided, however, that in the year in which the Plan is first adopted or an Employee is first eligible to participate, such Deferral Election shall be filed within thirty (30) days of the date on which the Plan is adopted or within sixty (60) days of the date on which an Employee is first eligible to participate, respectively, with respect to Compensation earned during the remainder of the calendar year.

(c) The Deferral Election shall, subject to the limitation set forth in Section 3.1(a) hereof, designate the amount of Compensation deferred by each Participant, the beneficiary or beneficiaries of the Participant and such other items as the Administrator may prescribe. Such Deferral Elections shall remain effective for the Plan Year.

(d) The minimum amount of Compensation that may be deferred each Plan Year is one thousand dollars ($1,000).

(e) The maximum amount of Compensation that may be deferred each Plan Year is ninety-five percent (95%) of the Participant's Salary and ninety-five percent (95%) of the Participant's Bonus.

3.2 Matching Contribution. At its sole and absolute discretion, the Board may elect to make a Matching Contribution to the Accounts of some or all of the Participants. The amount of the Matching Contribution, if any, shall be determined by the Board annually and communicated to all Eligible Employees. Such Matching Contribution shall be allocated to the Participant's Accounts at such Participant's election made in accordance with Section 5.1.

3.3 Discretionary Contribution. At its sole and absolute discretion, the Board may elect to make a Discretionary Contribution to the Account of some or all of the Participants. Nothing in this Plan, however, shall obligate the Board to make Discretionary Contributions for the benefit of Plan Participants in any Plan Year, nor to make identical Discretionary Contributions for the benefit of Plan Participants in any Plan Year. The Board expressly reserves the right to make Discretionary Contributions to such Plan Participants in such amount or such proportions as it deems warranted or appropriate; provided, however, the Board shall not discriminate against any Plan Participant in making Contributions under this provision on the basis of such Participant's race, nationality, religion, gender, marital status or disability. Discretionary Contributions shall be allocated to the Participant's Accounts at such Participant's election made in accordance with Section 5.1. Nothing in this Plan or any other agreement or document shall represent or be construed to represent an obligation or promise of the Board to make Discretionary Contributions on behalf of a Participant at any time.

3.4 Time of Contributions.

(a) Deferrals shall be transferred to the Trust as soon as administratively feasible following the end of each payroll period. The Employer shall also transmit at that time any necessary instructions regarding the allocation of such amounts among the Accounts of Participants.

(b) Matching Contributions and Discretionary Contributions shall be transferred to the Trust at such time as the Employer shall determine. The Employer shall also transmit at that time any necessary instructions regarding the allocation of such amounts among the Accounts of Participants.

3.5 Form of Contributions. All Deferrals, Matching Contributions and Discretionary Contributions to the Trust shall be made in the form of cash or cash equivalents of US currency.

ARTICLE 4
Vesting

4.1 Vesting of Deferrals. A Participant shall have a vested right to the portion of his or her Account attributable to Deferrals and any earnings on the investment of such Deferrals.

4.2 Vesting of Matching and Discretionary Contributions. Upon completion of 1 Year of Service, a Participant shall have a 25% vested right to the portion of his or her account attributable to Matching Contributions and any earning thereon; upon completion of 2 Years of Service, a 50% vested right; 3 Years of Service, a 75% vested right; 4 Years of Service a 100% vested right. Discretionary Contributions shall vest as determined by the Board. The Board may direct the Administrator to accelerate the vesting on the matching and or discretionary contributions at any time.

4.3 Vesting in the Event of Disability or Death. In the event of a termination based on a Disability, as defined herein, the Participant shall be considered 100% vested in their Deferrals and any Matching Contributions (not Discretionary Contributions, unless the Administrator is otherwise directed by the Board) credited to the Participant's Account as of the effective date of termination. In the event of the Participant's death while employed, the Participant shall be considered 100% vested in their Deferrals and any Matching Contributions (not Discretionary Contributions, unless the Administrator is otherwise directed by the Board) credited to the Participant's Account as of the date of Participant's death.

4.4 Amounts Not Vested. Any amounts credited to a Participant's Account that are not vested at the time of his or her termination of employment with the Employer shall be forfeited.

ARTICLE 5
Accounts

5.1 Accounts. The Administrator shall establish and maintain a bookkeeping account in the name of each Participant. The Administrator shall also establish subaccounts, as provided in subsection (a), (b), and/or (c), below, as elected by the Participant pursuant to Article 3.

(a) A Retirement Account shall be established for each Participant. His or her Retirement Account shall be credited with Deferrals (as specified in the Participant's Deferral Election) and the Participant's allocable share of any earnings or losses on the foregoing. Each Participant's Account shall be reduced by any distributions made plus any federal, state and/or local tax withholding and any social security withholding tax as may be required by law.

(b) A Participant may elect to establish one or more Education Accounts in the name of a "Student" at the time of his or her Deferral. For purposes of this Article, Student shall mean an individual who has not yet attained the age of thirteen (13) at the time the account is initially established. Each

Participant's Education Account shall be credited with Deferrals (as specified in the Participant's Deferral Election) and the Participant's allocable share of any earnings or losses on the foregoing. Each Participant's Account shall be reduced by any distributions made plus any federal, state and/or local tax withholding and any social security withholding tax as may be required by law.

(c) A Participant may elect to establish one or more Personal Goals Accounts by designating a year of payout at the time the account is initially established. The minimum initial deferral period for Personal Goals subaccounts shall be five (5) years. Each Participant's Personal Goals Account shall be credited with Deferrals (as specified in the Participant's Deferral Election) and the Participant's allocable share of any earnings or losses on the foregoing. Each Participant's Account shall be reduced by any distributions made plus any federal, state and/or local tax withholding and any social security withholding tax as may be required by law.

(d) The maximum number of Education Sub-Accounts will be four (4) and the maximum number of Personal Goals Sub-Accounts will be five (5). The maximum number of Education and/or Personal Goals Sub-Accounts that a Participant may have at one time will be nine (9).

5.2 Investments, Gains and Losses.

(a) Trust assets shall be invested by the Trustee in accordance with written directions from the Employer. Such directions shall provide Trustee with the investment discretion to invest the above-referenced amounts within broad guidelines established by Trustee and Employer as set forth therein.

(b) The Administrator shall adjust the amounts credited to each Participant's Account to reflect Deferrals, investment experience, distributions and any other appropriate adjustments. Such adjustments shall be made as frequently as is administratively feasible.

(c) A Participant may direct that his or her Retirement Account, Education Account and or Personal Goals Account established pursuant to Section 5.1 may be valued as if they were invested in one or more Investment Funds in multiples of one percent (1%) of the balance in an Account. A Participant may change his or her selection of Investment Funds no more than six (6) times each Plan Year. An election shall be effective as soon as administratively feasible following the date of the change as indicated in writing by the Participant.

5.3 Forfeitures. Any forfeitures from a Participant's Account shall continue to be held in the Trust, and shall be used to reduce the Employer's future Matching and Discretionary Contributions under the Plan. If no such further contributions will be made, then such forfeitures shall be returned to the Employer.

ARTICLE 6
Distributions

6.1 Distribution Election. Each Participant shall designate on his or her Deferral Election the timing of his or her distribution by indicating the type of account as described under Section 5.1. A Participant may not modify, alter, amend or revoke such designation for a Plan Year after such Plan year begins. Further, amounts in one Account cannot be transferred to another Account. Each Participant shall also designate the manner in which Retirement Account payments shall be made from the choices available under Section 6.2 (a) hereof.

6.2 Payment Options.

(a) Retirement Account payments shall commence as soon as administratively feasible immediately after the Participant's Retirement. The Participant may elect any one of the following forms of payment so long as the election is made in writing, delivered to the Administrator at least one year prior to the year in which the Participant's benefit becomes payable.

(i) The normal form of payment of benefits hereunder, and the form of payments to be used if no other election is made, shall be a single lump-sum distribution of the value of the Participant's Retirement Account.

(ii) A Participant entitled to a benefit hereunder may elect to receive his/her Retirement Account in substantially equal annual installments over a period not to exceed ten (10) years.

The amount of the substantially equal payments described above shall be determined by multiplying the Participant's Retirement Account by a fraction, the denominator of which in the first year of payment equals the number of years over which benefits are to be paid, and the numerator of which is one (1).

The amounts of the payments for each succeeding year shall be determined by multiplying the Participant's Retirement Account as of the applicable anniversary of the Participant's Retirement Date by a fraction, the denominator of which equals the number of remaining years over which benefits are to be paid, and the numerator of which is one (1).

(iii) A Participant entitled to a benefit hereunder may elect to defer commencement of any distribution of his/her Retirement Account for a period not to exceed three (3) years after retirement. Amounts credited to the Retirement Account of a Participant in this subsection shall continue to be held pursuant to the terms and conditions of this Plan.

(b) Education Account payouts shall be paid in four annual installments on July 1 (or as soon as administratively feasible) of the calendar year in which the Student reaches age eighteen (18) and the three (3) anniversaries thereof in the following amounts:

Year 1	25% of the account balance
Year 2	33% of the account balance
Year 3	50% of the account balance
Year 4	100% of the account balance

(c) Personal Goals Account payouts shall be paid in one lump sum payment on January 1 (or as soon as administratively feasible) of the calendar year selected by the Participant on his or her Deferral Election.

6.3 Commencement of Payment upon Termination of Employment. Upon the termination of Participant's employment with the Employer for any reason other than death or Disability, the terminated Participant shall be entitled to the following applicable account management procedures:

(a) Retirement Account Credits

(i) if the Participant's Retirement Account has a credited balance equal to, or greater than, $10,000 on the effective date of termination, such credited balance shall be distributed to the Participant pursuant to the method selected by the Participant on his or her Deferral Agreement; or

(ii) if Participant's Retirement Account has a credited balance less than $10,000, on the effective date of termination, the Participant's credited amount will be distributed in a lump sum to the Participant as soon as administratively feasible.

(b) Education Account Credits

(i) if the Participant's Education Account(s) has a credited balance equal to, or greater than, $4,000 on the effective date of termination, such credited balance shall be distributed to the Participant pursuant to the method selected by the Participant on his or her Deferral Agreement; or

(ii) if Participant's Education Account(s) has a credited balance less than $4,000, on the effective date of termination, the Participant's credited amount will be distributed in a lump sum to the Participant as soon as administratively feasible.

(c) Personal Goals Account

(i) if the Participant's Personal Goals Account(s) has a credited balance equal to, or greater than, $10,000 on the effective date of termination, such credited balance shall be distributed to the Participant pursuant to the method selected by the Participant on his or her Deferral Agreement; or

(ii) if Participant's Personal Goals Account(s) has a credited balance less than $10,000, on the effective date of termination, the Participant's credited amount will be distributed in a lump sum to the Participant as soon as administratively feasible.

6.4 Commencement of Payment upon Death or Disability.

(a) Upon the death of a Participant, all amounts credited to his or her Account(s) shall be paid, as soon as administratively feasible, to his or her Beneficiary or Beneficiaries, as determined under Article 7 hereof, in a lump sum.

(b) Upon the Disability of a Participant, all amounts credited to his or her Account(s) shall be paid to the Participant, in a lump-sum payment, as soon as administratively feasible.

6.5 Minimum Distribution.

(a) Notwithstanding any provision to the contrary, if the vested balance of a Participant's Account at the time of a termination due to Retirement is less than $10,000, then the Participant shall be paid his or her benefits as a single lump sum as soon as administratively feasible following said termination.

(b) Notwithstanding any provision to the contrary, if the balance of a Participant's Education Account(s) at the time benefit payments are to commence is less than $4,000, then the Participant shall be paid such Education Account(s) benefits as a single lump sum as soon as administratively feasible following said commencement date.

6.6 Financial Hardship. The Administrator may permit an early distribution of part or all of any deferred amounts; provided, however, that such distribution shall be made only if the Administrator, in its sole discretion, determines that the Participant has experienced an unforeseen emergency that is caused by an event beyond the control of the Participant and that would result in severe financial hardship to the Participant if early distribution were not permitted. Any distribution pursuant to this subsection is limited to the amount necessary to meet the hardship.

6.7 Early Distribution and Penalty. A Participant may elect to receive a distribution of up to ninety percent (90%) of the vested amounts in his or her Account on a date prior to that established under the Plan. If such an early distribution is requested, the Plan Administrator shall deduct from the Participant's account an additional ten percent (10%) of the vested amount withdrawn. This additional amount withdrawn by the Plan Administrator shall be considered an early distribution penalty, and shall be treated as forfeited by the participant. Participants who receive Early Distributions shall lose their status as Eligible Employees and will be barred from further participation in the Plan until a minimum of twelve (12) months have passed

ARTICLE 7
Beneficiaries

7.1 Beneficiaries. Each Participant may from time to time designate one or more persons (who may be any one or more members of such person's family or other persons, administrators, trusts, foundations or other entities) as his or her Beneficiary under the Plan. Such designation shall be made on a form prescribed by the Administrator. Each Participant may at any time and from time to time, change any previous

Beneficiary designation, without notice to or consent of any previously designated Beneficiary, by amending his or her previous designation on a form prescribed by the Administrator. If no person shall be designated by the Participant as a Beneficiary, or if the designated Beneficiary shall not survive the Participant, payment of his/her interest shall be made to the Participant's estate. If more than one person is the beneficiary of a deceased Participant, each such person shall receive a pro rata share of any death benefit payable unless otherwise designated on the applicable form.

7.2 Lost Beneficiary.

(a) All Participants and Beneficiaries shall have the obligation to keep the Administrator informed of their current address until such time as all benefits due have been paid.

(b) If a Participant or Beneficiary cannot be located by the Administrator exercising due diligence, then, in its sole discretion, the Administrator may presume that the Participant or beneficiary is deceased for purposes of the Plan and all unpaid amounts (net of due diligence expenses) owed to the Participant or beneficiary shall be paid accordingly or, if a Beneficiary cannot be so located, then such amounts may be forfeited. Any such presumption of death shall be final, conclusive and binding on all parties. Notwithstanding the foregoing, if any such Beneficiary is located within five years from the date of any such forfeiture, such Beneficiary shall be entitled to receive the amount previously forfeited.

ARTICLE 8
Funding

8.1 Prohibition Against Funding. Should any investment be acquired in connection with the liabilities assumed under this Plan, it is expressly understood and agreed that the Participants and Beneficiaries shall not have any right with respect to, or claim against, such assets nor shall any such purchase be construed to create a trust of any kind or a fiduciary relationship between the Employer and the Participants, their Beneficiaries or any other person. Any such assets shall be and remain a part of the general, unpledged, unrestricted assets of the Employer, subject to the claims of its general creditors. It is the express intention of the parties hereto that this arrangement shall be unfunded for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. Each Participant and beneficiary shall be required to look to the provisions of this Plan and to the Employer itself for enforcement of any and all benefits due under this Plan, and to the extent any such person acquires a right to receive payment under this Plan, such right shall be no greater than the right of any unsecured general creditor of the Employer. The Employer or the Trust shall be designated the owner and beneficiary of any investment acquired in connection with its obligation under this Plan.

8.2 Deposits in Trust. Notwithstanding paragraph 8.1, or any other provision of this Plan to the contrary, the Employer may deposit into the Trust any amounts it deems appropriate to pay the benefits under this Plan. The amounts so deposited may include all contributions made pursuant to a Deferral Election by a Participant.

8.3 Indemnification of Trustee.

(a) The Trustee shall not be liable for the making, retention, or sale of any investment or reinvestment made by it, as herein provided, nor for any loss to, or diminution of, the Trust assets, unless due to its own negligence, willful misconduct or lack of good faith.

(b) Such Trustee shall be indemnified and saved harmless by the Employer from and against all personal liability to which it may be subject by reason of any act done or omitted to be done in its official capacity as Trustee in good faith in the administration of the Plan and Trust, including all expenses reasonably incurred in its defense in the event the Employer fails to provide such defense upon the request of the Trustee. The Trustee is relieved of all responsibility in connection with its duties hereunder to the fullest extent permitted by law, short of breach of duty to the beneficiaries.

8.4 Withholding of Employee Contributions. The Administrator is authorized to make any and all necessary arrangements with the Employer in order to withhold the Participant's Deferrals under Section 3.1 hereof from his or her Compensation. The Administrator shall determine the amount and timing of such withholding.

ARTICLE 9
Claims Administration

9.1 General. If a Participant, Beneficiary or his/her representative is denied all or a portion of an expected Plan benefit for any reason and the Participant, Beneficiary or his/her representative desires to dispute the decision of the Administrator, he/she must file a written notification of his/her claim with the Administrator.

9.2 Claim Review. Upon receipt of any written claim for benefits, the Administrator shall be notified and shall give due consideration to the claim presented. If the claim is denied to any extent by the Administrator, the Administrator shall furnish the claimant with a written notice setting forth (in a manner calculated to be understood by the claimant):

(a) the specific reason or reasons for denial of the claim;

(b) a specific reference to the Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the provisions of this Article.

9.3 Right of Appeal. A claimant who has a claim denied under Section 9.2 may appeal to the Administrator for reconsideration of that claim. A request for reconsideration under this section must be filed by written notice within sixty (60) days after receipt by the claimant of the notice of denial under Section 9.2.

9.4 Review of Appeal. Upon receipt of an appeal the Administrator shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Administrator feels such a hearing is necessary. In preparing for this appeal the claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments.

After consideration of the merits of the appeal the Administrator shall issue a written decision which shall be binding on all parties subject to Section 9.6 below. The decision shall be written in a manner calculated to be understood by the claimant and shall specifically state its reasons and pertinent Plan provisions on which it relies. The Administrator's decision shall be issued within sixty (60) days after the appeal is filed, except that if a hearing is held the decision may be issued within one hundred twenty (120) days after the appeal is filed.

9.5 Designation. The Administrator may designate any other person of its choosing to make any determination otherwise required under this Article.

9.6 Arbitration. A claimant whose appeal has been denied under section 9.4 shall have the right to submit said claim to final and binding arbitration, in accordance with the rules for contractual disputes, by a single arbitrator of the Judicial Arbiter Group ("JAG"), in Denver, Colorado, and judgment on the award rendered may be entered in any court having jurisdiction. The arbiter shall not, however, have the power to direct equitable relief. Any such request for arbitration must be filed by written demand to the Administrator within sixty (60) days after receipt of the decision of the regarding the appeal. The costs and expenses of arbitration, including the fees of JAG, shall be borne by the non-prevailing party. The prevailing party shall also recover, as expenses, all reasonable attorneys' fees incurred by it in connection with the arbitration and any appeals therefrom.

ARTICLE 10
General Provisions

10.1 Administrator.

(a) The committee constituting the Administrator shall elect a chairman and shall adopt such rules as it deems desirable for the conduct of its affairs and for the administration of the Plan. It may appoint agents (who need not be members of the committee) to whom it may delegate such powers as it deems appropriate, except that any dispute shall be determined by the committee. The committee may make its determinations with or without meetings. It may authorize one or more of its members or agents to sign instructions, notices and determinations on its behalf. The action of a majority of the committee shall constitute the action of the Administrator.

(b) The Administrator is expressly empowered to limit the amount of compensation that may be deferred; to deposit amounts into trust in accordance with Section 8.2 hereof; to interpret the Plan, and to determine all questions arising in the administration, interpretation and application of the Plan; to employ actuaries, accountants, counsel, and other persons it deems necessary in connection with the administration of the Plan; to request any information from the Employer it deems necessary to determine whether the Employer would be considered insolvent or subject to a proceeding in bankruptcy; and to take all other necessary and proper actions to fulfill its duties as Administrator.

(c) The Administrator shall not be liable for any actions by it hereunder, unless due to its own negligence, willful misconduct or lack of good faith.

(d) The Administrator shall be indemnified and saved harmless by the Employer from and against all personal liability to which it may be subject by reason of any act done or omitted to be done in its official capacity as Administrator in good faith in the administration of the Plan and Trust, including all expenses reasonably incurred in its defense in the event the Employer fails to provide such defense upon the request of the Administrator. The Administrator is relieved of all responsibility in connection with its duties hereunder to the fullest extent permitted by law, short of breach of duty to the beneficiaries.

10.2 No Assignment. No benefit under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge encumbrance or charge, and any such action shall be void for all purposes of the Plan. No benefit shall in any manner be subject to the debts, contracts, liabilities, engagements or torts of any person, nor shall it be subject to attachments or other legal process for or against any person, except to such extent as may be required by law.

10.3 No Employment Rights. Participation in this Plan shall not be construed to confer upon any Participant the legal right to be retained in the employ of the Employer, or give a Participant or beneficiary, or any other person, any right to any payment whatsoever, except to the extent of the benefits provided for hereunder. Each Participant shall remain subject to discharge to the same extent as if this Plan had never been adopted.

10.4 Incompetence. If the Administrator determines that any person to whom a benefit is payable under this Plan is incompetent by reason of physical or mental disability, the Administrator shall have the power to cause the payments becoming due to such person to be made to another individual for the Participant's benefit without responsibility of the Administrator or the Employer to see to the application of such payments. Any payment made pursuant to such power shall, as to such payment, operate as a complete discharge of the Employer, the Administrator and the Trustee.

10.5 Identity. If, at any time, any doubt exists as to the identity of any person entitled to any payment hereunder or the amount or time of such payment, the Administrator shall be entitled to hold such sum until such identity or amount or time is determined or until an order of a court of competent jurisdiction is obtained. The Administrator shall also be entitled to pay such sum into court in accordance with the appropriate rules of law. Any expenses incurred by the Employer, Administrator, and Trust incident to such proceeding or litigation shall be charged against the Account of the affected Participant.

10.6 Other Benefits. The benefits of each Participant or beneficiary hereunder shall be in addition to any benefits paid or payable to or on account of the Participant or beneficiary under any other pension, disability, annuity or retirement plan or policy whatsoever.

10.7 No Liability. No liability shall attach to or be incurred by any manager of the Employer, Trustee or any Administrator under or by reason of the terms, conditions and provisions contained in this Plan, or for the acts or decisions taken or made thereunder or in connection therewith; and as a condition precedent to the establishment of this Plan or the receipt of benefits thereunder, or both, such liability, if any, is expressly waived and released by each Participant and by any and all persons claiming under or through any Participant or any other person. Such waiver and release shall be conclusively evidenced by any act or participation in or the acceptance of benefits or the making of any election under this Plan.

10.8 Expenses. All expenses incurred in the administration of the Plan, whether incurred by the Employer or the Plan, shall be paid by the Employer.

10.9 Insolvency. Should the Employer be considered insolvent (as defined by the Trust), the Employer, through its Board and chief executive officer, shall give immediate written notice of such to the Administrator of the Plan and the Trustee. Upon receipt of such notice, the Administrator or Trustee shall cease to make any payments to Participants who were Employees of the Employer or their beneficiaries and shall hold any and all assets attributable to the Employer for the benefit of the general creditors of the Employer.

10.10 Amendment and Termination.

(a) Except as otherwise provided in this section, the Employer shall have the sole authority to modify, amend or terminate this Plan; provided, however, that any modification or termination of this Plan shall not reduce, without the consent of a Participant, a Participant's right to any amounts already credited to his or her Account, or lengthen the time period for a payout from an established Account, on the day before the effective date of such modification or termination. Following such termination, payment of such credited amounts may be made in a single sum payment if the Employer so designates. Any such decision to pay in a single sum shall apply to all Participants.

(b) Any funds remaining in the Trust after termination of the Plan and satisfaction of all liabilities to Participants and others, shall be returned to the Employer.

10.11 Employer Determinations. Any determinations, actions or decisions of the Employer (including but not limited to, Plan amendments and Plan termination) shall be made by the Board in accordance with its established procedures or by such other individuals, groups or organizations that have been properly delegated by the Board to make such determination or decision.

10.12 Construction. All questions of interpretation, construction or application arising under or concerning the terms of this Plan shall be decided by the Administrator, in its sole and final discretion, whose decision shall be final, binding and conclusive upon all persons.

10.13 Governing Law. This Plan shall be governed by, construed and administered in accordance with the applicable laws of the State of Colorado.

10.14 Severability. Should any provision of the Plan or any regulations adopted thereunder be deemed or held to be unlawful or invalid for any reason, such fact shall not adversely affect the other provisions or regulations unless such invalidity shall render impossible or impractical the functioning of the Plan and, in such case, the appropriate parties shall immediately adopt a new provision or regulation to take the place of the one held illegal or invalid.

10.15 Headings. The Article headings contained herein are inserted only as a matter of convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of this Plan nor in any way shall they affect this Plan or the construction of any provision thereof.

10.16 Terms. Capitalized terms shall have meanings as defined herein. Singular nouns shall be read as plural, masculine pronouns shall be read as feminine, and vice versa, as appropriate.

IN WITNESS WHEREOF, THE VAIL CORPORATION, D/B/A VAIL ASSOCIATES, INC. has caused this instrument to be executed by its duly authorized officer, effective as of this 28th day of September 2000.

THE VAIL CORPORATION
D/B/A VAIL ASSOCIATES, INC.

By: /S/ ANDREW DALY

Title: President

ATTEST:

By: ________________________

Title: ________________________

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VAIL RESORTS FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
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JUL-31-2000
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