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

FORM 10-Q

[X] Quarterly Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the quarterly period ended January 31, 2004

[ ] Transition Report Pursuant To Section 13 Or 15(d) Of The Securities Exchange Act Of 1934
For the transition period from _____ to _____

Commission File Number: 1-9614

Vail Resorts, Inc.
(Exact name of registrant as specified in its charter)

Delaware	51-0291762
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Post Office Box 7 Vail, Colorado	81658
(Address of principal executive offices)	(Zip Code)

(970) 845-2500
(Registrant's telephone number, including area code)

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 whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

[X] Yes [ ] No

As of March 1, 2004, 7,439,834 shares of Class A Common Stock and 27,859,651 shares of Common Stock were issued and outstanding.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements-Unaudited

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

	January 31, 2004	July 31, 2003	January 31, 2003
	(unaudited)		(as restated) (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 42,569	$ 18,940	$ 24,690
Receivables, net	46,195	49,748	41,657
Inventories, net	34,946	31,756	36,022
Other current assets	30,648	16,551	26,696
Total current assets	154,358	116,995	129,065
Property, plant and equipment, net (Note 6)	988,424	932,251	943,555
Real estate held for sale and investment	111,587	123,223	136,983
Goodwill, net	145,090	145,049	141,596
Other intangibles, net	87,054	88,412	81,333
Other assets	49,188	49,512	39,399
Total assets	$ 1,535,701	$ 1,455,442	$ 1,471,931
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses (Note 6)	$ 227,032	$ 152,039	$ 212,480
Income taxes payable	--	--	2,731
Long-term debt due within one year (Note 5)	14,941	27,931	26,577
Total current liabilities	241,973	179,970	241,788
Long-term debt (Note 5)	628,086	556,220	546,196
Other long-term liabilities	107,439	113,217	97,075
Deferred income taxes	59,745	78,808	66,492
Commitments and contingencies (Note 12)	--	--	--
Put options (Note 9)	3,088	1,822	198
Minority interest in net assets of consolidated subsidiaries	30,908	29,159	23,727
Stockholders' equity:			
Preferred stock, $0.01 par value, 25,000,000 shares authorized, zero 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	74
Common stock, $0.01 par value, 80,000,000 shares authorized, 27,859,651, 27,835,042, and 27,748,792 shares issued and outstanding as of January 31, 2004, July 31, 2003, and January 31, 2003, respectively	279	278	277
Additional paid-in capital	416,312	415,306	416,080
Deferred compensation	(848)	(198)	(900)
Retained earnings	48,645	80,786	80,924
Total stockholders' equity	464,462	496,246	496,455
Total liabilities and stockholders' equity	$ 1,535,701	$ 1,455,442	$ 1,471,931

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

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

	Three Months Ended January 31,	
	2004	2003 (as restated)
Net revenue:		
Mountain	$ 201,368	$ 188,385
Lodging	38,372	35,612

Real estate	7,496	24,192
Total net revenue	247,236	248,189
Operating expense:		
Mountain	126,860	123,505
Lodging	38,367	37,982
Real estate	6,065	22,294
Gain on transfer of property (Note 15)	(233)	--
Depreciation and amortization	22,568	21,138
Asset impairment charge (Note 3)	933	--
Mold remediation charge (Note 13)	5,500	--
Loss on disposal of fixed assets, net	545	3
Total operating expense	200,605	204,922
Income from operations	46,631	43,267
Other income (expense):		
Mountain equity investment income, net	586	452
Lodging equity investment loss, net	(1,214)	(1,975)
Real estate equity investment income, net	3	771
Investment income	328	404
Interest expense, net	(12,857)	(12,935)
Loss on extinguishment of debt (Note 5)	(36,195)	--
Gain (loss) on put options, net (Note 9)	(696)	1,371
Other expense, net	(10)	(10)
Minority interest in income of consolidated subsidiaries, net	(4,094)	(2,343)
Income (loss) before provision for income taxes	(7,518)	29,002
Benefit (provision) for income taxes	781	(12,277)
Net income (loss)	$ (6,737)	$ 16,725
Per share amounts (Note 4):		
Basic net income (loss) per share	$ (0.19)	$ 0.48
Diluted net income (loss) per share	$ (0.19)	$ 0.47

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

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

	Six Months Ended January 31,	
	2004	**2003**
		(as restated)
Net revenue:		
Mountain	$ 235,447	$ 222,014
Lodging	81,024	76,213
Real estate	34,388	63,546
Total net revenue	350,859	361,773
Operating expense:		
Mountain	188,775	188,161
Lodging	78,885	77,275
Real estate	18,189	49,839
Gain on transfer of property (Note 15)	(2,147)	--
Depreciation and amortization	42,933	39,764
Asset impairment charge (Note 3)	933	--
Mold remediation charge (Note 13)	5,500	--
Loss on disposal of fixed assets, net	1,556	19
Total operating expense	334,624	355,058
Income from operations	16,235	6,715
Other income (expense):		
Mountain equity investment income, net	568	1,541
Lodging equity investment loss, net	(2,954)	(3,281)
Real estate equity investment income, net	206	3,841
Investment income	893	610
Interest expense, net	(26,266)	(24,714)
Loss on extinguishment of debt (Note 5)	(36,195)	--
Gain (loss) on put options, net (Note 9)	(1,306)	1,371
Other income (expense), net	(10)	19
Minority interest in income of consolidated subsidiaries, net	(2,003)	(319)
Loss before benefit from income taxes	(50,832)	(14,217)

Benefit from income taxes	18,691	5,827
Net loss	$ (32,141)	$ (8,390)
Per share amounts (Note 4):		
Basic net loss per share	$ (0.91)	$ (0.24)
Diluted net loss per share	$ (0.91)	$ (0.24)

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

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

	Six Months Ended January 31,	
	2004	**2003**
Net cash provided by operating activities:	$ 110,025	$ 126,102
Cash flows from investing activities:		
Capital expenditures	(43,704)	(66,373)
Investments in real estate	(4,051)	(27,961)
Other investing activities, net	1,279	(1,934)
Net cash used in investing activities	(46,476)	(96,268)
Cash flows from financing activities:		
Proceeds from borrowings under long-term debt	560,402	151,100
Payments of long-term debt	(574,946)	(182,013)
Payment of tender premium	(22,690)	--
Other financing activities, net	(7,002)	(196)
Net cash used in financing activities	(44,236)	(31,109)
Net increase (decrease) in cash and cash equivalents	19,313	(1,275)
Net increase in cash due to adoption of FIN No. 46R	4,316	--
Cash and cash equivalents:		
Beginning of period	18,940	25,965
End of period	$ 42,569	$ 24,690

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

Vail Resorts, Inc.
Notes to Consolidated Condensed Financial Statements
(Unaudited)

1. Organization and Business

Vail Resorts, Inc. ("Vail Resorts") is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in three business segments: Mountain, Lodging and Real Estate. The Vail Corporation (d/b/a Vail Associates, Inc.), an indirect wholly-owned subsidiary of Vail Resorts, and its subsidiaries (collectively, "Vail Associates") owns and operates four world-class ski resorts and related amenities at Vail, Breckenridge, Keystone and Beaver Creek mountains in Colorado. The Company, through a subsidiary, also owns and operates Heavenly Ski Resort ("Heavenly") in the Lake Tahoe area of California and Nevada. In addition to the ski resorts, Vail Associates owns 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 Associates also owns a 51% interest in Snake River Lodge & Spa ("SRL&S") located near Jackson, Wyoming and owns 100% of the Lodge at Rancho Mirage ("Rancho Mirage") near Palm Springs, California. The Company holds a majority interest in RockResorts International LLC ("RockResorts"), a luxury hotel management company. The Company also holds a 51.9% interest in SSI Venture LLC ("SSV"), a retail/rental company. Vail Resorts Development Company ("VRDC"), a wholly-owned subsidiary of Vail Associates, conducts the operations of the Company's Real Estate segment. The Company's mountain and lodging businesses are seasonal in nature with operating seasons from mid-November through mid-April. The Company's operations at GTLC generally run from mid-May through mid-October.

In the opinion of the Company, the accompanying Consolidated Condensed Financial Statements reflect all adjustments necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. Results for interim periods are not indicative of the results for the entire year. The accompanying Consolidated Condensed Financial Statements should be read in conjunction with the audited Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2003. The year end condensed balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

2. Restatements

As disclosed in the Company's Form 10-K for the year ended July 31, 2003, the Company restated its previously filed financial statements for certain corrections to the accounting for employee housing joint ventures, executive deferred compensation, interest income from a certain joint venture, capitalized interest, depreciation expense and other related matters. For more information regarding these changes, refer to the Company's Form 10-K for the year ended July 31, 2003.

The total impact of the restatement and prior period adjustments (in thousands) included in this filing as compared to the financial statements previously reported in the Company's Form 10-Q for the three and six months ended January 31, 2003 is summarized below (only line items that were impacted are presented):

Balance Sheet:	**As of January 31, 2003**		
	Previously Reported	**As Restated**	**Percent Change**

	Reported	Restated	Change
Other current assets	$ 26,753	$ 26,696	(0.2)%
Total current assets	129,121	129,065	(0.0)%
Property, plant and equipment, net	946,501	943,555	(0.3)%
Other assets	38,832	39,399	1.5 %
Total assets	$ 1,474,366	$ 1,471,931	(0.2)%
Accounts payable and accrued expenses	$ 210,191	$ 212,480	1.1 %
Total current liabilities	239,499	241,788	1.0 %
Other long-term liabilities	96,658	97,075	0.4 %
Deferred income taxes	67,987	66,492	(2.2)%
Retained earnings	84,570	80,924	(4.3)%
Total stockholders' equity	500,101	496,455	(0.7)%
Total liabilities and stockholders' equity	$ 1,474,366	$1,471,931	(0.2)%

Statement of Operations:	Three Months Ended January 31, 2003			Six Months Ended January 31, 2003		
	Previously Reported	As Restated	Percent Change	Previously Reported	As Restated	Percent Change
Mountain revenue, net	$ 189,163	$ 188,385	(0.4)%	$ 223,603	$222,014	(0.7)%
Lodging revenue, net	34,981	35,612	1.8 %	75,039	76,213	1.6 %
Real estate revenue, net	22,623	24,192	6.9 %	61,978	63,546	2.5 %
Total net revenue	246,767	248,189	0.6 %	360,620	361,773	0.3 %
Mountain operating expense	123,825	123,505	(0.3)%	189,287	188,161	(0.6)%
Lodging operating expense	37,188	37,982	2.1 %	75,935	77,275	1.8 %
Real estate operating expense	22,274	22,294	0.1 %	49,805	49,839	0.1 %
Depreciation and amortization	19,885	21,138	6.3 %	37,870	39,764	5.0 %
Total operating expense	203,172	204,922	0.9 %	352,897	355,058	0.6 %
Income from operations	43,595	43,267	(0.8)%	7,723	6,715	(13.1)%
Mountain equity investment income, net	162	452	179.0 %	1,223	1,541	26.0 %
Lodging equity investment loss, net	(2,021)	(1,975)	(2.3)%	(3,332)	(3,281)	(1.5)%
Investment income	146	404	176.7 %	405	610	50.6 %
Interest expense, net	(12,782)	(12,935)	1.2 %	(24,746)	(24,714)	(0.1)%
Minority interest in income of consolidated subsidiaries, net	(2,062)	(2,343)	13.6 %	(39)	(319)	717.9 %
Income/(loss) before provision for income taxes	29,168	29,002	(0.6)%	(13,552)	(14,217)	4.9 %
Benefit/(provision) for income taxes	(12,356)	(12,277)	(0.6)%	5,544	5,827	5.1 %
Net income/(loss)	$ 16,812	$ 16,725	(0.5)%	$ (8,008)	$ (8,390)	4.8 %

3. Summary of Significant Accounting Policies

Use of Estimates--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Reclassifications--Certain reclassifications have been made to the accompanying Consolidated Financial Statements as of and for the three and six months ended January 31, 2003 and as of July 31, 2003 to conform to the current period presentation.

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. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 establishes procedures for the review of recoverability and measurement of impairment, if necessary, of long-lived assets held and used by an entity. SFAS No. 144 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. 144 requires that long-lived assets to be disposed of be reported at the lower of carrying amount or fair value less estimated selling costs. As of January 31, 2004, the Company abandoned development of certain projects related to a proposed gondola and a maintenance facility. As a result, the Company recognized an impairment loss related to these projects of $933,000 for the three and six months ended January 31, 2004.

Stock Compensation-- At January 31, 2004, the Company had four stock-based compensation plans. The Company applies Accounting Principles Board ("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 four stock-based compensation plans been determined consistent with SFAS No. 123, "Accounting for Stock Based Compensation", the Company's net income (loss) and income (loss) per share would have been reduced to the pro forma amounts indicated below (in thousands, except per share amounts):

	Three months ended January 31,	Six months ended January 31,

	2004	2003	2004	2003
Net income (loss)				
As reported	$ (6,737)	$ 16,725	$ (32,141)	$ (8,390)
Deduct: total stock based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	(126)	(603)	(168)	(996)
Pro forma	$ (6,863)	$ 16,122	$ (32,309)	$ (9,386)
Basic net income (loss) per common share				
As reported	$ (0.19)	$ 0.48	$ (0.91)	$ (0.24)
Deduct: total stock based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	--	(0.02)	--	(0.03)
Pro forma	$ (0.19)	$ 0.46	$ (0.91)	$ (0.27)
Diluted net income (loss) per common share				
As reported	$ (0.19)	$ 0.47	$ (0.91)	$ (0.24)
Deduct: total stock based employee compensation expense determined under fair value-based method for all awards, net of related tax effects	--	(0.02)	--	(0.03)
Pro forma	$ (0.19)	$ 0.45	$ (0.91)	$ (0.27)

New Accounting Pronouncements -- In January 2003, the Financial Accounting Standard Board ("FASB") issued FASB Interpretation ("FIN") No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB 51". This interpretation addresses consolidation by business enterprises of variable interest entities ("VIEs"). This new model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. The interpretation applies immediately to VIEs created after February 1, 2003, and to VIEs in which the Company obtains an interest after that date. The interpretation was to apply in the first fiscal year or interim period beginning after June 15, 2003. In October 2003, the FASB deferred the implementation date for FIN No. 46 to financial statements iss ued for the first period ending after December 15, 2003. This deferral only applies to VIEs that existed prior to February 1, 2003.

In December 2003, the FASB published a revision to FIN No. 46, FIN No. 46R, to clarify some of the provisions of FIN No. 46 and to exempt certain entities from its requirements. Under FIN No. 46R, application is required in financial statements of public entities that have interests in structures that are commonly referred to as special-purpose entities for periods ending after December 15, 2003. Application by public entities for all other types of VIEs is required in financial statements no later than for periods ending after March 15, 2004. As of November 1, 2003, the Company has consolidated certain entities that it previously had accounted for under the equity method. The Company is currently evaluating any additional impact that the implementation of this interpretation will have on its financial position or results of operations (see Note 8, Variable Interest Entities).

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity, and requires that financial instruments within its scope, many of which currently are classified as equity, be classified as liabilities or, in some circumstances, assets. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the first interim period beginning after June 15, 2003. The FASB issued FASB Staff Position ("FSP") 150-3 on November 7, 2003 to defer, indefinitely, the effective date for applying the measurement and classification provisions of SFAS No. 150 for certain mandatorily redeemable non-controlling interests. Implementation of the currently effective provisions of SFAS No. 150 did not have a significant impact on the Co mpany's financial position or results of operations.

4. Net Income (Loss) 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/loss) 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 (loss) 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. Presented below is basic and diluted EPS for the three and six months ended January 31, 2004 and 2003.

	Three Months Ended January 31,			
	2004		2003	
	Basic	Diluted	Basic	Diluted
			(as restated)	
	(In thousands, except per share amounts)			
Net income (loss) per common share:				
Net income (loss)	$ (6,737)	$ (6,737)	$ 16,725	$ 16,725
Weighted-average shares outstanding	35,286	35,286	35,187	35,187
Effect of dilutive securities	--	--	--	40
Total shares	35,286	35,286	35,187	35,227
Net income (loss) per common share	$ (0.19)	$ (0.19)	$ 0.48	$ 0.47

The number of shares issuable on the exercise of common stock options that were excluded from the calculation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive totaled 2.6 million and 2.3 million for the three months ended January 31, 2004 and 2003, respectively. For the three months ended January 31, 2004, the shares were anti-dilutive due to the Company's net loss position. For the three months ended January 31, 2003, the shares were anti-dilutive because their exercise prices were greater than the average share price during the respective period.

	Six Months Ended January 31,			
	2004		2003	
	Basic	Diluted	Basic	Diluted

				(as restated)
	(In thousands, except per share amounts)			
Net loss per common share:				
Net loss	$ (32,141)	$ (32,141)	$ (8,390)	$ (8,390)
Weighted-average shares outstanding	35,280	35,280	35,176	35,176
Effect of dilutive securities	--	--	--	--
Total shares	35,280	35,280	35,176	35,176
Net loss per common share	$ (0.91)	$ (0.91)	$ (0.24)	$ (0.24)

The number of shares issuable on the exercise of common stock options that were excluded from the calculation of diluted net loss per share because the effect of their inclusion would have been anti-dilutive totaled 2.6 million and 2.5 million for the six months ended January 31, 2004 and 2003, respectively. The shares were anti-dilutive because the Company recorded net losses for the periods presented.

5. Long-Term Debt

Long-term debt as of January 31, 2004, July 31, 2003 and January 31, 2003 is summarized as follows (in thousands):

	Maturity (e)	January 31, 2004	July 31, 2003	January 31, 2003
Industrial Development Bonds	2004-2020	$ 61,700	$ 61,700	$ 61,700
Credit Facilities (c)	2006-2011	116,776	133,860	126,100
Senior Subordinated Notes (b)	2009-2014	401,247	360,000	360,000
Discount on Senior Subordinated Notes (b)		(180)	(6,142)	(6,526)
Employee Housing Bonds (d)	2027-2039	52,575	--	--
Olympus Note (a)	2004	--	25,000	25,000
Discount on Olympus Note (a)		--	(656)	(1,607)
Other	2004-2029	10,909	10,389	8,106
		643,027	584,151	572,773
Less: Current Maturities (f)		14,941	27,931	26,577
		$ 628,086	$ 556,220	$ 546,196

(a) In connection with the Company's acquisition of Rancho Mirage in November 2001, the Company entered into a note payable to Olympus Real Estate Partners (the "Olympus Note"). The Olympus Note had a principal amount of $25 million and was scheduled to mature November 15, 2003. The terms did not provide for interest; therefore, the Company imputed an interest rate of 8% per annum, which was recorded as a discount on the Olympus Note and was amortized as interest expense over the life of the Olympus Note. The Company repaid the Olympus Note in full in August 2003.

(b) In January 2004, the Company completed an offering for $390 million of Senior Subordinated Notes (the "6.75% Notes"), the proceeds of which were used to purchase the outstanding $360 million principal amounts of Senior Subordinated Notes due 2009 (collectively, the "8.75% Notes") and pay related premiums, fees and expenses. The 6.75% Notes were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 (the "Securities Act"), as amended, and to persons outside the United States under Regulation S of the Securities Act. The 6.75% Notes have a fixed annual interest rate of 6.75% with interest due semi-annually on February 15 and August 15, beginning August 15, 2004. The 6.75% Notes will mature February 2014 and no principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the 6.75% Notes. The Notes are subordinated to certain of the Company's debts, including the Credit Facility, and will be sub ordinated to certain of the Company's future debts. The Company's payment obligations under the Notes are jointly and severally guaranteed by substantially all of the Company's current and future domestic subsidiaries (See Note 16, Guarantor and Non-Guarantor Subsidiaries). The indenture governing the 6.75% Notes contains restrictive covenants which, among other things, limit the ability of Vail Resorts, Inc. and its Restricted Subsidiaries (as defined in the Indenture) to a) borrow money or sell preferred stock, b) create liens, c) pay dividends on or redeem or repurchase stock, d) make certain types of investments, e) sell stock in the Restricted Subsidiaries, f) create restrictions on the ability of the Restricted Subsidiaries to pay dividends or make other payments to the Company, g) enter into transactions with affiliates, h) issue guarantees of debt and i) sell assets or merge with other companies. The Company is required to exchange the 6.75% Notes and the guarantees for a new issue of substantially i dentical debt securities and guarantees registered under the Securities Act within 330 days after the closing of the 6.75% Notes.

In January 2004, the Company offered to purchase the 8.75% Notes for total consideration of $1,065.06 per $1,000 principal amount of 8.75% Notes. Of the outstanding 8.75% Notes, $348.8 million, or approximately 96.9%, were tendered. The Indentures for the 8.75% Notes remaining outstanding subsequent to the tender were amended to eliminate substantially all of the restrictive covenants. In addition, the Company is required to call the remaining outstanding 8.75% Notes on May 15, 2004 for a call price of 104.375% of the principal balance outstanding. The Company has transferred $11.2 million into a blocked account to fund the call of the 8.75% Notes remaining outstanding. A loss on extinguishment of debt in the amount of $36.2 million was recorded in connection with the tender transaction.

(c) In January 2004, the Company amended its existing $100 million term loan under its bank credit facility. The amendment extended the maturity date from December 2008 to December 2010 and reduced the applicable interest rate margin. In addition, the amendment provides that the term loan may be increased on a one-time basis by up to $60 million.

(d) As of November 1, 2003, the Company began consolidating four entities, Breckenridge Terrace, LLC ("Breckenridge Terrace"), The Tarnes at BC, LLC ("Tarnes"), BC Housing, LLC ("BC Housing") and Tenderfoot Seasonal Housing, LLC ("Tenderfoot") which had previously been accounted for under the equity method (see Note 8, Variable Interest Entities). As a result, the outstanding indebtedness of the entities (collectively, the "Employee Housing Bonds") has been recorded on the Company's Consolidated Condensed Balance Sheet as of January 31, 2004. The Employee Housing Bonds consist of interest-only bonds with interest rates tied to LIBOR plus a margin, the proceeds of which were used to construct employee housing facilities owned by each entity. Interest on the Employee Housing Bonds is paid monthly in arrears, and the interest rate is adjusted weekly. No principal payments are due on the Employee Housing Bonds until maturity. Each entity's bonds were issued in two tranches. The Tranche B bonds are cr edit-enhanced by letters of credit issued by an unrelated third party banking institution which was granted a security interest in the assets of the entities in respect of the letters of credit. The chart below presents the principal amounts outstanding for the Employee Housing Bonds by entity as of January 31, 2004 (in thousands):

	Maturity	Tranche A	Tranche B	Total
Breckenridge Terrace	2039	$ 15,065	$ 4,915	$ 19,980
Tarnes	2039	8,000	2,410	10,410
BC Housing	2027	9,100	1,500	10,600
Tenderfoot	2035	5,700	5,885	11,585
Total		$ 37,865	$ 14,710	$ 52,575

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

(f) Current maturities represent principal payments due in the next 12 months.

Aggregate maturities for debt outstanding as of January 31, 2004 are as follows (in thousands):

Fiscal 2004	$ 12,890
Fiscal 2005	3,992
Fiscal 2006	17,673
Fiscal 2007	5,467
Fiscal 2008	1,366
Thereafter	601,639
Total debt	$643,027

6. Supplementary Balance Sheet Information (in thousands)

The composition of property, plant and equipment follows:

	January 31, 2004	July 31, 2003	January 31, 2003 (as restated)
Land and land improvements	$ 242,939	$ 239,185	$ 233,863
Buildings and terminals	612,469	545,927	482,123
Machinery and equipment	384,484	355,287	268,256
Automobiles and trucks	22,043	21,550	18,459
Furniture and fixtures	114,764	105,687	152,848
Construction in progress	7,425	15,597	103,267
	1,384,124	1,283,233	1,258,816
Accumulated depreciation	(395,700)	(350,982)	(315,261)
Property, plant and equipment, net	$ 988,424	$ 932,251	$ 943,555

The composition of accounts payable and accrued expenses follows:

	January 31, 2004	July 31, 2003	January 31, 2003 (as restated)
Trade payables	$ 71,851	$ 53,921	$ 77,304
Deferred revenue	49,468	18,036	46,270
Deposits	20,353	13,292	19,936
Accrued salaries, wages and deferred compensation	20,998	19,526	22,670
Accrued benefits	24,657	19,592	17,740
Accrued interest	1,996	7,798	7,449
Accrued property taxes	12,419	7,314	11,223
Accrued mold remediation costs	7,000	--	--
Other accruals	18,290	12,560	9,888
Total accounts payable and accrued expenses	$ 227,032	$ 152,039	$ 212,480

7. Investments in Affiliates

The Company has ownership interests in four entities (BC Housing, Tarnes, Tenderfoot and Breckenridge Terrace, collectively, the "Employee Housing Entities") that were formerly accounted for under the equity method. In connection with the Company's implementation of FIN No. 46R, the Company determined it is the primary beneficiary of the Employee Housing Entities, which are VIEs, and therefore has consolidated these entities in its Consolidated Condensed Financial Statements as of November 1, 2003. The Company is still evaluating its other equity method investees under FIN No. 46R, which evaluation is required to be completed no later than the end of the Company's third fiscal quarter (see Note 8, Variable Interest Entities).

In December 2003, Keystone/Intrawest LLC ("KRED") distributed a majority of its assets to its members. The Company received a non-cash distribution of $25.6 million (net of assumed liabilities of $14.0 million) under the plan. The Company received primarily various parcels of developable land and approximately 91,000 square feet of commercial space from the distribution. There was no material gain or loss upon distribution. The Company's investment in KRED as recorded in the accompanying balance sheets was $7.2 million, $35.8 million and $32.7 million as of January 31, 2004 and 2003 and July 31, 2003, respectively. Condensed financial data for KRED is presented below for the three and six months ended December 31, 2003 and 2002 (in thousands).

	For the three months ended December 31,		For the six months ended December 31,	
	2003	2002	2003	2002
Net revenue	$ 4,208	$ 2,260	$ 10,650	$ 3,818
Operating income	(1,146)	37	(355)	6,654
Net income (loss)	(1,239)	(494)	(516)	6,477

8. Variable Interest Entities

The Company has determined that it is the primary beneficiary of the Employee Housing Entities, which are VIEs, and has consolidated them in its Consolidated Condensed Financial Statements as of November 1, 2003. As a group, as of January 31, 2004, the Employee Housing Entities had total assets of $49.6 million and total debt of $52.6 million. All of the Employee Housing Entities' assets serve as collateral for their Tranche B obligations. The Company's exposure to loss as a result of its involvement with the Employee Housing Entities is limited to the Company's initial equity investments of $2,000 and $38.3 million letters of credit related to the Tranche A interest-only taxable bonds. The Company also guarantees debt service of $13.3 million of Tranche B Housing Bonds; $7.4 million of these guarantees expire May 1, 2004 and $5.9 million expire June 1, 2005. The letters of credit would be triggered in the event that one of the entities defaults on required Tranche A payments. The guar antees on the Tranche B bonds would be triggered in

the event that one of the entities defaults on required Tranche B debt service payments. Neither the letters of credit or guarantees have default provisions. There was no impact to net income (loss) of the Company as a result of the consolidation of the Employee Housing Entities.

The Company is currently evaluating its remaining equity investments to determine whether those investments meet the definition of VIEs under FIN No. 46R. Presented below are additional details related to certain of the Company's equity investments.

One entity is a joint venture involved in the construction and operations of The Ritz-Carlton, Bachelor Gulch. The entity had total assets of approximately $95 million and total liabilities of approximately $77 million as of December 31, 2003. The Company's maximum exposure to loss as a result of its involvement with the entity is limited to its initial equity investment of $6.7 million and $4.5 million in long-term loans extended to the entity.

One entity is a joint venture that owns commercial space. The Company currently leases substantially all of that space for its corporate headquarters. The entity had total assets of $4.5 million and no debt as of January 31, 2004. The Company's maximum exposure to loss as a result of its involvement with the entity is limited to its initial equity investment of $2.5 million.

One entity owns a private residence in Eagle County, Colorado. The entity had total assets of $5.5 million and no debt as of January 31, 2004. The Company's maximum exposure to loss as a result of its involvement with the entity is limited to its initial equity investment of $2.5 million.

9. Put Options

The Company recorded a loss on put options of $696,000 and $1.3 million for the three and six months ended January 31, 2004, respectively. The Company recorded a gain on put options of $1.4 million for the three and six months ended January 31, 2003. The gain or loss on put options consists of changes in the fair market values of the put liabilities associated with RockResorts, RTP LLC ("RTP") and SSV, as discussed in more detail below.

The Company recorded a gain of $675,000 representing a decrease in fair value of the RockResorts put option during the three months ended January 31, 2004; there was no net change in fair value of the option during the six months ended January 31, 2004. The Company recorded a gain of $1.4 million for the three and six months ended January 31, 2003, representing a decrease in the fair value of the RockResorts put option for those periods.

In January 2004, the minority shareholder in RTP exercised a portion of its put option for approximately 2.2% of the minority shareholder's total 49% ownership interest, for a put price of approximately $126,000. As a result, the Company now holds a 52.1% ownership interest in RTP. For the three and six months ended January 31, 2004, the Company recorded a gain of $136,000 representing a decrease in fair value of the remaining put option during that period. The Company did not record any gain or loss related to the option during the three and six months ended January 31, 2003.

In November 2003, the Company and GSSI LLC, the minority shareholder in SSV, agreed to extend the option that had been eligible to be exercised during the period between November 1, 2003 and November 10, 2003 to the same period in 2004. The Company recorded a loss of $1.5 million and $1.4 million for the three and six months ended January 31, 2004, respectively, representing the increase in fair value of the option during those periods. The Company did not record any gain or loss related to the option during the three and six months ended January 31, 2003.

10. Income Taxes

The Company records its quarterly income tax provision by reviewing its quarterly interim results as an integral part of the results for the entire fiscal year, rather than as a discrete period. Consequently, the Company calculates its interim income tax provision by projecting pre-tax book income (loss) for the full fiscal year, computing the income tax thereon, and applying the effective tax rate thus derived to its interim results. To the extent the Company makes revisions to its expected annual results and the tax effects thereon, the Company adjusts its income tax provision on a cumulative basis. As a result of the loss on extinguishment of debt and the mold remediation charge recorded in the current fiscal quarter resulting in a revision to the Company's previously expected annual results, the Company has recorded a tax benefit for the quarter of $781,000 (an effective tax rate for the quarter of 10.0%). Assuming no further revisions to the expected annual results for the remaind er of the fiscal year, the Company expects that its income tax provision for the full year will result in an effective tax rate of approximately 37%.

11. Related Party Transactions

In connection with the employment of Jeffrey W. Jones as Senior Vice President and Chief Financial Officer of VRDC, a wholly-owned subsidiary of the Company, VRDC agreed to invest up to $650,000, but not to exceed 50% of the purchase price, for the purchase of a residence for Mr. Jones and his family in Eagle County, Colorado. In September 2003, VRDC contributed $650,000 toward the purchase price of the residence and thereby obtained a 46.1% undivided ownership interest in such residence. Upon the resale of the residence, or within approximately 18 months of the termination of Mr. Jones' employment with VRDC, whichever is earlier, VRDC is entitled to receive its proportionate share of the resale price of the residence, less certain deductions. Mr. Jones was also appointed Senior Vice President and Chief Financial Officer of the Company in November 2003.

The Beaver Creek Resort Company of Colorado ("BCRC"), a non-profit entity formed for the benefit of property owners and certain others in Beaver Creek Village in which Vail Associates has the right to appoint 4 of 9 directors, has agreed to pay $4 million towards a portion of the capital construction costs of two new chairlifts at Beaver Creek. The chairlifts will serve BCRC property and will provide transportation services to the general public including, but not limited to, BCRC residents; however, BCRC will not receive any ownership in the chairlifts in exchange for its contribution.

12. Commitments and Contingencies

Metropolitan Districts

The Bachelor Gulch and Red Sky Ranch developments created by VRDC utilize a "dual-district" structure to finance and provide municipal services to the property owners within each development. For Bachelor Gulch, Smith Creek Metropolitan District ("SCMD") is the service district and Bachelor Gulch Metropolitan District ("BGMD") is the financing district; similarly, for Red Sky Ranch, Holland Creek Metropolitan District ("HCMD") is the service district and Red Sky Ranch Metropolitan District ("RSRMD") is the financing district.

Each of the districts is a quasi-municipal corporation and political subdivision of the State of Colorado. The operations of the districts are governed by intergovernmental agreements sanctioned by the state that were entered into at the time the districts were formed. Day-to-day operations are overseen by a board of directors for each district. Board members are public officials of the state and are elected through a state-mandated election process. The property owners within each district comprise the electorate. The Company and its designated employees are the sole property owners within both SCMD and HCMD. BGMD and RSRMD consist of the general home and property owners within the Bachelor Gulch and Red Sky Ranch developments.

The SCMD and HCMD service districts own, operate and maintain the municipal facilities and the BGMD and RSRMD financing districts are responsible for the payment of the costs related to the construction, operation and maintenance of the facilities. SCMD and HCMD have little or no assessed valuation within their boundaries from which general obligation ("GO") bonds could be paid, whereas virtually all of the assessed valuation of property to be developed is within the boundaries of BGMD and RSRMD. SCMD and HCMD have outstanding variable rate revenue bonds in the amount of $26.9 million and $12 million, respectively, the funds of which were used to finance the construction of facilities. The bonds have been credit-enhanced by letters of credit issued against the Company's bank credit facility in the amount of $28.5 million for the SCMD bonds and $12.1 million for the HCMD bonds. The debt service requirements of the bonds are to be paid by BGMD and RSRMD through the assessment of ad valorem property taxes to property owners within the districts. In addition, as the assessed value of the property within the financing district grows, BGMD and RSRMD have the ability to issue GO or revenue bonds to capture the tax value of increases in the tax base within the financing district, the proceeds of which are to be used to retire the revenue bonds issued by the service district.

However, it may take a number of years for the assessed values on property within BGMD and RSRMD to generate the revenues and tax base necessary to fund the debt service requirements of SCMD and HCMD or to issue bonds to retire the service districts bonds. As a result, VRDC has agreed to pay "capital improvement fees" to BGMD and RSRMD, which are passed through to SCMD and HCMD for purposes of fulfilling the debt service obligations on the bonds. Capital improvement fees are required to be paid only to the extent that funds are necessary to make debt service payments; therefore as BGMD and RSRMD issue bonds to retire the SCMD and HCMD bonds, VRDC's obligation to pay

capital improvement fees will diminish. It is anticipated that, in less than 25 to 30 years, the assessed values within BGMD and RSRMD will ultimately be sufficient to fully retire the SCMD and HCMD bonds, and BGMD has issued GO bonds that were used to reduce a portion of the original outstanding principal of the SCMD bonds. The Company believ es that BGMD and RSRMD currently have the financial capability to issue incremental GO bonds which could be used to replace some or all of the SCMD and HCMD bonds outstanding, which would eliminate the Company's related obligations thereon. BGMD has notified the Company of its intent to issue GO bonds and use the proceeds to replace the existing SCMD bonds outstanding. In connection with BGMD's proposed bond issuance, SCMD has agreed to transfer certain of its assets, contingent upon consummation of the transaction as currently contemplated, to BGMD (see Note 17, Subsequent Events).

The Company has recorded a liability, primarily within "Other long-term liabilities", for the present value of the estimated future capital improvement fees it will be required to make under its agreements with BGMD and RSRMD. The Company recorded liabilities of $15.1 million at January 31, 2004 and July 31, 2003 and $14.8 million at January 31, 2003 with respect to the estimated present value of future BGMD capital improvement fees, and $1.9 million at January 31, 2004 and 2003 and July 31, 2003 with respect to the estimated present value of future RSRMD capital improvement fees. The Company has not recorded a liability in the accompanying Consolidated Condensed Balance Sheets with respect to the letters of credit issued against the Company's bank credit facility with respect to the SCMD and HCMD bonds.

Guarantees

As of January 31, 2004, the Company had various other letters of credit outstanding, primarily related to construction guarantees and a $4.2 million letter of credit issued in support of SSV's credit facility, in the aggregate amount of $13.8 million.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business which include certain indemnifications within the scope of FIN No. 45 under which it could be required to make payments to third parties upon the occurrence or non-occurrence of certain future events. These indemnities include indemnities to licensees in connection with the licensees' use of the Company's trademarks and logos, indemnities for liabilities associated with the infringement of other parties' technology based upon the Company's software products, indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract workers and indemnities related to the Company's use of public lands. The duration of these indemnities generally is indefinite. In addition, the Company indemnifies Bachelor Gulch Resort LLC's ("BG Resort") lenders, partners and hotel operator against losses, damages, expenses or claims that may arise under any hazardous materials law related to the land contributed by the Company to BG Resort; this indemnification does not limit the future payments the Company could be obligated to make. The Company guarantees the revenue streams associated with selected routes flown by certain airlines into Eagle County Regional Airport; these guarantees are generally capped at certain levels. As of January 31, 2004, the Company has recorded a liability related to the airline guarantees of $2.4 million. Other than the airline guarantees, the Company has not recorded a liability for the letters of credit, indemnities and other guarantees noted above in the accompanying financial statements, either because the guarantee or indemnification existed prior to January 1, 2003 and is therefore not subject to the measurement requirements of FIN No. 45, or because the Company has calculated the fair value of the indemnification or guarantee to be de minimus based upon the current facts and circumstances that would trigger a payment under the indemn ification clause.

As noted above, the Company makes certain indemnifications to licensees in connection with their use of the Company's trademarks and logos. The Company does not record any product warranty liability with respect to these indemnifications.

As permitted under Delaware law, the Company indemnifies its directors and officers over their lifetimes for certain events or occurrences while the officer or director is, or was serving, the Company in such a capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits exposure and should enable the Company to recover a portion of any future amounts paid. All of these indemnification agreements were in effect prior to January 1, 2003 and therefore the Company does not have a liability recorded for these agreements as of January 31, 2004.

Commitments

In the ordinary course of obtaining necessary zoning and other approvals for the Company's potential real estate development projects, the Company may contingently commit to the completion of certain infrastructure, improvements and other costs related to the projects. Fulfillment of such commitments is required only if the Company moves forward with the development project. The determination of whether the Company ultimately completes a development project is entirely at the Company's discretion, and is generally contingent upon, among other considerations, receipt of satisfactory zoning and other approvals and the current status of the Company's analysis of the economic viability of the project, including the costs associated with the contingent commitments. The Company currently has obligations, recorded as liabilities in the accompanying balance sheets, to complete or fund certain improvements with respect to its Red Sky Ranch, Arrowhead and Beaver Creek Village developments; the Company has estim ated such costs to be less than $5 million, and anticipates completion within the next five years.

The Company has agreed to purchase, at completion, approximately 10,500 square feet of commercial space in Avon, Colorado. The project is expected to be completed during fiscal 2004. The Company has agreed to build a skier access bridge for the 2004/05 ski season in relation to a proposed real estate development at Vail's Lionshead Village. The Company has agreed to install two new chairlifts and related infrastructure at Beaver Creek for the 04/05 ski season and one chairlift by the 05/06 ski season. The Bachelor Gulch Village Association ("BGVA") and BCRC have collectively agreed to contribute $5 million and $4 million, respectively, for the completion of the Beaver Creek lift projects. In addition, the Company is required to complete certain other improvements to assets owned by the Company, which are expected to be completed within the next 12 to 18 months. The estimated net total cost to the Company to complete these projects is approximately $11.3 million. The Company has not recorded a liability fo r these items, as certain triggering events must occur before the Company's performance is contractually required (see Note 17, Subsequent Events).

Self Insurance

The Company is self-insured for medical and workers' compensation under a stop loss arrangement. The self-insurance liability related to workers' compensation is determined actuarially based on claims filed. The self-insurance liability related to medical claims includes an estimate for claims incurred but not yet reported based on the time lag between when a claim is incurred and when the claim is paid by the Company. The amounts related to these claims are included as a component of accounts payable and accrued expenses (see Note 6, Supplementary Balance Sheet Information). While the ultimate amount of claims incurred is dependent on future developments, current reserves are adequate in management's opinion to cover the future payment of claims.

Legal

The Company is a party to various lawsuits arising in the ordinary course of business. Management believes the Company has adequate insurance coverage or has accrued for loss contingencies for all known matters that are deemed to be probable losses 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 Company's financial position, results of operations or cash flows.

In October 2003, the Company and the United States of America, on behalf of the Environmental Protection Agency Region VIII ("EPA"), entered into a Consent Decree to settle the alleged violation of the Clean Water Act in 1999 by the Company in connection with the road construction undertaken by the Company as part of the Blue Sky Basin expansion at the Vail ski area.

The Consent Decree (along with the Amended and Restated Restoration Plan, which is part of the Consent Decree) was lodged on October 17, 2003, with the U.S. District Court for the District of Colorado in Denver. The Consent Decree constitutes a full and final settlement of the United States' claims under the Clean Water Act regarding the matter. After receiving public comment, the EPA filed a motion with the Court for the Court to approve the Consent Decree as lodged. There is no statutory deadline for the Court to act in entering the Consent Decree. Under the terms of the proposed Consent Decree, upon entry by the Court of the Consent Decree, the Company would pay a civil fine of $80,100 for the alleged wetland violation and would agree to certain stipulated monetary penalties for any future violations of the Clean Water Act at the Vail ski area or other non-compliance with the Consent Decree.

The Company cannot guarantee whether or when the Court will enter the proposed Consent Decree. However, based on the facts and circumstances of the matter, the Company does not anticipate that the ultimate outcome will have a material adverse impact on its financial position or results of operation.

As previously disclosed, four of the Company's subsidiaries (JHL&S, LLC d/b/a/ Snake River Lodge & Spa ("SRL&S"), Teton Hospitality Services, Inc., GTLC and VRDC) were named as defendants in two related lawsuits filed in the United States District Court for the District of Wyoming (Case No. 02-CV-17J, 02-CV-16J) in July 2002.

The case arose out of an August 2, 2001 carbon monoxide accident in a hotel room at SRL&S in Teton Village, Wyoming, resulting in the death of a doctor from North Carolina and injuries to his wife. One lawsuit was a wrongful death action on behalf of the estate of the deceased; the other was a personal injury action on the part of his wife, including alleged brain damage.

The complaints alleged negligence on the part of each defendant and sought damages, including punitive damages. The two cases were consolidated and tried from mid-November to mid-December 2003. On December 16, 2003, the jury rendered a total verdict of $17.5 million in compensatory damages in both cases. No punitive damages were awarded in either case against any defendants. SRL&S (formally known as JHL&S LLC), a 51% subsidiary of the Company, was found by the jury to be 47.5% responsible for the damages, for a total of approximately $8.3 million. Two local Jackson Hole area contractors not party to the trial were found to be collectively 52.5% responsible. The jury rendered a verdict in favor of all of the Company's other subsidiaries who were defendants in the case. On March 9, 2004, the court ruled in favor of the Company's motion that JHL&S LLC is not, as a matter of law, vicariously liable for the 52.5%. The ruling, if appealed by plaintiffs, would take considerable time to resolve. All a mounts awarded by the jury are fully insured under the Company's insurance policies; accordingly, the Company has not recorded any loss reserves for the jury's verdict.

SEC Investigation

In October 2002, after voluntary consultation with the SEC staff on the appropriate accounting, the Company restated and reissued its historical financial statements for fiscal 1999-2001, reflecting a revision in the accounting treatment for recognizing revenue on initiation fees related to the sale of memberships in private clubs. As previously announced, the Company engaged its new auditors to do a re-audit of the years 1999-2001 and filed an amended 10-K for fiscal year 2001 reflecting all adjustments made as a result of the re-audit, in addition to the revision in accounting for the club fees. In February 2003, the SEC informed the Company that it had issued a formal order of investigation with respect to the Company. At that time, the inquiry related to the Company's previous accounting treatment for the private club initiation fees.

In October 2003, the SEC issued a subpoena to the Company to produce documents related to several matters, including the sale of memberships in private clubs. In November 2003, the SEC issued an additional subpoena to the Company to produce documents related primarily to the restated items included in the Company's Form 10-K for the year ended July 31, 2003. The Company is fully cooperating with the SEC in its investigation.

13. Mold Remediation

The Company is aware of water intrusion and condensation problems causing mold damage in the employee housing facility owned by Breckenridge Terrace. As a result, the facility is not available for occupancy this ski season. Forensic analysis of the mold situation has been completed on a preliminary basis and Breckenridge Terrace is evaluating the appropriate repair, remediation and other actions that may be necessary in the future. Breckenridge Terrace has accrued $7.0 million, in current liabilities, for estimated costs associated with this mold remediation obligation as such costs are deemed probable and reasonably estimable. $5.5 million of the total $7.0 million estimated costs was recorded as a charge to operating income and the remaining $1.5 million has been recorded as construction in progress as the recorded liability includes costs associated with the improvement to the design and safety of the facilities as compared with the condition of the facilities when originally constructed. Recoverie s, if any, of any portion of the mold remediation liability from potentially responsible parties, including recovery from insurance claims, will be recognized as an asset if and when their receipt is deemed probable. As the remediation progresses, it is possible that these estimates may change significantly.

14. Workforce Reduction

In October 2002, the Company's president, Andy Daly, ceased to be an employee of the Company. The Company recorded $1.3 million of compensation expense in its first fiscal quarter of 2003 in relation to Mr. Daly's severance agreement. As of January 31, 2004, accrued severance charges of $427,000 related to this agreement remain on the Company's Consolidated Condensed Balance Sheet.

In July 2003, the Company announced the restructuring of its sales and marketing focus and organization. The workforce reduction included the termination of three employees effective July 31, 2003 resulting in severance expense of approximately $505,000 including an incremental amount of associated benefits burden. As of January 31, 2004, approximately $447,000 of the severance had been paid, leaving approximately $58,000 on the Company's Consolidated Condensed Balance Sheet. The Company will pay the full amount of the severance during fiscal 2004.

15. Non-Cash Deferred Compensation

Pursuant to agreements with Adam Aron, the Company's Chief Executive Officer and Chairman of the Company's board of directors, and James Thompson, President of VRDC, the following transactions were consummated in the three and six months ended January 31, 2004.

In the first quarter of fiscal 2004, Mr. Aron took title to the Red Sky Ranch and Bachelor Gulch properties and related memberships and Mr. Thompson took title to the Red Sky Ranch homesite and related club membership. The Company recognized a net gain of $1.9 million related to the transfer of these properties on the line item entitled "Gain on transfer of property".

In the second quarter of fiscal 2004, Mr. Aron took title to the Beaver Creek residence and related membership. The Company recognized a net gain of approximately $233,000 related to the transfer of that property on the line item entitled "Gain on transfer of property".

16. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 8.75% Notes due 2009 and the 6.75 % Notes due 2014 (see Note 5, Long-Term Debt) 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 Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for Boulder/Beaver LLC, Colter Bay Corporation, Eagle Park Reservoir Company, Forest Ridge Holdings, Inc., Gros Ventre Utility Company, Jackson Lake Lodge Corporation, Jenny Lake Lodge, Inc., Mountain Thunder, Inc., Timber Trail, Inc., RTP, RT Partners, Inc., SSV, Vail Associates Investments, Inc., and VR Holdings, Inc. (together, the "Non-Guarantor Subsidiaries"). Under the 6.75% Notes, Larkspur Restaurant & Bar, LLC ("Larkspur") is also a Non-Guarantor Subsidiary.

Presented below is the consolidated condensed financial information of Vail Resorts, Inc. (the "Parent Company"), the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Financial information for Larkspur, RockResorts and JHL&S, LLC ("JHL&S") are presented separately as the Company owns less than 100% of these Guarantor Subsidiaries. Financial information for the Non-Guarantor subsidiaries is presented in the column titled "Other Subsidiaries". Balance sheet data is presented as of January 31, 2004, July 31, 2003 and January 31, 2003. Statement of operations and statement of cash flows data are presented for the six months ended January 31, 2004 and 2003.

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 Other Subsidiaries and intercompany balances and transactions for consolidated reporting purposes.

The following information is presented based on the Guarantor Subsidiaries and Non-Guarantor Subsidiaries under the 8.75% Notes. The Guarantor Subsidiaries and Non-Guarantor Subsidiaries of the 6.75% Notes are identical to those of the 8.75% Notes, except that Larkspur is a Non-Guarantor Subsidiary and should be included in the "Other Subsidiaries" column for purposes of evaluating the following information under the 6.75% Notes.

Supplemental Condensed Consolidating Balance Sheet
As of January 31, 2004
(in thousands of dollars)

	Parent Company	100% Owned Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:								

Cash and cash equivalents	-	35,766	476	11	216	6,100	-	42,569
Receivables, net	-	41,611	321	(934)	165	5,032	-	46,195
Inventories, net	-	7,863	108	-	168	26,807	-	34,946
Deferred income taxes	-	-	-	-	-	-	-	-
Other current assets	13,719	14,916	243	41	46	1,683	-	30,648
Total current assets	13,719	100,156	1,148	(882)	595	39,622	-	154,358
Property, plant and equipment, net	-	893,423	28,344	86	638	65,933	-	988,424
Real estate held for sale and investment	-	110,687	-	900	-	-	-	111,587
Other assets	7,166	31,674	14	-	-	10,334	-	49,188
Notes receivable	-	-	-	-	-	-	-	-
Goodwill, net	-	67,815	1,960	531	-	16,748	-	87,054
Other intangibles, net	-	115,863	-	11,357	-	17,870	-	145,090
Investments in subsidiaries and advances to (from) parent	846,610	(30,239)	(19,326)	(266)	(312)	189	(796,656)	-
Total assets	867,495	1,289,379	12,140	11,726	921	150,696	(796,656)	1,535,701
Current liabilities:								
Accounts payable and accrued expenses	1,540	189,494	2,283	1,185	363	32,167	-	227,032
Long-term debt due within one year	11,067	2,404	-	-	-	1,470	-	14,941
Total current liabilities	12,607	191,898	2,283	1,185	363	33,637	-	241,973
Long-term debt	390,000	161,151	-	-	-	76,935	-	628,086
Other long-term liabilities	426	106,602	-	92	-	320	-	107,439
Deferred income taxes	-	57,949	-	1,125	-	671	-	59,745
Put options	-	3,088	-	-	-	-	-	3,088
Minority interest in net assets of consolidated subsidiaries	-	-	4,830	3,231	100	22,747	-	30,908
Total stockholders' equity	464,462	768,692	5,027	6,093	458	16,386	(796,656)	464,462
Total liabilities and stockholders' equity	867,495	1,289,379	12,140	11,726	921	150,696	(796,656)	1,535,701

Supplemental Condensed Consolidating Balance Sheet
As of July 31, 2003
(in thousands of dollars)

	Parent Company	100% Owned Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:								
Cash and cash equivalents	--	16,566	399	--	117	1,858	--	18,940
Receivables, net	--	45,110	542	352	56	3,688	--	49,748
Inventories, net	--	8,077	77	--	145	23,457	--	31,756
Other current assets	10,442	4,777	91	--	3	1,238	--	16,551
Total current assets	10,442	74,530	1,109	352	321	30,241	--	116,995
Property, plant and equipment, net	--	882,412	29,012	99	697	20,031	--	932,251
Real estate held for sale and investment	--	111,663	--	900	--	10,660	--	123,223
Other assets	8,186	33,132	9	--	--	8,185	--	49,512
Goodwill, net	--	125,810	1,960	531	--	16,748	--	145,049
Other intangibles, net	--	61,077	--	9,148	--	18,187	--	88,412
Investments in subsidiaries and advances to (from) parent	844,564	(5,915)	(19,189)	(609)	(137)	(16,271)	(802,443)	--
Total assets	863,192	1,282,709	12,901	10,421	881	87,781	(802,443)	1,455,442
Current liabilities:								
Accounts payable and accrued expenses	12,459	121,866	1,491	31	184	16,008	--	152,039
Long-term debt due within one year	--	26,659	--	--	--	1,272	--	27,931
Total current liabilities	12,459	148,525	1,491	31	184	17,280	--	179,970
Long-term debt	353,858	174,484	--	--	--	27,878	--	556,220
Other long-term liabilities	629	112,161	--	107	--	320	--	113,217
Deferred income taxes	--	78,055	--	--	--	753	--	78,808
Put options	--	1,822	--	--	--	--	--	1,822
Minority interest in net assets of consolidated subsidiaries	--	386	5,591	3,191	100	19,891	--	29,159
Total stockholders' equity	496,246	767,276	5,819	7,092	597	21,659	(802,443)	496,246
Total liabilities and stockholders' equity	863,192	1,282,709	12,901	10,421	881	87,781	(802,443)	1,455,442

Supplemental Condensed Consolidating Balance Sheet
As of January 31, 2003
(as restated)
(in thousands of dollars)

	Parent Company	100% Owned Guarantor	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated

		Subsidiaries						
Current assets:								
Cash and cash equivalents	-	21,789	875	-	78	1,948	-	24,690
Receivables, net	1	37,040	640	172	102	3,702	-	41,657
Taxes receivable	-	-	-	-	-	-	-	-
Inventories, net	-	11,161	72	-	176	24,613	-	36,022
Deferred income taxes	-	-	-	-	-	-	-	-
Other current assets	1,138	24,105	173	-	18	1,262	-	26,696
Total current assets	1,139	94,095	1,760	172	374	31,525	-	129,065
Property, plant and equipment, net	-	894,811	29,579	120	775	18,270	-	943,555
Real estate held for sale and investment	-	118,044	-	900	-	18,039	-	136,983
Other assets	8,755	29,824	9	-	-	811	-	39,399
Notes receivable	-	-	-	-	-	-	-	-
Goodwill, net	-	121,522	1,936	1,655	-	16,483	-	141,596
Other intangibles, net	-	68,523	-	10,085	-	2,725	-	81,333
Investments in subsidiaries and advances to (from) parent	849,253	(38,352)	(17,638)	(4)	(330)	(17,969)	(774,960)	-
Total assets	859,147	1,288,467	15,646	12,928	819	69,884	(774,960)	1,471,931
Current liabilities:								
Accounts payable and accrued expenses	8,404	180,677	2,134	1,703	309	19,253	-	212,480
Income taxes payable	-	2,731	-	-	-	-	-	2,731
Long-term debt due within one year	-	24,577	1,000	-	-	1,000	-	26,577
Total current liabilities	8,404	207,985	3,134	1,703	309	20,253	-	241,788
Long-term debt	353,474	178,622	-	-	-	14,100	-	546,196
Other long-term liabilities	814	96,261	-	-	-	-	-	97,075
Deferred income taxes	-	64,849	-	-	-	1,643	-	66,492
Put option	-	198	-	-	-	-	-	198
Minority interest in net assets of consolidated subsidiaries	-	-	6,131	3,231	100	14,265	-	23,727
Total stockholders' equity	496,455	740,552	6,381	7,994	410	19,623	(774,960)	496,455
Total liabilities and stockholders' equity	859,147	1,288,467	15,646	12,928	819	69,884	(774,960)	1,471,931

Supplemental Condensed Consolidating Statement of Operations
For the six months ended January 31, 2004
(in thousands of dollars)

	Parent Company	Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenues	50	241,698	4,078	2,974	1,281	95,315	5,463	350,859
Total operating expenses	3,894	241,995	5,255	3,886	1,408	72,723	5,463	334,624
Income (loss) from operations	(3,844)	(297)	(1,177)	(912)	(127)	22,592	-	16,235
Other expense	(53,161)	(7,116)	(376)	-	(12)	(913)	-	(61,578)
Equity investment loss, net	-	(2,180)	-	-	-	-	-	(2,180)
Loss on put options, net	-	(1,306)	-	-	-	-	-	(1,306)
Minority interest in net income of consolidated subsidiaries, net	-	-	762	-	-	(2,765)	-	(2,003)
Income (loss) before income taxes	(57,005)	(10,899)	(791)	(912)	(139)	18,914	-	(50,832)
Benefit (provision) for income taxes	21,092	4,100	-	-	-	(6,501)	-	18,691
Net income (loss) before equity in income of consolidated subsidiaries	(35,913)	(6,799)	(791)	(912)	(139)	12,413	-	(32,141)
Equity in income of consolidated subsidiaries	3,772	10,573	-	-	-	-	(14,345)	-
Net income (loss)	(32,141)	3,774	(791)	(912)	(139)	12,413	(14,345)	(32,141)

Supplemental Condensed Consolidating Statement of Operations
For the six months ended January 31, 2003
(as restated)
(in thousands of dollars)

	Parent Company	Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenues	11	257,585	3,555	2,725	1,218	89,692	6,987	361,773
Total operating expenses	4,508	251,471	5,360	3,334	1,569	81,829	6,987	355,058
Income (loss) from operations	(4,497)	6,114	(1,805)	(609)	(351)	7,863	-	6,715
Other expense, net	(8,408)	(14,803)	(480)	-	(12)	(382)	-	(24,085)
Equity investment income, net	-	2,101	-	-	-	-	-	2,101
Gain on put option	-	1,371	-	-	-	-	-	1,371
Minority interest in net income of consolidated	-	-	1,120	-	-	(1,439)	-	(319)

subsidiaries, net	-	-	-	-	-	-	-	-
Income (loss) before income taxes	(12,905)	(5,217)	(1,165)	(609)	(363)	6,042	-	(14,217)
Benefit from income taxes	5,420	407	-	-	-	-	-	5,827
Net loss before equity in income of consolidated subsidiaries, net	(7,485)	(4,810)	(1,165)	(609)	(363)	6,042	-	(8,390)
Cumulative effect of change in accounting principle	-	-	-	-	-	-	-	-
Equity in income of consolidated subsidiaries	(905)	3,905	-	-	-	-	(3,000)	-
Net income (loss)	(8,390)	(905)	(1,165)	(609)	(363)	6,042	(3,000)	(8,390)

Supplemental Condensed Consolidating Statement of Cash Flows
For the six months ended January 31, 2004
(in thousands of dollars)

	Parent Company	100% Owned Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Net cash flows provided by operating activities	973	92,871	73	5,300	(62)	10,870	-	110,025
Cash flows from investing activities:								
Capital expenditures	-	(35,484)	(131)	(1,194)	(13)	(6,882)	-	(43,704)
Investments in real estate	-	(10,027)	-	-	-	5,976	-	(4,051)
Other investing activities, net	-	1,279	-	-	-	-	-	1,279
Other investing activities	-	-	-	-	-	-	-	-
Net cash used in investing activities	-	(44,232)	(131)	(1,194)	(13)	(906)	-	(46,476)
Cash flows from financing activities:								
Proceeds from borrowings under long-term debt	390,000	170,402	-	-	-	-	-	560,402
Payments of long-term debt	(348,753)	(221,610)	-	-	-	(4,583)	-	(574,946)
Payments of tender premium	(22,690)	-	-	-	-	-	-	(22,690)
Advances to (from) affiliates	(12,553)	22,093	135	(4,095)	174	(5,754)	-	-
Other financing activities, net	(6,977)	(336)	-	-	-	311	-	(7,002)
Distributions to minority shareholders	-	22,091	-	-	-	-	-	22,091
Advances to (from) affiliates	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	(973)	(29,451)	135	(4,095)	174	(10,026)	-	(44,236)
Net increase (decrease) in cash and cash equivalents	-	19,188	77	11	99	(62)	-	19,313
Net increase in cash due to the adoption of FIN No. 46R	-	4,316	-	-	-	-	-	4,316
Cash and cash equivalents:								
Beginning of period	-	12,262	399	-	117	6,162	-	18,940
End of period	-	35,766	476	11	216	6,100	-	42,569

Supplemental Condensed Consolidating Statement of Cash Flows
For the six months ended January 31, 2003
(in thousands of dollars)

	Parent Company	100% Owned Guarantor Subsidiaries	JHL&S	RockResorts	Larkspur	Other Subsidiaries	Eliminating Entries	Consolidated
Net cash flows provided by operating activities	(4,036)	127,028	(536)	-	(161)	3,807	-	126,102
Cash flows from investing activities:								
Capital expenditures	-	(59,946)	(646)	-	(20)	(5,761)	-	(66,373)
Investments in real estate	-	(27,961)	-	-	-	-	-	(27,961)
Other investing activities, net	-	(1,934)	-	-	-	-	-	(1,934)
Net cash used in investing activities	-	(89,841)	(646)	-	(20)	(5,761)	-	(96,268)
Cash flows from financing activities:								
Proceeds from borrowings under long-term debt	366	149,034	-	-	-	1,700	-	151,100
Payments of long-term debt	-	(181,513)	-	-	-	(500)	-	(182,013)
Advances to (from) affiliates	3,649	(6,030)	1,933	-	208	240	-	-
Other financing activities, net	21	-	-	-	-	(217)	-	(196)
Net cash provided by (used in) financing activities	4,036	(38,509)	1,933	-	208	1,223	-	(31,109)
Net increase (decrease) in cash and cash equivalents	-	(1,322)	751	-	27	(731)	-	(1,275)

Cash and cash equivalents:								
Beginning of period	-	23,111	124	-	51	2,679	-	25,965
End of period	-	21,789	875	-	78	1,948	-	24,690

17. Subsequent Events

In February 2004, the Company filed a universal shelf registration statement with the Securities and Exchange Commission in connection with the potential offer and sale, from time to time, of up to $100 million of its common stock, preferred stock and debt securities. These securities, which may be offered in one or more offerings and in any combination, will in each case be offered pursuant to a separate prospectus supplement that will describe the specific types, amounts, price and other terms of the offered securities.

In February 2004, the Company also filed a separate shelf registration statement covering the sale by Apollo Ski Partners, L.P. ("Apollo"). Apollo owns substantially all of the Class A common stock of the Company and, consequently, has the ability to elect all of the Company's Class 1 Board of Directors. From time to time, Apollo may sell up to 1.5 million shares of the Company's common stock. Apollo currently holds 7,439,542 shares of Class A common stock of the Company or 21.1% of the Company's outstanding common stock.

In February 2004, the Company executed the required notices to BGVA and BCRC pursuant to the agreements between the Company and BGVA and BCRC related to the construction of new chairlifts at Beaver Creek. Within 30 days of BGVA and BCRC's receipt of such notice, BGVA is required to deposit $5 million, BCRC is required to deposit $4 million, and the Company is required to deposit $1 million into an escrow account to be used by the Company to fund the construction of the chairlifts. In connection with the notices, the Company is required to execute a third-party contract for the purchase and installation of the chairlifts within 30 days, and must commence construction of the chairlifts within six months.

On March 11, 2004, BGMD informed the Company that it had successfully completed its GO bond offering. The proceeds of the bond offering, along with contributions from BGVA and SCMD, have been placed with a trustee and will be used to retire the $26.9 million outstanding SCMD bonds. As a result of this transaction, the $28.5 million letters of credit supporting the SCMD bonds issued against the Company's bank credit facility will be released. In addition, the Company no longer has an obligation to pay capital improvement fees to BGMD as a result of the defeasance of the SCMD bonds. As of January 31, 2004, the Company had recorded a $15.1 million liability with respect to the capital improvement fees.

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's July 31, 2003 Annual Report on Form 10-K and the Consolidated Condensed Financial Statements as of January 31, 2004 and 2003 and for the three and six months then ended, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding the financial position, results of operations and cash flows of the Company. 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 mountain and lodging industries, general business and economic conditions, the weather, war, terrorism and other factors discussed elsewhere herein and in the Company's filings with the SEC.

As disclosed in the Company's Form 10-K for the year ended July 31, 2003, the Company restated its fiscal 2003 interim financial statements and its historical financial statements in that filing. The reader should refer to the disclosures made in that filing for more information.

Overview

While the Company recorded a net loss for both the three and six months ended January 31, 2004, largely as a result of charges that are not indicative of continuing operations, the Company's operating results for those periods were favorable compared to management's expectations. Mountain segment financial performance improved for the three and six months ended January 31, 2004 compared to the same periods last year, despite last year's substantial early-season snowfall and earlier resort openings. The favorable current-year performance is driven by increased season pass sales as well as a favorable shift in ticket mix and increased pricing, resulting in a 6.2% increase in effective ticket price, while overall skier visits remained relatively flat. Retail/rental operations also performed better than anticipated. Lodging segment results for the three and six months ended January 31, 2004 also improved as compared to the same periods in the prior year. The increase is primarily due to improved performan ce at several of the Company's properties located in proximity to its ski resorts, including the Vail Marriott Mountain Resort ("Vail Marriott"), which was open for the full period in fiscal 2004, whereas it was closed for a portion of the period in fiscal 2003 for renovations. Real estate performed as expected for the second fiscal quarter. In addition, the Company's previously announced cost reduction plan is expected to achieve its $25 million in year-over-year cost savings for the full fiscal year. Mountain and Lodging segment results were also favorably impacted by the consolidation of the Employee Housing Entities as of November 1, 2003, as the entities' depreciation and interest expense which was previously included on the Company's equity income (loss) line items is now recorded on the corresponding depreciation and interest expense line items in the Company's Consolidated Condensed Statement of Operations. Depreciation and interest expense are not included in segment operating results.

While the Company's operating segments have performed favorably in the current year as compared to last year, the following charges contributed to the Company's quarterly and year to date net loss:

- debt extinguishment charges of $36.2 million related to the tender for the Company's 8.75% Notes in January 2004; the 8.75% Notes were replaced by the 6.75% Notes (see Note 5, Long-Term Debt, of the Notes to Consolidated Condensed Financial Statements);
- a $5.5 million estimated mold remediation charge related to correction of the water intrusion and condensation problems at the Breckenridge Terrace employee housing facility (see Note 13, Mold Remediation, of the Notes to Consolidated Condensed Financial Statements);
- a $1.6 million year to date loss on disposals of fixed assets related to winter employee uniforms which were replaced in the current fiscal year as the result of a new strategic alliance and the replacement of two lifts at Heavenly as part of the Company's previously announced capital improvement plans for the resort;
- a $1.3 million year to date loss related to a net increase in the estimated fair market value of put options held by the minority shareholders in certain of the Company's subsidiaries (see Note 9, Put Options, of the Notes to Consolidated Condensed Financial Statements);
- asset impairment charges of $933,000 related to the replacement of the previously proposed Beaver Creek gondola, with the plan to install two new high speed chairlifts, and the abandonment of a specific project to relocate Beaver Creek's maintenance facilities; and
- approximately $750,000 of costs incurred to date with respect to the Company's compliance program under the Sarbanes-Oxley Act. In February 2004, the SEC announced an extension of the implementation dates related to the Sarbanes-Oxley requirements for internal controls over financial reporting, which extends the Company's required compliance date from July 31, 2004 to July 31, 2005. Because of the extended effective date, the Company anticipates that it will be able to reduce its overall anticipated incremental costs of compliance with the requirements.

Looking forward to the remainder of the fiscal year and beyond, the Company's management has identified the following important factors (as well as risks and uncertainties associated with such factors) that could impact the Company's future financial performance:

- Guests continue to book reservations closer in to the date of travel, which makes it more difficult to forecast occupancy trends; however, lodging advance bookings for the fourth quarter appear robust.
- Mountain revenue trends subsequent to quarter-end appear favorable, with strong February revenues. Beaver Creek and Heavenly are on target for record numbers of skier visits in fiscal 2004. However, the booking patterns noted above, as well as the potential impact of other external uncertainties, make it impossible for management to predict whether these trends will continue.
- Keystone received approval for a significant terrain expansion for snowcat-served skiing, taking its skiable terrain to more than 2,500 acres.

- Analysis of the remediation costs for Breckenridge Terrace continues, and while the Company's estimates are based on currently available data, actual costs could vary materially (favorably or unfavorably) from current estimates.
- The Company expects that the debt transactions consummated in the second fiscal quarter (8.75% Notes tender, issuance of the 6.75% Notes and the refinancing of the term loan under the bank credit facility) will result in annual interest savings of approximately $5.7 million on a go-forward basis.
- The Company will record further debt extinguishment charges of approximately $900,000 in the fourth quarter of fiscal 2004 related to the call of the remaining outstanding 8.75% Notes.
- The Company is proceeding as planned (subject to continuing necessary approvals) with its real estate development projects, including the "New Dawn" redevelopment at Vail and residential development at Jackson Hole Golf & Tennis Club, although such plans may experience potential delays or revisions. Additionally, the Company has not finalized its financing plans or obtained specific financing for these projects.
- BGMD has issued GO bonds resulting in the legal defeasance of the SCMD bonds, thereby relieving the Company of its liabilities with respect to the SCMD bonds in the amount of $15.1 million. This transaction will be reflected in the Company's financial statements in the third fiscal quarter.
- The Company has numerous investments in entities over which the Company does not have direct management oversight. As such, it is difficult for management to predict or influence the financial performance of these entities, and such results could materially impact the Company's consolidated results of operations.
- The Company continues to evaluate its equity-method investments under FIN No. 46R (See Note 8, Variable Interest Entities, of the Notes to Consolidated Condensed Financial Statements). If the Company is required to consolidate some or all of these entities under FIN No. 46R, it could have a material impact on the Company's consolidated financial statements.
- The Company uses estimates to record certain reserves (including, but not limited to, self-insured medical and workers' compensation reserves, legal liability reserves and income tax reserves). The Company has policies and procedures for determining the estimates used, including the use of historical information and internal analysis and, where applicable, the use of third party experts. If actual results vary significantly from such estimates, or if future trends are not indicative of historical experience, the Company's results from operations could be materially impacted.
- The Company performs an annual test for impairment of goodwill and indefinite-lived intangible assets as of May 1 each year. In addition, the Company regularly evaluates its long-lived assets for impairment, as facts and circumstances warrant. While the Company does not currently anticipate any material impairment charges for the remainder of the fiscal year, the annual impairment test has not yet been performed. In addition, changes in the Company's plans for replacement of long-lived assets could also result in unanticipated impairment charges or losses on the disposal of assets.

The data provided in this section should be read in conjunction with the risk factors identified elsewhere in this document.

Presented below is more detailed comparative data regarding the Company's results of operations for the three and six months ended January 31, 2004 versus the three and six months ended January 31, 2003.

Results of Operations

Three Months Ended January 31, 2004 versus Three Months Ended January 31, 2003 (in thousands of dollars, except effective ticket price ("ETP"))

Mountain operating revenue. Mountain operating revenue for the three months ended January 31, 2004 and 2003 is presented by category as follows:

	Three Months Ended January 31,			Percentage
	2004	2003	Increase	Increase
		(as restated) (unaudited)		
Lift tickets	$ 97,147	$ 91,028	$ 6,119	6.7%
Ski school	25,022	23,894	1,128	4.7%
Dining	18,411	18,249	162	0.9%
Retail/rental	45,035	41,297	3,738	9.1%
Other	15,753	13,917	1,836	13.2%
Total mountain operating revenue	$ 201,368	$ 188,385	$ 12,983	6.9%
Skier visits	2,620	2,607	13	0.5%
ETP	$ 37.07	$ 34.92	$ 2.15	6.2%

Mountain operating revenue for the three months ended January 31, 2004 increased $13.0 million, or 6.9%, as compared to the three months ended January 31, 2003. Of this increase, $6.1 million is due to increased lift ticket revenue, primarily driven by increased season pass sales, a favorable shift in the guest demographic to a heavier mix of destination visitors and increased ticket pricing. Destination guests (out of state and international guests) have historically purchased higher margin ticket products and used more of the Company's ancillary products and services, such as food & beverage and ski school, driving the year over year increases in those categories. The $3.7 million increase in retail/rental revenue is driven by increased accessory sales (attributable to the cold weather), expanded operations and improved performance at Heavenly's retail outlets. The consolidation of the employee housing entities as of November 1, 2003 caused a $692,000 increase in other mountain operatin g revenue for the three months ended January 31, 2004.

Mountain operating expense. Mountain operating expense for the three months ended January 31, 2004 was $126.9 million, an increase of $3.4 million, or 2.7%, compared to the three months ended January 31, 2003. This increase reflects an increase in operating expenses commensurate with the increase in operating revenues partially offset by the successful implementation of the Company's cost cutting program. Allocated corporate administrative expenses ("SG&A") in fiscal 2003 included deferred compensation costs that were not incurred in fiscal 2004, offset partially by Sarbanes-Oxley compliance costs which were included in the fiscal 2004 allocation but were not incurred in fiscal 2003. In addition, the consolidation of the employee housing entities as of November 1, 2003 increased mountain operating expense by $630,000 for the three months ended January 31, 2004.

Mountain equity investment income. Mountain equity income primarily consists of the Company's share of operations of a brokerage firm and a property management firm. In prior periods, mountain equity investment income also included the proportionate share of the Company's employee housing entities. Beginning November 1, 2003, the employee housing entities were consolidated in the Company's financial statements. Mountain equity income for the three months ended January 31, 2004 was $586,000, an increase of $134,000, or 29.6%, compared to three months ended January 31, 2003. The increase primarily reflects increased sales generated by the brokerage firm and the consolidation of the employee housing entities.

Lodging revenue. Lodging revenue for the three months ended January 31, 2004 was $38.4 million, an increase of $2.8 million, or 7.8%, compared to the three months ended January 31, 2003. The Company's average daily rate ("ADR") for the three months ended January 31, 2004 for its owned hotels and condominium management operations was $216.23, an increase of $8.04 as compared to the three months ended January 31, 2003. The Vail Marriott experienced an increase in both room nights and ADR, as last year reservations were soft due to renovation activity. Snake River Lodge & Spa, Mountain Thunder and the Company's Vail and Beaver Creek property management operations also saw improved room nights and ADRs.

Lodging operating expense. Lodging operating expense for the three months ended January 31, 2004 was $38.4 million, an increase of $385,000, or 1.0%, compared to the three months ended January 31, 2003. This increase is primarily due to variable expense increases associated with the increase in revenue. Lodging operating expense also includes an

allocation of corporate SG&A.

Lodging equity investment loss. Lodging equity investment loss was $1.2 million for the quarter ended January 31, 2004, and primarily includes the Company's proportionate share of losses from the hotel operations of The Ritz-Carlton, Bachelor Gulch. The Company's investment share of profits associated with the sale of condominiums developed as part of the joint venture operations is recorded in Real estate equity investment income. The equity loss for the quarter includes the Company's share of depreciation expense of $559,000 and interest expense of $644,000 for the three months ended January 31, 2004.

Real estate revenue. The Real estate segment's revenue varies from year to year depending on the mix of available inventory, based upon the completion of development projects. Revenue from real estate operations for the three months ended January 31, 2004 was $7.5 million, a decrease of $16.7 million, or 69.0%, compared to the three months ended January 31, 2003. During the three months ended January 31, 2004, the Company primarily sold a development parcel and three condominiums, as opposed to sales of 20 condominiums and 8 single family lots during the three months ended January 31, 2003.

Real estate operating expense. Real estate operating expense for the three months ended January 31, 2004 was $6.1 million, a decrease of $16.2 million, or 72.8%, compared to the three months ended January 31, 2003, primarily due to the change in sales mix and is commensurate with the decreased revenues. Real estate operating expense consists primarily of the cost of sales and related real estate commissions associated with sales of real estate. Real estate operating expense also includes the selling, general and administrative expenses associated with the Company's real estate operations and an allocation of corporate SG&A.

Real estate equity investment income. Real estate equity investment income includes both the Company's equity investment in Keystone/Intrawest LLC ("KRED"), the joint venture developing the River Run development at Keystone, and the portion of the Company's equity investment in BG Resort associated with the development and sale of the Ritz-Carlton, Bachelor Gulch condominiums. Real estate equity investment income was $3,000 and $771,000 for the quarters ended January 31, 2004 and 2003, respectively. Real estate equity investment income decreased as the condominium sales associated with BG Resort occurred primarily in the first and second quarters of fiscal 2003.

Depreciation and amortization. Depreciation and amortization expense was $22.6 million, an increase of $1.4 million, or 6.8%, for the three months ended January 31, 2004 as compared to the three months ended January 31, 2003. The increase was primarily attributable to an increased fixed asset base resulting from normal capital expenditures. Consolidation of the Employee Housing Entities also increased depreciation expense by approximately $543,000 for the three months ended January 31, 2004.

Mold remediation charge. During the three months ended January 31, 2004, the Company expensed $5.5 million related to the estimated cost of remediation of water intrusion and condensation problems at its Breckenridge Terrace employee housing facility based on management's best estimate using a preliminary estimate from the mold remediation facilitators. See Note 13, Mold Remediation, of the Notes to Consolidated Condensed Financial Statements, for more information regarding this charge.

Loss on extinguishment of debt. The Company recorded a $36.2 million debt extinguishment charge in the second quarter of fiscal 2004 in connection with the tender for the 8.75% Notes. $348.8 million of the total $360 million outstanding notes were tendered. The charge included a tender premium of $65.06 per $1,000 principal amount of 8.75% Notes, which accounts for $22.7 million of the total charge. Other costs included in the charge include transaction fees, the write off of unamortized issuance costs and unamortized original issue discount on the 8.75% Notes, and other costs such as legal and printing fees. In connection with the tender for the 8.75% Notes, in January 2004 the Company issued the 6.75% Notes. The proceeds from the 6.75% Notes were used to re-purchase the 8.75% Notes, along with associated premiums, fees and expenses.

Interest expense. During the three months ended January 31, 2004 and 2003 the Company recorded interest expense of $12.9 million in both periods, relating primarily to the 8.75% Notes, Credit Facility and Industrial Development Bonds. During the second quarter of fiscal 2004 as compared to the second quarter of fiscal 2003, interest expense decreased due to the August payoff of the Olympus note and the $111 million decrease in the credit facility balance from the credit facility balance at the same period last year, offset by increases in interest expense due to the consolidation of the Employee Housing Entities and changes in the present value of the capital improvement fee liability related to BGMD and RSRMD. Average total borrowings for the three months ended January 31, 2004 were $587.7 million versus $634.2 million as of January 31, 2003.

Income tax. The effective tax rate for the quarter was 10% versus a 42% effective rate for the first quarter of fiscal 2004 and same quarter last year. The change is primarily a result of the Company reviewing its anticipated annual results including the costs associated with the debt extinguishment and mold remediation. Assuming no further revisions to the Company's anticipated annual results, the Company expects its effective tax rate for the remainder of the year will be approximately 37%.

Six Months Ended January 31, 2004 versus Six Months Ended January 31, 2003 (in thousands of dollars, except ETP)

Mountain operating revenue. Mountain operating revenue for the six months ended January 31, 2004 and 2003 is presented by category as follows:

	Six Months Ended January 31,			Percentage
	2004	2003	Increase	Increase
		(as restated) (unaudited)		
Lift tickets	$ 97,173	$ 90,915	$ 6,258	6.9%
Ski school	25,046	23,965	1,081	4.5%
Dining	22,325	22,067	258	1.2%
Retail/rental	62,075	57,627	4,448	7.7%
Other	28,828	27,440	1,388	5.1%
Total mountain operating revenue	$ 235,447	$ 222,014	$ 13,433	6.1%
Skier visits	2,620	2,607	13	0.5%
ETP	$ 37.08	$ 34.92	$ 2.16	6.2%

Mountain operating revenue for the six months ended January 31, 2004 increased $13.4 million, or 6.1%, as compared to the six months ended January 31, 2003. As the Company's ski resorts did not open until mid-November, mountain operating revenue for the six months ended January 31, 2004 was driven by substantially the same trends and factors as for the three months ended January 31, 2004.

Mountain operating expense. Mountain operating expense for the six months ended January 31, 2004 was $188.8 million, an increase of $614,000, or 0.3%, compared to the six months ended January 31, 2003. As the Company's ski resorts did not open until mid-November, mountain operating expense for the six months ended January 31, 2004 was driven by substantially the same trends and factors as for the three months ended January 31, 2004.

Mountain equity investment income. Mountain equity income for the six months ended January 31, 2004 was $568,000, a decrease of $973,000, or 63.1%, compared to six months ended January 31, 2003. The decrease primarily reflects first quarter losses from the employee housing entities (during which period the equity method was still applied to the entities) and reduced sales commissions generated by the brokerage firm. Equity method losses from the employee housing entities were $744,000 during the six months ended January 31, 2004 as opposed to $32,000 during the six months ended January 31, 2003.

Lodging revenue. Lodging revenue for the six months ended January 31, 2004 was $81.0 million, an increase of $4.8 million, or 6.3%, compared to the six months ended January 31, 2003. The Company's average daily rate ("ADR") for the six months ended January 31, 2004 for its owned hotels and condominium management operations was $183.42, an increase of $6.77 as compared to the six months ended January 31, 2003. The increase in revenue and ADR is primarily the result of the Vail Marriott being open for the full first

quarter in fiscal 2004 as it was closed for a portion of the prior year first quarter for renovations, stronger summer business at GTLC and increased room rates at the Lodge at Rancho Mirage.

Lodging operating expense. Lodging operating expense for the six months ended January 31, 2004 was $78.9 million, an increase of $1.6 million, or 2.1%, compared to the six months ended January 31, 2003. This increase is primarily due to variable expense increases associated with the increase in revenue, partially offset by the successful implementation of the Company's cost savings plan. Lodging operating expense also includes an allocation of corporate SG&A.

Lodging equity investment loss. Lodging equity investment loss for the six months ended January 31, 2004 was $3.0 million, a decrease of $327,000, or 10.0%, as compared to the loss recorded for the six months ended January 31, 2003. The equity loss for the six months includes the Company's share of depreciation expense of $1.1 million and interest expense of $1.3 million for the six months ended January 31, 2004. The improved performance is driven by results of The Ritz-Carlton, Bachelor Gulch, as in first quarter last year the hotel incurred start-up costs.

Real estate revenue. The Real estate segment's revenue varies from year to year depending on the mix of available inventory, based upon the completion of development projects. Revenue from real estate operations for the six months ended January 31, 2004 was $34.4 million, a decrease of $29.2 million, or 45.9%, compared to the six months ended January 31, 2003. During the six months ended January 31, 2004, the Company primarily sold a development parcel, seven condominiums and four single family lots, as opposed to sales of two development parcels, 72 condominiums and 17 single family lots during the six months ended January 31, 2003.

Real estate operating expense. Real estate operating expense for the six months ended January 31, 2004 was $18.2 million, a decrease of $31.6 million, or 63.5%, compared to the six months ended January 31, 2003, primarily due to the change in sales mix and is commensurate with the decreased revenues.

Real estate equity investment income. Real estate equity investment income was $0.2 million and $3.8 million during the six months ended January 31, 2004 and 2003, respectively. Real estate equity investment income decreased as the condominium sales associated with BG Resort occurred primarily in the first and second quarters of fiscal 2003.

Depreciation and amortization. Depreciation and amortization expense was $42.9 million, an increase of $3.2 million, or 8.0%, for the six months ended January 31, 2004 as compared to the six months ended January 31, 2003. The increase was primarily attributable to an increased fixed asset base from normal capital expenditures and the consolidation of the Employee Housing Entities.

Mold remediation charge. The mold remediation charge for the six months ended January 31, 2004 is the same as was recorded for the three months ended January 31, 2004.

Loss on extinguishment of debt. The loss on extinguishment of debt for the six months ended January 31, 2004 is the same as was recorded for the three months ended January 31, 2004.

Interest expense. During the six months ended January 31, 2004 and 2003 the Company recorded interest expense of $26.3 million and $24.7 million, respectively, relating primarily to the Notes, Credit Facility and Industrial Development Bonds. The $1.6 million increase is primarily attributable to decreased capitalized interest (zero in the six months ended January 31, 2004 versus $645,000 in the six months ended January 31, 2003), letter of credit fees and capital improvement fees associated with the metropolitan districts and the final recognition of the interest swap termination gain in fiscal 2003. Average total borrowings for the six months ended January 31, 2004 were $598.0 million versus $629.7 million as of January 31, 2003.

Income tax. The effective tax rate for the six months ended January 31, 2004 was 37% compared to 41% for the same period last year. The change is primarily a result of the amount of items which are not deductible for tax as a percentage of the anticipated pre-tax book income (loss) for the fiscal year.

Liquidity and Capital Resources

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

Cash flows from the Company's operating activities were $110.0 million for the six months ended January 31, 2004. Non-cash charges reflected in the $32.1 million net loss for the period included non-cash costs related to real estate sold of $9.5 million, depreciation and amortization expense of $42.9 million, a decrease in the net deferred tax liability of $19.1 million and non-cash debt extinguishment charges of $12.9 million. In addition, working capital changes included a decrease in deferred income taxes receivable of $8.8 million and an increase accounts payable and accrued expenses of $64.4 million primarily due to a $31.4 increase in deferred revenue related to private club initiation fees and increased season pass sales, a $17.9 increase in trade payables and a $7.0 accrual for total estimated mold remediation costs. This was offset by a $7.7 million increase in accounts receivable, a $4.8 million increase in notes receivable and a $3.2 million increase in inventories. These changes are largely du e to the seasonality of the Company's operations.

Cash flows used in investing activities have historically consisted of payments for acquisitions, capital expenditures, and investments in real estate. Capital expenditures for the six months ended January 31, 2004 were $43.7 million and investments in real estate for the period were $4.1 million. The primary projects included in capital expenditures were (i) a new high-speed chairlift at Beaver Creek, (ii) Keystone and Heavenly snowmaking upgrades, (iii) installation of two new high-speed chairlifts at Heavenly, (iv) an electrical distribution network at Keystone and (v) renovations at the Lodge at Rancho Mirage. The primary projects included in investments in real estate were (i) planning activities related to the Vail "New Dawn" redevelopment, (ii) completion of the Red Sky Ranch golf courses and (iii) investments in developable land and the planning and development of projects in and around each of the Company's resorts.

Investing activities for the six months ended January 31, 2004 also consisted of cash distributions from joint ventures of $1.4 million and cash received from the disposal of fixed assets of $371,000.

The Company estimates that it will make aggregate capital expenditures in the mountain and lodging segments of approximately $20 million to $30 million during the remainder of fiscal 2004, and approximately $60 to $65 million for calendar 2004. In addition to normal, annual capital expenditures appropriate to maintaining the Company's reputation for high quality, the primary projects are anticipated to include (i) two new high-speed lifts and a parking lot related to providing additional skier access to the main part of Beaver Creek Mountain, (ii) continued renovations at the Lodge at Rancho Mirage, (iii) a new six passenger high-speed lift at Heavenly, (iv) new snowcats to increase the grooming capabilities of Vail and Beaver Creek and (v) restaurant upgrades at Heavenly's mid-mountain East Peak area. Investments in real estate during the remainder of fiscal 2004 are expected to total approximately $30 million to $40 million, and approximately $70 to $75 million for calendar 2004. Primary projects are an ticipated to include (i) continued work on the multi-year Vail "New Dawn" redevelopment project, (ii) creation of a new golf course community in the Jackson Hole area and (iii) other planning and development projects in and around each of the Company's resorts. The Company plans to fund these capital expenditures and investments in real estate with cash flows from operations, borrowings under the Credit Facility or alternative financing arrangements, as necessary.

During the six months ended January 31, 2004, the Company used $44.2 million in its financing activities consisting primarily of $14.5 million in net long-term debt borrowings (including a $348.8 million principal payment on the 8.75% Notes related to the tender offer, payment of the $25 million Olympus Note, the payment of $14.0 million of debt assumed in the KRED distribution and proceeds from the issuance of the 6.75% Notes), payment of $22.7 million tender premium and payment of $7.0 million of debt issuance costs.

In January 2004, the Company completed the offering for 6.75% Notes, the proceeds of which were used to purchase substantially all of the 8.75% Notes, and to pay related premiums, transaction fees and expenses. The 6.75% Notes were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 (the "Securities Act"), as amended, and to persons outside the United States under Regulation S of the Securities Act. The 6.75% Notes have a fixed annual interest rate of 6.75% with interest due semi-annually on February 15 and August 15, beginning August 15, 2004. The 6.75% Notes will mature February 2014 and no principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the 6.75% 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 Company's payment obligations under the Notes are jointly and severally guaranteed by substantially all of the Company's current and future domestic subsidiaries (See Note 16, Guarantor and Non-Guarantor Subsidiaries, of the Notes to Consolidated Condensed Financial Statements). The indenture governing the 6.75% Notes contains restrictive covenants which, among other things, limit the ability of Vail Resorts, Inc. and its Restricted Subsidiaries (as defined in the Indenture) to a) borrow money or sell preferred stock, b) create liens, c) pay dividends on or redeem or repurchase stock, d) make certain types of investments, e) sell stock in the Restricted Subsidiaries, f) create restrictions on the ability of the Restricted Subsidiaries to pay dividends or make other payments to the Company, g) enter into transactions

with affiliates, h) issue guarantees of debt and i) sell assets or merge with other companies. The Company is required to exchange the 6.75% Notes and the guarantees for a new issue of substantially identical debt securities and guarantees registered under the Securi ties Act within 330 days after the closing of the 6.75% Notes.

In January 2004, the Company offered to purchase its outstanding 8.75% Notes for total consideration of $1,065.06 per $1,000 principal amount of 8.75% Notes. Of the outstanding 8.75% Notes, $348.8 million, or approximately 96.9%, were tendered. The 8.75% Notes remaining outstanding subsequent to the tender were amended to eliminate substantially all of the restrictive covenants. In addition, the Company is required to call the remaining outstanding 8.75% Notes on May 15, 2004 for a call price of 104.375% of the principal balance outstanding. The Company has transferred $11.2 million into a blocked account to fund the call of the 8.75% Notes remaining outstanding.

In January 2004, the Company amended its existing term loan under its bank credit facility. The amendment extended the maturity date from December 2008 to December 2010 and reduced the applicable interest rate margin by 50 basis points. In addition, the amendment provides that the term loan may be increased on a one-time basis by up to $60 million.

In February, the Company filed a universal shelf registration statement with the SEC in connection with the potential offer and sale, from time to time, of up to $100 million of its common stock, preferred stock and debt securities. The Company filed the registration statement so that it has the flexibility to raise capital if and when favorable economic or business conditions dictate.

For the six months ended January 31, 2003, cash flows provided by operating activities were $126.1 million. Cash flows used in investing activities for the same period were $96.3 million, primarily including capital expenditures of $66.4 million and investments in real estate of $28.0 million. During the six months ended January 31, 2003, the Company used $31.1 million of cash in its financing activities consisting primarily of $30.9 million in net long-term debt repayments.

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.

Covenants and Limitations

The Company must abide by certain restrictive financial covenants in relation to its bank credit facilities and Senior Subordinated Notes. The most restrictive of those covenants include the Funded Debt to Adjusted EBITDA ratio, Senior Debt to Adjusted EBITDA ratio, Minimum Fixed Charge Coverage ratio, Minimum Net Worth and the Interest Coverage ratio (as defined in the underlying credit facilities). In addition, the Company's financing arrangements limit its ability to incur certain indebtedness, make certain restricted payments, make certain investments, make certain affiliate transfers and may limit its ability to enter into certain mergers, consolidations or sales of assets.

The Company expects it will meet all applicable quarterly financial tests in its debt instruments, including the Funded Debt to Adjusted EBITDA ratio, in fiscal 2004. However, there can be no assurance that the Company will meet its financial covenants in the future. If such covenants are not met, the Company would be required to seek a waiver or amendment from the banks participating in the bank credit facilities. While the Company anticipates that it would obtain such waiver or amendment, if any were necessary, there can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on the liquidity of the Company.

Contractual Obligations

As part of its ongoing operations, the Company enters into arrangements that obligate the Company to make future payments under contracts such as lease agreements and debt agreements. Debt obligations, which total $643.0 million, are currently recognized as liabilities in the Company's Consolidated Condensed Balance Sheet. Operating lease and service agreement obligations, which total $54.2 million, are not recognized as liabilities in the Company's Consolidated Condensed Balance Sheet, which is in accordance with generally accepted accounting principles. A summary of the Company's contractual obligations as of January 31, 2004 is as follows:

	Payments Due by Fiscal Period (in thousands)				
Contractual Obligations	**Total**	**Current Fiscal Year**	**1-3 years**	**3 - 5 years**	**After 5 Years**
Long-Term Debt	$ 643,027	$ 12,890	$ 21,665	$ 6,833	$ 601,639
Operating Leases and Service Agreements	54,227	5,587	17,289	12,663	18,688
Purchase Obligations[2]	197,335	166,565	21,578	475	8,400
Other Long-Term Obligations [1]	17,000				
Total Contractual Cash Obligations	$ 911,589	$185,042	$ 60,532	$ 19,971	$ 628,727

(1) Other long-term obligations include amounts which become due based on deficits in underlying cash flows of the various metropolitan districts as described in Note 12, Commitments and Contingencies, of the Notes to Consolidated Condensed Financial Statements. This amount has been recorded as a liability of the Company; however, the specific time period of performance, if ever required, is currently unknown.

(2) Purchase obligations include amounts which are classified as trade payables, accrued payroll and benefits, accrued fees and assessments, accrued interest, and liabilities (including advances) to complete lots sold on the Company's Consolidated Condensed Balance Sheet as of January 31, 2004 and other obligations for goods and services not yet recorded.

Off Balance Sheet Arrangements

The Company has ownership interests in employee housing entities which were formed to construct, own and operate employee housing facilities in exchange for rent payments from tenants in and around Beaver Creek, Keystone and Breckenridge. The Employee Housing Entities were formerly off balance sheet arrangements, accounted for under the equity method. In connection with the Company's implementation of certain provisions of FIN No. 46R, the Company determined it is the primary beneficiary of the Employee Housing Entities and consolidated them in its Consolidated Condensed Financial Statements as of November 1, 2003. The Company must implement the remaining provisions of FIN No. 46R no later than the end of its third fiscal quarter.

The Company has issued letters of credit in support of the debt of the metropolitan districts (as more fully discussed in Note 12, Commitments and Contingencies, of the Notes to Consolidated Condensed Financial Statements). These entities constructed, own and operate municipal facilities supporting real estate developments created by the Company. The initial construction of the facilities was financed by the issuance of tax-exempt variable rate revenue bonds. The Company issued the letters of credit in support of these bonds as credit enhancements. Had the metropolitan districts not been formed, it is reasonably possible that the Company would have been required to construct these facilities itself. The Company does not believe that it is reasonably likely that the letters of credit backing the metropolitan districts debt will be called upon, and they historically have not been drawn upon, and therefore the letters of credit are not expected to have an effect on the Company's financial condition.

New Accounting Pronouncements

In January 2003, the FASB issued FIN No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB 51". This interpretation addresses consolidation by business enterprises of variable interest entities ("VIEs"). This new model for consolidation applies to an entity in which either (1) the equity investors (if any) do not have a controlling financial interest or (2) the equity investment at risk is insufficient to finance that entity's activities without receiving additional subordinated financial support from other parties. The interpretation applies immediately to VIEs created after February 1, 2003, and to VIEs in which the Company obtains an interest after that date. The interpretation was to apply in the first fiscal year or interim period beginning after June 15, 2003. In October 2003, the FASB deferred the implementation date for FIN No. 46 to financial statements issued for the first period ending after December 15, 2003. This deferral only applies to VIEs that existed prior to February 1, 2003.

In December 2003, the FASB published a revision to FIN No. 46, FIN No. 46R, to clarify some of the provisions of FIN No. 46 and to exempt certain entities from its requirements. Under FIN No. 46R, application is required in financial statements of public entities that have interests in structures that are commonly referred to as special-purpose entities for periods ending after December 15, 2003. Application by public entities for all other types of VIEs is required in financial statements no later than for periods ending after March 15, 2004. As of November 1, 2003, the Company has consolidated certain entities that it previously had accounted for under the equity method. The Company is currently evaluating any additional impact that the implementation of this interpretation will have on its financial position or results of operations (see Note 8, Variable Interest Entities, of the Notes to Consolidated Condensed Financial Statements).

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity, and requires that financial instruments within its scope, many of which currently are classified as equity, be classified as liabilities or, in some circumstances, assets. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the first interim period beginning after June 15, 2003. The FASB issued FASB Staff Position ("FSP") 150-3 on November 7, 2003 to defer, indefinitely, the effective date for applying the measurement and classification provisions of SFAS No. 150 for certain mandatorily redeemable non-controlling interests. Implementation of the currently effective provisions of SFAS No. 150 did not have a significant impact on the Co mpany's financial position or results of operations.

Cautionary Statement

Statements in this Form 10-Q, other than statements of historical information, are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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:

- *the existing SEC formal investigation of us;*
- *economic downturns;*
- *terrorist acts upon the United States;*
- *threat of or actual war;*
- *unfavorable weather conditions;*
- *our ability to obtain financing on terms acceptable to us to finance our capital expenditure and growth strategy ;*
- *our ability to develop our resort and real estate operations;*
- *competition in our Mountain and Lodging businesses;*
- *our reliance on government permits for our use of federal land;*
- *our ability to integrate and successfully operate future acquisitions;*
- *adverse consequences of current or future legal claims; and*
- *adverse changes in the real estate market.*

Readers are also referred to the uncertainties and risks identified in the Company's Annual Report on Form 10-K for the year ended July 31, 2003.

Item 3. 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 January 31, 2004, the Company had $169.4 million of variable rate indebtedness, representing 26.3% of total debt outstanding, at an average interest rate during the six months ended January 31, 2004 of 5.9%. Based on the average floating rate borrowings outstanding during the six months ended January 31, 2004, a 100 basis-point change in LIBOR would have caused the Company's monthly interest expense to change by approximately $139,000.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. Financial management of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. The term "disclosure controls and procedures" means controls and other procedures established by the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 (the "Act") is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Company, including its CEO and CFO, does not expect that the Company's internal controls over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Changes in internal control over financial reporting. As disclosed in the Company's Form 10-K for the year ended July 31, 2003, a material weakness and certain significant deficiencies in the Company's internal control over financial reporting have been identified. The Company has developed and begun implementation of a specific action plan to address this weakness and these deficiencies and to enhance the reliability and effectiveness of the Company's control procedures. These actions include appointing a new CFO in November 2003 and adding and reallocating finance and accounting staff and support personnel who are dedicated to the objectives of timely and accurate disclosure of required information.

Based upon the foregoing, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures will be effective in meeting the above-stated objectives after giving effect to the aforementioned actions.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

As previously disclosed in the Company's Form 10-K for the year ended July 31, 2003, four of the Company's subsidiaries (JHL&S, LLC d/b/a/ Snake River Lodge & Spa, Teton Hospitality Services, Inc., Grand Teton Lodge Company and Vail Resorts Development Company) were named as defendants in two related lawsuits filed in the United States District Court for the District of Wyoming (Case No. 02-CV-17J, 02-CV-16J) in July 2002. The case arose out of an August 2, 2001 carbon monoxide accident in a hotel room at the Snake River Lodge & Spa in Wyoming.

On December 16, 2003, the jury rendered a total verdict of $17.5 million in compensatory damages in both cases. No punitive damages were awarded in either case against any defendants. The jury found the Snake River Lodge & Spa (formally known as JHL&S LLC), a 51% subsidiary of the Company, to be 47.5% responsible for the damages and two local Jackson Hole area contractors not party to the trial were found to be collectively 52.5% responsible. The jury rendered a defense verdict in favor of all of the Company's other subsidiaries who were defendants in the case. On March 9, 2004, the court ruled in favor of the Company's motion that JHL&S LLC is not vicariously liable, as a matter of law, for

the 52.5%. The ruling, if appealed by plaintiffs, would take considerable time to resolve. All amounts awarded by the jury are fully insured under the Company's insurance policies; accordingly, the Company has not recorded any loss reserves for the jury's verdict.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

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

The Company held its annual meeting of shareholders on January 8, 2004 in New York, New York. 35,274,876 shares of Class A Common Stock and Common Stock, 96% of outstanding shares, were represented at the meeting.

a) The following persons were elected to serve as Class 1 Directors of the Company until the next annual meeting of the shareholders. Class 1 Directors are elected by the Class A Common Stock holders. The voting results for each Class 1 Director follows:

Director	For	Withheld
John J. Hannan	7,439,542	--
John R. Hauge	7,439,542	--
Roland A. Hernandez	7,439,542	--
Robert A. Katz	7,439,542	--
William L. Mack	7,439,542	--

b) The following persons were elected to serve as Class 2 Directors of the Company until the next annual meeting of the shareholders. Class 2 Directors are elected by the Common Stock holders. The voting results for each Class 2 Director follows:

Director	For	Withheld
Adam M. Aron	16,845,376	9,735,538
Frank J. Biondi	18,588,007	7,992,907
Thomas H. Lee	18,581,175	7,999,739
Joe R. Micheletto	18,475,458	8,105,456
John F. Sorte	18,733,001	7,847,913
William P. Stiritz	18,394,003	8,186,911
James S. Tisch	18,587,745	7,993,169

c) Ratification of PricewaterhouseCoopers LLP as independent public accountants.

For	Against	Abstain	Broker Non-Vote
33,859,221	156,631	4,604	--

d) Approval of other matters at the discretion of the Board of Directors as they properly come before the meeting. No other matters actually were presented at the meeting.

For	Against	Abstain	Broker Non-Vote
15,770,583	18,005,482	--	--

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

a) 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 333-05341) including all amendments thereto.)	
3.2(a)	Amended and Restated By-Laws adopted on the Effective Date. (Incorporated by reference to Exhibit 3.2 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2002, including all amendments thereto.)	
3.2(b)	Amendment to Restated By-Laws adopted on the Effective Date. (Incorporated by reference to Exhibit 3.2(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002)	
4.2(a)	Purchase Agreement, dated as of May 6, 1999 among Vail Resorts, Inc., the guarantors named on Schedule I thereto, 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.)	
4.2(b)	Purchase Agreement, dated as of November 16, 2001 among Vail Resorts, Inc., the guarantors named on Schedule I thereto, Deutsche Banc Alex. Brown Inc., Banc of America Securities LLC, Bear, Stearns & Co. Inc., CIBC World Markets Corp. and Fleet Securities, Inc. (Incorporated by reference to Exhibit 4.1 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-76956-01) including all amendments thereto.)	
4.2 (c)	Purchase Agreement, dated as of January 15, 2004 among Vail Resorts, Inc., the guarantors named on Schedule I thereto, Banc of America Securities LLC, Deutsche	23

	Banc Securities, Inc., Bear, Stearns & Co. Inc., Lehman Brothers Inc., Piper Jaffray & Co. and Wells Fargo Securities LLC.	
4.2 (d)	Supplemental Purchase Agreement, dated as of January 22, 2004 among Vail Resorts, Inc., the guarantors named thereto, Banc of America Securities LLC, Deutsche Banc Securities, Inc., Bear, Stearns & Co. Inc., Lehman Brothers Inc., Piper Jaffray & Co. and Wells Fargo Securities LLC.	67
4.3(a)	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.)	
4.3(b)	Indenture, dated as of November 21, 2001, among Vail Resorts, Inc., the guarantors named therein and The Bank of New York, as trustee. (Incorporated by reference to Exhibit 4.2 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-76956-01) including all amendments thereto.)	
4.3(c)	Indenture, dated as of January 29, 2004, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee. (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. dated as of February 2, 4004.)	
4.4(a)	Form of Global Note (Included in Exhibit 4.4(a) 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(b)	Form of Global Note (Included in Exhibit 4.4(b) by reference to Exhibit 4.2 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-76956-01) including all amendments thereto.)	
4.4(c)	Form of Global Note (Included in Exhibit 4.4(c) by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. dated as of February 2, 4004.)	
4.5(a)	Registration Rights Agreement, dated as of May 11, 1999 among Vail Resorts, Inc., the guarantors signatory thereto, 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.)	
4.5(b)	Registration Rights Agreement dated as of November 21, 2001 among Vail Resorts, Inc., the guarantors signatory thereto, Deutsche Banc Alex. Brown Inc., Banc of America Securities LLC, Bear Stearns & Co. Inc., CIBC World Markets Corp. and Fleet Securities, Inc. (Incorporated by reference to Exhibit 4.5 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-76956-01) including all amendments thereto.)	
4.5(c)	Registration Rights Agreement dated as of January 29, 2004 among Vail Resorts, Inc., the guarantors signatory thereto, Banc of America Securities LLC, Deutsche Banc Securities, Inc., Bear, Stearns & Co. Inc., Lehman Brothers Inc., Piper Jaffray & Co. and Wells Fargo Securities LLC.	75
4.6(a)	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(a) of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.6(b)	Second Supplemental Indenture, dated as of November 16, 2001 to the Indenture dated May 11, 1999, among Vail Resorts, Inc., the guarantors therein and The Bank of New York, as successor trustee to United States Trust Company of New York. (Incorporated by reference to Exhibit 4.6(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2002, including all amendments thereto.)	
4.6(c)	Third Supplemental Indenture, dated as of January 16, 2001, to the Indenture dated May 11, 1999, among Vail Resorts, Inc., the guarantors therein and the Bank of New York, as successor trustee to the United States Trust Company of New York. (Incorporated by reference to Exhibit 4.6(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2002, including all amendments thereto.)	
4.6(d)	First Supplemental Indenture, dated as of January 16, 2001, to the Indenture dated November 21, 2001, among Vail Resorts Inc., the guarantors therein and The Bank of New York, as trustee. (Incorporated by reference to Exhibit 4.3 of the registration statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
4.6(e)	Fourth Supplemental Indenture, dated as of October 18, 2002, to the Indenture dated May 11, 1999, among Vail Resorts, Inc., the guarantors therein and the Bank of New York, as successor trustee to the United States Trust Company of New York. (Incorporated by reference to Exhibit 4.6(e) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
4.6(f)	Second Supplemental Indenture, dated as of October 18, 2002, to the Indenture dated November 21, 2001, among Vail Resorts Inc., the guarantors therein and the Bank of New York, as trustee. (Incorporated by reference to Exhibit 4.6(f) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
4.6(g)	Fifth Supplemental Indenture, dated as of May 20, 2003, to the Indenture dated May 11, 1999, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee. (Incorporated by reference to Exhibit 4.6(g) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2003.)	
4.6(h)	Third Supplemental Indenture, dated as of May 20, 2003, to the Indenture dated November 21, 2001, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee. (Incorporated by reference to Exhibit 4.6(h) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2003.)	
4.6(i)	Sixth Supplemental Indenture, dated as of January 26, 2004 to the Indenture dated May 11, 1999 among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee.	101
4.6(j)		111

	Fourth Supplemental Indenture, dated as of January 26, 2004, to the Indenture dated November 21, 2001, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee.	
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.)	
10.11	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.)	
10.12(a)	Employment Agreement dated October 30, 2001 by and between RockResorts International, LLC and Edward Mace. (Incorporated by reference to Exhibit 10.21 of the report on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2002.)	
10.12(b)	Addendum to the Employment Agreement dated October 30, 2001 by and between RockResorts International, LLC and Edward Mace. (Incorporated by reference to Exhibit 10.21 of the report on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2002.)	
10.13(a)	Employment Agreement dated October 1, 2000 by and between Vail Resorts, Inc., Vail Associates, Inc. and Andrew P. Daly. (Incorporated by reference to Exhibit 10.13 of the report on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2001.)	
10.13(b)	Separation Agreement dated October 31, 2002 by and between Vail Resorts, Inc., Vail Associates, Inc. and Andrew P. Daly. (Incorporated by reference to Exhibit 10.13(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.14(a)	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.)	
10.14(b)	Amendment to the Employment Agreement dated May 1, 2001 between Vail Resorts, Inc. and Adam M. Aron. (Incorporated by reference to Exhibit 10.14(b) of the report on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2001.)	
10.14(c)	Second Amendment to Employment Agreement of Adam M. Aron, as Chairman of the Board and Chief Executive Officer of Vail Resorts, Inc. dated July 29, 2003. (Incorporated by reference to Exhibit 10.14(c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2003.)	
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	2002 Long Term Incentive and Share Award Plan. (Incorporated by reference to Exhibit 10.17 on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.18(a)	Sports and Housing Facilities Financing Agreement between 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 U.S. 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(a)	Third Amended and Restated Revolving Credit and Term Loan Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Borrower, Bank of America, N.A., Agent, and the other lenders party thereto dated as of June 10, 2003. (Incorporated by reference to Exhibit 10.19 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2003.)	
10.19(b)	First Amendment to the Third Amended and Restated Revolving Credit and Term Loan Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Borrower, Bank of America, N.A., Agent, and the other lenders party thereto dated as of October 2, 2003.	121
10.19(c)	Second Amendment to the Third Amended and Restated Revolving Credit and Term Loan Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Borrower, Bank of America, N.A., Agent, and the other lenders party thereto dated as of January 21, 2004.	140
10.19(d)	Agreement and Consent to the Third Amended and Restated Revolving Credit and Term Loan Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Borrower, Bank of America, N.A., Agent, and the other lenders party thereto dated as of January 28, 2004.	162
10.20	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.)	
10.21	Vail Resorts Deferred Compensation Plan effective as of October 1, 2000.	

	(Incorporated by reference to Exhibit 10.23 of the report on Form 10-K of Vail Resorts, Inc. for the fiscal year ended July 31, 2000.)	
31	Certifications of Adam M. Aron and Jeffrey W. Jones Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	20
32	Certifications of Adam M. Aron and Jeffrey W. Jones Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	22
99.1	Forest Service Unified Permit for Heavenly ski area. (Incorporated by reference to Exhibit 99.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2002.)	
99.2(a)	Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 99.2(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.2(b)	Amendment to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 99.2(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.3(a)	Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 99.3(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.3(b)	Amendment to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 99.3(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.4(a)	Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.4(b)	Exhibits to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.5(a)	Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.5(b)	Exhibits to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
99.5(c)	Amendment to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	

b) Reports on Form 8-K

The Company filed a Current Report on Form 8-K, dated November 13, 2003, regarding the Company's press release announcing the restatement of its historical financial statements.

The Company furnished a Current Report on Form 8-K, dated November 13, 2003, regarding the Company's press release announcing the Company's fiscal fourth quarter and fiscal year 2003 results.

The Company furnished a Current Report on Form 8-K, dated December 11, 2003, regarding the Company's press release announcing the Company's results for the first quarter of fiscal 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March 15, 2004.

Vail Resorts, Inc.

By: /s/ Jeffrey W. Jones
Jeffrey W. Jones
Senior Vice President and
Chief Financial Officer

Dated: March 15, 2004

EXHIBIT 4.2 (c)

EXECUTION COPY

VAIL RESORTS, INC.

GUARANTORS (named in Schedule I hereto)

$390,000,000

6 3/4% Senior Subordinated Notes due 2014

PURCHASE AGREEMENT

January 15, 2004

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.

BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.

WELLS FARGO SECURITIES, L.L.C.

VAIL RESORTS, INC.

$390,000,000

6 3/4% Senior Subordinated Notes due 2014

PURCHASE AGREEMENT

January 15, 2004
New York, New York

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.
BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.
WELLS FARGO SECURITIES, L.L.C.
c/o Banc of America Securities LLC
9 West 57th Street
New York, New York 10019

Ladies & Gentlemen:

Vail Resorts, Inc., a Delaware corporation (the "***Company***"), proposes to issue and sell to Banc of America Securities LLC, Deutsche Bank Securities Inc., Bear, Stearns & Co. Inc., Lehman Brothers Inc., Piper Jaffray & Co., and Wells Fargo Securities, L.L.C. (each, an "***Initial Purchaser***" and, collectively, the "***Initial Purchasers***") $390,000,000 in aggregate principal amount of 6 3/4% Senior Subordinated Notes due 2014 (the "***Restricted Notes***"), subject to the terms and conditions set forth herein. The Restricted Notes will be issued pursuant to an indenture (the "***Indenture***"), to be dated the Closing Date (as defined), among the Company, the Guarantors (as defined) and The Bank of New York, as trustee (the "***Trustee***"). The Notes (as defined) will be fully and unconditionally guaranteed (the "***Guarantees***") as to payment of principal, interest, premium and liquidated damages, if any, on an unsecured senior subordinated basis, jointly and severally by each entity listed on Schedule I hereto (collectively, the "***Guarantors***"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Indenture.

1. Issuance of Securities. The Company proposes, upon the terms and subject to the conditions set forth herein, to issue and sell to the Initial Purchasers an aggregate of $390,000,000 in principal amount of Restricted Notes. The Restricted Notes and the Exchange Notes (as defined) issuable in exchange therefor are collectively referred to herein as the "***Notes***."

   Upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Securities Act of 1933, as amended (the "***Act***"), the Restricted Notes (and all securities issued in exchange therefor or in substitution thereof) shall bear the following legend:

   THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (a) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR (b) IT IS NOT A U.S. PERSON AND IS

ACQUIRING THE NOTE EVIDENCED HEREBY IN AN OFFSHORE TRANSACTION, (2) AGREES THAT IT WILL NOT, WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (a) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (b) INSIDE THE UNITED STATES TO A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (d) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (e) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

2. Offering. The Restricted Notes will be offered and sold to the Initial Purchasers pursuant to an exemption from the registration requirements under the Act. The Company has prepared an offering memorandum, dated January 15, 2004 (the "***Offering Memorandum***"), relating to the Company and its subsidiaries and the Restricted Notes.

   The Initial Purchasers have advised the Company that the Initial Purchasers will make offers (the "***Exempt Resales***") of the Restricted Notes on the terms set forth in the Offering Memorandum, as amended or supplemented, solely to (i) persons whom the Initial Purchasers reasonably believe to be "qualified institutional buyers," as defined in Rule 144A under the Act ("***QIBs***") and (ii) non-U.S. persons outside the United States in reliance upon Regulation S (***"Regulation S"***) under the Act (each, a ***"Reg S Investor"***). The QIBs and the Reg S Investors are collectively referred to herein as the "***Eligible Purchasers***." The Initial Purchaser will offer the Restricted Notes to such Eligible Purchasers initially at a price equal to that set forth on the cover of the Offering Memorandum. Such price may be changed by the Initial Purchasers at any time without notice.

   Holders (including subsequent transferees) of the Restricted Notes will have the registration rights set forth in the registration rights agreement relating thereto (the "***Registration Rights Agreement***"), to be dated the Closing Date (as defined), for so long as such Restricted Notes constitute "***Transfer Restricted Securities***" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Company and the Guarantors will agree to file with the Securities and Exchange Commission (the "***Commission***"), under the circumstances set forth therein, (i) a registration statement under the Act (the "***Exchange Offer Registration Statement***") relating to the Company's 6 3/4% Senior Subordinated Notes due 2014 (the "***Exchange Notes***") and Guarantees thereof to be offered in exchange for the Restricted Notes and Guarantees thereof (the "***Exchange Offer***") and (ii) a shelf registration statement pursuant to Rule 415 under the Act (the "***Shelf Registration Statement***" and, together with the Exchange Offer Registration Statement, the "***Registration Statements***") relating to the resale by certain holders of the Restricted Notes, and to use their commercially reasonable best efforts to cause such Registration Statements to be declared effective and to consummate the Exchange Offer. This Agreement, the Notes, the Guarantees, the Indenture and the Registration Rights Agreement are hereinafter referred to collectively as the "***Operative Documents***."

3. Purchase, Sale and Delivery.
   a. On the basis of the representations, warranties and covenants contained in this Agreement, and subject to its terms and conditions, the Company agrees to issue and sell to the Initial Purchasers, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Company the principal amounts of Restricted Notes set forth opposite the name of such Initial Purchaser on Schedule II hereto. The purchase price for the Restricted Notes will be $ per $1,000 principal amount Restricted Note.
   b. Delivery of the Restricted Notes shall be made, against payment of the purchase price therefor, at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 or such other location as may be mutually acceptable. Such delivery and payment shall be made at 9:00 a.m., New York City time, on January 29, 2004 or at such other time as shall be agreed upon by the Initial Purchasers and the Company. The time and date of such delivery and payment are herein called the "***Closing Date***."
   c. On the Closing Date, one or more Restricted Notes in definitive global form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("***DTC***"), having an aggregate amount corresponding to the aggregate principal amount of the Restricted Notes (the "***Global Note***") sold pursuant to Exempt Resales to Eligible Purchasers shall be delivered by the Company to the Initial Purchasers (or as the Initial Purchasers direct), against payment by the Initial Purchasers of the purchase price therefor, by wire transfer of same day funds, to an account designated by the Company, *provided* that the Company shall give at least two business days' prior notice to the Initial Purchasers of the information required to effect such wire transfer. The Global Note shall be made available to the Initial Purchasers for inspection not later than 9:30 a.m. on the business day immediately preceding the Closing Date.
4. Agreements of the Company and the Guarantors. Each of the Company and the Guarantors covenants and agrees with the Initial Purchasers as follows:
   a. To advise the Initial Purchasers promptly and, if requested by the Initial Purchasers, confirm such advice in writing, (i) of the issuance by any state securities commission of any stop order suspending the qualification or exemption from qualification of any Notes or the related Guarantees for offering or sale in any jurisdiction, or the initiation of any proceeding for such purpose by any state securities commission or other regulatory authority and (ii) of the happening of any event that makes any statement of a material fact made in the Offering Memorandum untrue or that requires the making of any additions to or changes in the Offering Memorandum in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. The Company and the Guarantors shall use their commercially reasonable best efforts to prevent the issuance of any stop order or order suspending the qualification or exemption of any Notes or the related Guarantees under any stat e securities or Blue Sky laws and, if at any time any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption of any Notes or the related Guarantees under any state securities or Blue Sky laws, the Company and the Guarantors shall use their commercially reasonable best efforts to obtain the withdrawal or lifting of such order at the earliest possible time.
   b. To furnish the Initial Purchasers and those persons identified by the Initial Purchasers to the Company, without charge, as many copies of the Offering Memorandum, including all documents incorporated therein by reference, and any amendments or supplements thereto, as the Initial Purchasers may reasonably request. The Company and the Guarantors consent to the use of the Offering Memorandum, and any amendments and supplements thereto required pursuant hereto, by the Initial Purchasers in connection with Exempt Resales.

c. Not to amend or supplement the Offering Memorandum during such period as in the opinion of counsel for the Initial Purchasers the Offering Memorandum is required by law to be delivered in connection with Exempt Resales and in connection with market-making activities of the Initial Purchasers for so long as any Restricted Notes are outstanding unless the Initial Purchasers shall previously have been advised thereof and shall not have objected thereto within a reasonable time after being furnished a copy thereof. The Company and the Guarantors shall promptly prepare, upon the Initial Purchasers' request, any amendment or supplement to the Offering Memorandum that may be necessary or advisable in connection with such Exempt Resales or such market making activities.

d. If, during the period referred to in Section 4(c) above, any event shall occur as a result of which, in the judgment of the Company and the Guarantors or in the reasonable opinion of counsel for the Company and the Guarantors or counsel for the Initial Purchasers, it becomes necessary or advisable to amend or supplement the Offering Memorandum in order to make the statements therein, in the light of the circumstances when such Offering Memorandum is delivered to an Eligible Purchaser, not misleading, or if it is necessary or advisable to amend or supplement the Offering Memorandum to comply with applicable law, (i) to notify the Initial Purchasers and (ii) forthwith to prepare an appropriate amendment or supplement to the Offering Memorandum so that the statements therein as so amended or supplemented will not, in the light of the circumstances when it is so delivered, be misleading, or so that the Offering Memorandum will comply with applicable law.

e. To cooperate with the Initial Purchasers and counsel for the Initial Purchasers in connection with the qualification or registration of the Restricted Notes and the Guarantees thereof under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may reasonably request and to continue such qualification in effect so long as required for the Exempt Resales; *provided, however*, that neither the Company nor any Guarantor shall be required in connection therewith to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to service of process in suits or taxation, in each case, other than as to matters and transactions relating to the Offering Memorandum or Exempt Resales, in any jurisdiction where it is not now so subject.

f. Whether or not the transactions contemplated by this Agreement are consummated or this Agreement becomes effective or is terminated, to pay all costs, expenses, fees and taxes incident to the performance of the obligations of the Company and the Guarantors hereunder, including in connection with: (i) the preparation, printing, filing and distribution of the Offering Memorandum (including but not limited to, without limitation, financial statements) and all amendments and supplements thereto required pursuant hereto, (ii) the preparation (including, without limitation, duplication costs) and delivery of all agreements, correspondence and all other documents prepared and delivered in connection herewith and with the Exempt Resales, (iii) the issuance, transfer and delivery of the Restricted Notes and the Guarantees endorsed thereon to the Initial Purchasers, (iv) the qualification or registration of the Notes and the related Guarantees for offer and sale under the securities or Blue Sk y laws of the several states (including, without limitation, the cost of printing and mailing a preliminary and final Blue Sky Memorandum and the reasonable fees and disbursements of counsel for the Initial Purchasers relating thereto), (v) furnishing such copies of the Offering Memorandum, and all amendments and supplements thereto, as may be requested for use in connection with Exempt Resales, (vi) the preparation of certificates for the Notes (including, without limitation, printing and engraving thereof), (vii) the fees, disbursements and expenses of the Company's and the Guarantors' counsel and accountants, (viii) all fees and expenses (including fees and expenses of counsel) of the Company and the Guarantors in connection with the approval of the Notes by DTC for "book-entry" transfer, (ix) rating the Notes by rating agencies, (x) the reasonable fees and expenses of the Trustee and its counsel, (xi) the performance by the Company and the Guarantors of their other obl igations under this Agreement and the other Operative Documents and (xii) "roadshow" travel and other expenses incurred in connection with the marketing and sale of the Notes.

g. To use the proceeds from the sale of the Restricted Notes in the manner described in the Offering Memorandum under the caption "Use of Proceeds."

h. Not to voluntarily claim, and to resist actively any attempts to claim, the benefit of any usury laws against the holders of any Notes.

i. To use their respective commercially reasonable best efforts to do and perform all things required to be done and performed under this Agreement by them prior to or after the Closing Date and use their respective commercially reasonable best efforts to satisfy all conditions precedent on their part to the delivery of the Restricted Notes.

j. Not to sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Act) that would be integrated with the sale of the Restricted Notes in a manner that would require the registration under the Act of the sale to the Initial Purchasers or the Eligible Purchasers of the Restricted Notes or to take any other action that would result in the Exempt Resales not being exempt from registration under the Act.

k. For so long as any of the Notes remain outstanding and during any period in which the Company and the Guarantors are not subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), to make available to any holder or beneficial owner of Restricted Notes in connection with any sale thereof and any prospective purchaser of such Restricted Notes from such holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act.

l. To cause the Exchange Offer to be made in the appropriate form to permit registered Exchange Notes and the Guarantees thereof to be offered in exchange for the Restricted Notes and the Guarantees thereof and to comply with all applicable federal and state securities laws in connection with the Exchange Offer.

m. To comply with the Registration Rights Agreement and the representation letters to DTC relating to the approval of the Notes by DTC for "book-entry" transfer.

n. To effect the inclusion of the Notes in PORTAL and to obtain approval of the Restricted Notes by DTC for "book-entry" transfer.

o. During a period of two years following the Closing Date, to deliver without charge to the Initial Purchasers, as they may reasonably request, promptly upon their becoming available, copies of (i) all reports or other publicly available information that the Company and the Guarantors shall mail or otherwise make available to their securityholders and (ii) all reports, financial statements and proxy or information statements filed by the Company with the Commission or any national securities exchange and such other publicly available information concerning the Company or any of its subsidiaries.

p. Prior to the Closing Date, to furnish to the Initial Purchasers, as soon as they have been prepared in the ordinary course by the Company, copies of any unaudited interim financial statements for any period subsequent to the periods covered by the financial statements appearing or incorporated in the Offering Memorandum.

q. Not to take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Notes. Except as permitted by the Act, neither the Company nor any Guarantor will distribute any (i) preliminary offering memorandum, (ii) offering memorandum, including, without limitation, the Offering Memorandum, or (iii) other offering material in connection with the offering and sale of the Notes.

r. The Company shall use the proceeds from the sale of the Restricted Notes to either (i) purchase, in accordance with the Commission's rules relating to tender offers, all of the Company's 8 3/4% Senior Subordinated Notes due 2009 (the "***2009 Notes***") pursuant to the Offer to Purchase and Consent Solicitation Statement (the "***Offer***") dated January 12, 2004 or (ii) if the requisite amount of consents are not obtained pursuant to the Offer by 10:00 a.m. on the Closing Date, to discharge the 2009 Notes on the Closing Date simultaneously with the closing of the offering of the Restricted Notes in accordance with (x) the Indenture dated as of May 11, 1999 between the Company and The Bank of New York, as trustee, under which $200 million aggregate principal amount of the 2009 Notes were issued and (y) the indenture dated as of November 21, 2001 between the Company and The Bank of New York, as trustee, under which $160 million of the 2009 Notes were issued, as the case may be.

5. Representations and Warranties.

a. The Company and the Guarantors, jointly and severally, represent and warrant to the Initial Purchasers that:

i. The Offering Memorandum as of its date and as of the Closing Date does not and will not, and any supplement or amendment to it will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties contained in this paragraph shall not apply to statements in or omissions from the Offering Memorandum (or any supplement or amendment thereto) made in reliance upon and in conformity with information relating to the Initial Purchasers furnished to the Company and the Guarantors in writing by the Initial Purchasers expressly for use therein. No stop order preventing the use of the Offering Memorandum, or any amendment or supplement thereto, or any order asserting that any of the transactions contemplated by this Agreement are subject to the registration requirements of the Act, has been issued.

ii. (A) The documents incorporated by reference in the Offering Memorandum, when they were filed with the Commission, did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (B) the documents incorporated by reference in the Offering Memorandum when they were filed with the Commission conformed in all material respects to the requirements of the Exchange Act; and (C) any further documents so filed and incorporated by reference in the Offering Memorandum or any further amendment or supplement thereto, when such documents are filed with the Commission, will conform in all material respects to the requirements of the Exchange Act.

iii. The accountants who have certified or will certify the financial statements included or to be included as part of the Offering Memorandum are independent accountants as required by the Act. The historical consolidated financial statements, together with related schedules and notes thereto, comply as to form in all material respects with the requirements applicable to registration statements on Form S-1 under the Act and present fairly in all material respects the consolidated financial position and results of operations of the Company and its subsidiaries at the dates and for the periods indicated. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods presented.

iv. Subsequent to the respective dates as of which information is given in the Offering Memorandum and up to the Closing Date, except as set forth in the Offering Memorandum, there has not been any material adverse change in the business, properties, operations, condition (financial or other) or results of operations of the Company and the subsidiaries (as defined below) taken as a whole, whether or not arising from transactions in the ordinary course of business, and since the date of the latest balance sheet of the Company included in the Offering Memorandum, and except as described in the Offering Memorandum, (A) neither the Company nor any subsidiary (1) has incurred or undertaken any liabilities or obligations, direct or contingent, that are, individually or in the aggregate, material to the Company and the subsidiaries taken as a whole, or (2) entered into any transaction not in the ordinary course of business that is material to the Company and the subsidiaries taken as a whole; and (B) the Company has not declared or paid any dividend on or made any distribution of or with respect to any shares of its capital stock or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its or its subsidiaries' capital stock. As used in this Agreement, the term "***subsidiary***" means any corporation, partnership, joint venture, association, company, business trust or other entity in which the Company directly or indirectly (x) beneficially owns or controls at least 50% of the outstanding voting securities having by the terms thereof ordinary voting power to elect a majority of the board of directors (or other body fulfilling a substantially similar function) of such entity (irrespective of whether or not at the time any class or classes of such voting securities shall have or might have voting power by reason of the happening of any contingency) or (y) has the authority or ability to control the policies of such entity (includ ing, but without limitation, any partnership of which the Company or a subsidiary is a general partner or owns or has the right to obtain a majority of limited partnership interests and any joint venture in which the Company or a subsidiary has liability similar to the liability of a general partner of a partnership or owns or has the right to obtain at least 50% of the joint venture interests); *provided*, *however*, that for the purposes of any representations and warranties made in this Section 5, the term "subsidiaries" shall include Keystone/Intrawest LLC, Slifer, Smith & Frampton/Vail Associates Real Estate, L.L.C., SSI Venture, LLC and RTP, LLC only to the extent of the Company's actual knowledge (the Company hereby representing to the Initial Purchasers that the Company does not manage the day to day operations of any of such subsidiaries); and *provided further*, *that*, for the purposes of any representations and warranties made in this Section 5, except for Section 5(a)(i) and (ii), the term "subsidiaries" shall exclude Avon Partners II, Limited Liability Company; Clinton Ditch & Reservoir Company; BC Housing, LLC; Eagle Park Reservoir Company; Boulder/Beaver, LLC; Eclipse Television and Sports Marketing LLC; Breckenridge Terrace, LLC; and Tenderfoot Seasonal Housing, LLC.

v. When the Restricted Notes and the Guarantees thereof are issued and delivered pursuant to this Agreement, no Restricted Note or Guarantee thereof will be of the same class (within the meaning of Rule 144A under the Act) as securities of the Company or any Guarantor that are listed on a national securities exchange registered under Section 6 of the Exchange Act or that are quoted in a United States automated inter-dealer quotation system.

vi. Each of the Company and the Guarantors has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and each of the other Operative Documents to which it is a party. This Agreement has been duly and validly authorized, executed and delivered by the Company and each Guarantor and (assuming the due authorization, execution and delivery by the Initial Purchasers) is a legal and binding obligation of the Company and each Guarantor, enforceable against each of them in accordance with its terms, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy).

vii. The Indenture has been duly and validly authorized by the Company and each Guarantor and, when duly executed and delivered by the Company and each Guarantor (assuming the due authorization, execution and delivery by the Trustee), will be a legal and binding agreement of the Company and each Guarantor, enforceable against each of them in accordance with its terms, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy). On the Closing Date, the Indenture will conform in all material respects to the requirements of the Trust Indenture Act of 1939, as amended (the "***Trust Indenture Act***"), and the rules and regulations of the Commission applicable to an indenture which is qualified thereunder. The Offering Memorandum contains a summary of the material terms of the Indenture, which is accurate in all material respects.

viii. The Registration Rights Agreement has been duly and validly authorized by the Company and each Guarantor and, when duly executed and delivered by the Company and each Guarantor (assuming due authorization, execution and delivery by the Initial Purchasers), will be a legal and binding obligation of the Company and each Guarantor, enforceable against each of them in accordance with its terms, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy). The Offering Memorandum contains a summary of the material terms of the Registration Rights Agreement, which is accurate in all material respects.

ix. The Restricted Notes have been duly and validly authorized by the Company for issuance and sale to the Initial Purchasers pursuant to this Agreement and, when issued and authenticated in accordance with the terms of the Indenture and delivered against payment therefor in accordance with the terms hereof and thereof, will be the legal and binding obligations of the Company, enforceable against it in accordance with their terms and entitled to the benefits of the Indenture, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy). The Offering Memorandum contains a summary of the material terms of the Notes, which is accurate in all material respects.

x. The Guarantees of the Restricted Notes have been duly and validly authorized by each of the Guarantors and, when executed and delivered in accordance with the terms of the Indenture and when the Restricted Notes have been issued and authenticated in accordance with the terms of the Indenture and delivered against payment therefor in accordance with the terms hereof and thereof, will be the legal and binding obligations of each of the Guarantors, enforceable against each of them in accordance with their terms and entitled to the benefits of the Indenture, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now and hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy). The Offering Memorandum contains a summary of the material terms of the Guarantees, which is accurate in all material respects.

xi. The Exchange Notes have been duly and validly authorized for issuance by the Company and, when issued and authenticated in accordance with the terms of the Exchange Offer and the Indenture, will be the legal, valid and binding obligations of the Company, enforceable against it in accordance with their terms and entitled to the benefits of the Indenture, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now and hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy).

xii. The Guarantees of the Exchange Notes have been duly and validly authorized by each of the Guarantors and, when executed and delivered in accordance with the terms of the Indenture and when the Exchange Notes have been issued and authenticated in accordance with the terms of the Exchange Offer and the Indenture, will be the legal and binding obligations of each of the Guarantors, enforceable against each of them in accordance with their terms and entitled to the benefits of the Indenture, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws now and hereafter in effect relating to creditors rights generally and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity except insofar as rights to indemnification and contribution contained herein may be limited by federal or state securities laws or related public policy).

xiii. The execution, delivery or performance by the Company or any Guarantor of this Agreement or any of the other Operative Documents to which it is a party will not (1) conflict with or result in a breach of any of the terms and provisions of, or constitute a default under (or an event that with notice or lapse of time, or both, would constitute a default under) or require approval or consent under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to the terms of any agreement, contract, indenture, mortgage, lease, license, arrangement or understanding to which the Company or a subsidiary is a party, or to which any of their properties is subject, that is material to the Company and the

subsidiaries taken as a whole (hereafter, collectively, "***Material Contracts***"), or any governmental franchise, license or permit heretofore issued to the Company or any subsidiary that is material to the Co mpany and the subsidiaries taken as a whole (hereafter, collectively, "***Material Permits***"), (2) violate or conflict with any provision of the certificate of incorporation, by-laws or similar governing instruments of the Company or any subsidiary listed on Schedule III hereto (the "***Material Subsidiaries***") or (3) violate or conflict with any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body having jurisdiction over the Company or any Material Subsidiary or any of its respective properties or assets, except for those violations or conflicts, that, individually or in the aggregate, could not reasonably be expected to have, a material adverse effect on the Company and its subsidiaries, taken as a whole (hereinafter referred to as a ***"Material Adverse Effect"***).

xiv. No consent, approval, authorization, order, registration, filing, qualification, license or permit of or with any court or any public, governmental or regulatory agency or body having jurisdiction over the Company or any subsidiary or any of its respective properties or assets is required for (A) the execution, delivery and performance by each of the Company and the Guarantors of this Agreement or any of the other Operative Documents to which it is a party or (B) the issuance and sale of the Notes, the issuance of the Guarantees and the transactions contemplated hereby and thereby, except such as have been or will be obtained and made on or prior to the Closing Date (or, in the case of the Registration Rights Agreement, will be obtained and made under the Act, the Trust Indenture Act, and state securities or Blue Sky laws and regulations).

xv. All of the currently outstanding shares of capital stock of the Company, and all of the outstanding shares of capital stock (or similar interests) owned directly or indirectly by the Company of each of the subsidiaries of the Company have been duly and validly authorized and issued, are fully paid and nonassessable and were not issued in violation of or subject to any preemptive rights. The Company has, as of the date hereof, and will have, as of the Closing Date an authorized and outstanding capitalization as set forth in the Offering Memorandum, both on an historical basis and as adjusted to give effect to the offering of the Notes. The Company owns directly or indirectly such percentage of the outstanding capital stock (or similar interests) of each of its subsidiaries as is set forth opposite the name of such subsidiary in Schedule IV hereto, free and clear of all claims, liens, security interests, pledges, charges, encumbrances, stockholders agreements and voting trusts, subject to such exc eptions as would not have a Material Adverse Effect.

xvi. The Company has no subsidiaries other than those listed in Schedule IV hereto. Each of the Company and the Material Subsidiaries has been duly organized and is validly existing as a corporation or other entity in good standing under the laws of its jurisdiction of incorporation or organization, as the case may be. Each of the Company and the Material Subsidiaries is duly qualified and in good standing as a foreign corporation or other entity in each jurisdiction in which the character or location of its properties (owned, leased or licensed) or the nature or conduct of its business makes such qualification necessary, except for those failures to be so qualified or in good standing that will not have a Material Adverse Effect. Each of the Company and the Material Subsidiaries has all requisite corporate, or other, power and authority, and all necessary consents, approvals, authorizations, orders, registrations, filings, qualifications, licenses and permits of and from all public, regulatory or g overnmental agencies and bodies, to own, lease and operate its properties and conduct its business as now being conducted and as described in the Offering Memorandum (except for those the absence of which would not have a Material Adverse Effect). Neither the Company nor any of the Material Subsidiaries has received any notice of proceedings relating to revocation or modification of any such consents, approvals, authorizations, orders, registrations, filings, qualifications, licenses or permits.

xvii. Neither the Company nor any subsidiary is in violation or breach of, or in default under (nor has an event occurred that with notice, lapse of time or both, would constitute a default under) any Material Contract, and each Material Contract is in full force and effect, and is the legal, valid, and binding obligation of the Company or such subsidiary, as the case may be, and (subject to applicable bankruptcy, insolvency, and other laws affecting the enforceability of creditors' rights generally) is enforceable as to the Company or such subsidiary, as the case may be, in accordance with its terms, subject to such exceptions which, individually or in the aggregate, do not have and are not reasonably likely to have a Material Adverse Effect. Neither the Company nor any Material Subsidiary is in violation of its certificate of incorporation, by-laws or similar governing instrument.

xviii. There is no litigation, arbitration, claim, governmental or other proceeding or investigation pending or, to the best knowledge of the Company, threatened in writing with respect to the Company or any Material Subsidiary, or any of its respective operations, businesses, properties or assets, except as described in the Offering Memorandum, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Material Subsidiary is, or, to the best knowledge of the Company, with the giving of notice or lapse of time or both would be, in violation of or non-compliance with the requirements of any Material Permit or the provisions of any law, rule, regulation, order, judgment or decree, including, but without limitation thereto, all applicable federal, state and local laws and regulations relating to (A) zoning, land use, protection of the environment, human health and safety or hazardous or toxic substances, wastes, pollutants or contaminan ts and (B) employee or occupational safety, discrimination in hiring, promotion or pay of employees, employee hours and wages or employee benefits, except for such violations or failures of compliance that, individually or in the aggregate, would not have a Material Adverse Effect.

xix. Except as described in the Offering Memorandum, the Company and each Material Subsidiary have (A) good and marketable title to all real and personal properties owned by them, free and clear of all liens, security interests, pledges, charges, encumbrances, and mortgages, and (B) valid, subsisting and enforceable leases for all real and personal properties leased by them, in each case, subject to such exceptions as, individually or in the aggregate, do not have and are not reasonably likely to have a Material Adverse Effect. Except as disclosed in the Offering Memorandum, no real property owned, leased, licensed or used by the Company or by a Material Subsidiary lies in an area that is, or to the best knowledge of the Company will be, subject to zoning, use, or building code restrictions that would prohibit or prevent the continued effective ownership, leasing, licensing, or use of such real property in the business of the Company or such Material Subsidiary as presently conducted or as the Offe ring Memorandum indicates is contemplated to be conducted, subject to such exceptions which, individually or in the aggregate, do not have and are not reasonably likely to have a Material Adverse Effect.

xx. The Company, directly or through one or more of the subsidiaries, owns or possesses all patents, patent rights, licenses, inventions, copyrights, trademarks, know-how (including trade secrets and other unpatented and/or

unpatentable proprietary or confidential information, systems or procedures), service marks and trade names (collectively, ***"Intellectual Property"***) necessary to conduct its business as now conducted and proposed to be conducted as disclosed in the Offering Memorandum, except where the failure to own or possess such Intellectual Property, individually or in the aggregate, would not have a Material Adverse Effect. Neither the Company nor any subsidiary has received notice of infringement of or conflict with the asserted rights of others with respect to any Intellectual Property, except for those which would not have a Material Adverse Effect. To the best actual knowledge of the Company's senior management (no duty of inquiry being implied), there is no infringement by others of any Intellectual Property of the Company or any subsidiary that has had or may in the future have a Material Adverse Effect. The Company or a predecessor has registered, and the Company or a subsidiary owns the rights to all registrations of the rights to the trademark and related logo for each of "Vail" and "Beaver Creek" in all jurisdictions in which the failure to so register or to so own such rights to such registrations would, individually or in the aggregate, have a Material Adverse Effect.

xxi. To the Company's best knowledge, neither the Company nor any subsidiary, nor any director, officer or employee of the Company or any subsidiary has, directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses relating to political activity, made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds, violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or made any bribe, rebate, payoff, influence payment, kickback, or other unlawful payment.

xxii. There are no holders of securities of the Company or any of its subsidiaries who, by reason of the execution by the Company or any of the Guarantors of this Agreement or any other Operative Document to which it is a party or the consummation by the Company or any of the Guarantors of the transactions contemplated hereby and thereby, have the right to request or demand that the Company or any of its subsidiaries register under the Act or analogous foreign laws and regulations securities held by them other than pursuant to the Registration Right Agreement.

xxiii. None of the Company or any of its subsidiaries is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "***Investment Company Act"***).

xxiv. Except pursuant to this Agreement, there are no contracts, agreements or understandings between the Company and its subsidiaries and any other person that would give rise to a valid claim against the Company or any of its subsidiaries or the Initial Purchasers for a brokerage commission, finder's fee or like payment in connection with the issuance, purchase and sale of the Notes.

xxv. Other than as disclosed in the Offering Memorandum, no labor dispute with the employees of the Company or any subsidiary exists or, to the best knowledge of the Company, is imminent that, individually or in the aggregate, is reasonably likely to have a Material Adverse Effect.

xxvi. (A) All United States Federal income tax returns of the Company and each subsidiary required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed that are due and payable have been paid, except assessments against which appeals have been or will be promptly taken and (B) the Company and the subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to the applicable laws of all other jurisdictions, except, as to each of the foregoing clauses (A) and (B), insofar as the failure to file such returns, individually or in the aggregate, would not have a Material Adverse Effect, and the Company and the subsidiaries have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any subsidiary, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided in accordance with US GAAP. The charges, accruals and reserves on t he consolidated books of the Company in respect of any tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional tax for any years not finally determined, except to the extent of any inadequacy that would not have a Material Adverse Effect.

xxvii. The Company and each subsidiary is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the subsidiaries are engaged.

xxviii. Except as disclosed in, or incorporated by reference into, the Offering Memorandum, there are no business relationships or related party transactions of the nature described in Item 404 of Regulation S-K of the Commission involving the Company or any other persons referred to in such Item 404, except for such transactions that would be considered immaterial under such Item 404.

xxix. No action has been taken and no statute, rule, regulation or order has been enacted, adopted or issued by any governmental agency that prevents the issuance of the Notes or the Guarantees or prevents or suspends the use of the Offering Memorandum; no injunction, restraining order or order of any nature by a federal or state court of competent jurisdiction has been issued that prevents the issuance of the Notes or the Guarantees or prevents or suspends the sale of the Notes or the Guarantees in any jurisdiction referred to in Section 4(e) hereof; and every request of any securities authority or agency of any jurisdiction for additional information has been complied with in all material respects.

xxx. No registration under the Act of the Restricted Notes or the Guarantees thereof is required for the sale of the Restricted Notes to the Initial Purchasers as contemplated hereby or for the Exempt Resales assuming (A) that the purchasers who buy the Restricted Notes in the Exempt Resales are Eligible Purchasers and (B) the accuracy of the Initial Purchasers' representations regarding the absence of general solicitation in connection with the sale of Restricted Notes to the Initial Purchasers and the Exempt Resales contained herein. No form of general solicitation or general advertising (as defined in Regulation D under the Act) was used by the Company or any of the Guarantors or any of their representatives (other than the Initial Purchasers, as to which the Company and the Guarantors make no representation or warranty) in connection with the offer and sale of any of the Restricted Notes or the Guarantees thereof or in connection with Exempt Resales, including, but not limited to, articles, not ices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. No securities of the same class as the Notes have been issued and sold by the Company or any of its subsidiaries within the six-month period immediately prior to the date hereof.

xxxi. The execution and delivery of this Agreement and the other Operative Documents and the sale of the Restricted Notes to be purchased by Eligible Purchasers will not involve any prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended. The representation

made by the Company and the Guarantors in the preceding sentence is made in reliance upon and subject to the accuracy of, and compliance with, the representations and covenants made or deemed made by Eligible Purchasers as set forth in the Offering Memorandum under the caption "Transfer Restrictions."

xxxii. The statistical and market-related data included in the Offering Memorandum are based on or derived from sources which the Company and the Guarantors believe to be reliable and accurate in all material respects.

xxxiii. The Offering Memorandum, as of its date, contains the information specified in, and meets the requirements of, Rule 144A(d)(4) under the Act.

xxxiv. Prior to the effectiveness of any Registration Statement, the Indenture is not required to be qualified under the Trust Indenture Act.

xxxv. None of the execution, delivery and performance of this Agreement, the issuance and sale of the Notes, the application of the proceeds from the issuance and sale of the Notes and the consummation of the transactions contemplated thereby as set forth in the Offering Memorandum, will violate Regulations T, U or X promulgated by the Board of Governors of the Federal Reserve System.

xxxvi. Neither the Company nor any Guarantor intends to, nor believes that it will, incur debts beyond its ability to pay such debts as they mature. The present fair saleable value of the assets of the Company and each Guarantor exceeds the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they become absolute and matured. The assets of the Company and each Guarantor does not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Upon the issuance of the Notes and the Guarantees, the present fair saleable value of the assets of the Company and each Guarantor will exceed the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they become absolute and matured. Upon the issuance of the Notes and the Guarantees, the assets of the Company and each Guarantor will not constitute unreasona bly small capital to carry out its business as now conducted.

xxxvii. Each certificate signed by any officer of the Company or any Guarantor and delivered to the Initial Purchasers or counsel for the Initial Purchasers shall be deemed to be a representation and warranty by the Company or such Guarantor, as the case may be, to the Initial Purchasers as to the matters covered thereby.

xxxviii. Each of the Company and the Guarantors acknowledge that the Initial Purchasers and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 8 hereof, counsel for the Company and the Guarantors and counsel for the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations and hereby consent to such reliance.

xxxix. None of the Company, the Guarantors nor any of their respective affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Company and the Guarantors make no representation) has engaged or will engage in any directed selling efforts within the meaning of Regulation S with respect to the Restricted Notes.

xl. The Restricted Notes offered and sold in reliance on Regulation S have been and will be offered and sold only in offshore transactions.

xli. The sale of the Restricted Notes pursuant to Regulation S is not part of a plan or scheme to evade the registration provisions of the Act.

xlii. The Company, the Guarantors and their respective affiliates and all persons acting on their behalf (other than the Initial Purchasers, as to whom the Company and the Guarantors make no representation) have complied with and will comply with the offering restrictions requirements of Regulation S in connection with the offering of the Restricted Notes outside the United States and, in connection therewith, the Offering Memorandum contains the disclosure required by Rule 902(g)(2).

xliii. Each of the Company and the Guarantors is a "reporting issuer," as defined in Rule 902 under the Act.

xliv. As of the date hereof, the Company and, to the best of its knowledge, its officers and directors are in compliance in all material respects with applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act") that are effective as of the date hereof.

xlv. Except as disclosed in, or incorporated by reference into, the Offering Memorandum, the Company maintains a system of accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles as applied in the United States and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

b. Each of the Initial Purchasers, severally and not jointly, represents, warrants and covenants to the Company and the Guarantors and agrees that:

i. Such Initial Purchaser is a QIB, with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Restricted Notes.

ii. Such Initial Purchaser (A) is not acquiring the Restricted Notes with a view to any distribution thereof that would violate the Act or the securities laws of any state of the United States or any other applicable jurisdiction and (B) will be reoffering and reselling the Restricted Notes only to QIBs in reliance on the exemption from the registration requirements of the Act provided by Rule 144A and in offshore transactions in reliance upon Regulation S under the Act.

iii. No form of general solicitation or general advertising (within the meaning of Regulation D under the Act) has been or will be used by such Initial Purchaser or any of its representatives in connection with the offer and sale of any of the Restricted Notes or Guarantees, including, but not limited to, articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

iv. Such Initial Purchaser agrees that, in connection with the Exempt Resales, it will solicit offers to buy the Restricted Notes only from, and will offer to sell the Restricted Notes only to, Eligible Purchasers. Such Initial Purchaser further agrees that (A) it will offer to sell the Restricted Notes only to, and will solicit offers to buy the Restricted Notes only from Eligible Purchasers who in purchasing such Restricted Notes will be deemed to have represented and agreed that they are purchasing the Restricted Notes for their own account or accounts with respect to which they exercise sole investment discretion and that they or such accounts are Eligible Purchasers, and (B) such Eligible Purchasers will acknowledge and agree that such Restricted Notes will not have been

registered under the Act and may be resold, pledged or otherwise transferred within two years of issuance only (1) to the Company or any subsidiary thereof, (2) inside the United States to a QIB in compliance with R ule 144A under the Act, (3) outside the United States in an offshore transaction in compliance with Rule 904 of Regulation S under the Act, (4) pursuant to the exemption from registration provided by Rule 144 under the Act (if available), or (5) pursuant to an effective registration statement under the Act, and (C) acknowledges that it will, and each subsequent holder is required to, notify any purchaser of a Restricted Note of the resale restrictions set forth in (B) above.

v. Such Initial Purchaser and its affiliates or any person acting on its or their behalf have not engaged and will not engage in any directed selling efforts within the meaning of Regulation S with respect to the Restricted Notes or the Guarantees thereof.

vi. The Restricted Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S have been and will be offered and sold only in offshore transactions.

vii. The sale of Restricted Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S is not part of a plan or scheme to evade the registration provisions of the Act.

viii. Such Initial Purchaser agrees that it has not offered or sold and will not offer or sell the Restricted Notes in the United States or to, or for the benefit or account of, a U.S. Person (other than a distributor), in each case, as defined in Rule 902 under the Act (1) as part of its distribution at any time and (2) otherwise until 40 days after the later of the commencement of the offering of the Restricted Notes pursuant hereto and the Closing Date, other than in accordance with Regulation S of the Act or another exemption from the registration requirements of the Act. Such Initial Purchaser agrees that, during such 40-day distribution compliance period, it will not cause any advertisement with respect to the Restricted Notes (including any "tombstone" advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any circular relating to the Restricted Notes, except such advertisements as are permitted by and include the statements required by Regulation S.

ix. Such Initial Purchaser agrees that, at or prior to confirmation of a sale of Restricted Notes by it to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the 40-day distribution compliance period referred to in Rule 903(c)(2) under the Act, it will send to such distributor, dealer or person receiving a selling concession, fee or other remuneration a confirmation or notice to substantially the following effect:

"The Restricted Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "***Securities Act***"), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of your distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date, except in either case in accordance with Regulation S under the Securities Act (or Rule 144A in transactions that are exempt from the registration requirements of the Securities Act), and in connection with any subsequent sale by you of the Restricted Notes covered hereby in reliance on Regulation S during the period referred to above to any distributor, dealer or person receiving a selling concession, fee or other remuneration, you must deliver a notice to substantially the foregoing effect. Terms used above have the meanings assigned to them in Regulation S."

The Initial Purchasers acknowledge that the Company and the Guarantors and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Section 8 hereof, counsel for the Company and the Guarantors and counsel for the Initial Purchasers will rely upon the accuracy and truth of the foregoing representations and hereby consent to such reliance.

6. Indemnification.

a. The Company and the Guarantors, jointly and severally, agree to indemnify and hold harmless (i) the Initial Purchasers, (ii) each person, if any, who controls the Initial Purchasers within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (iii) the respective officers, directors, partners, employees, representatives and agents of the Initial Purchasers or any controlling person against any and all losses, liabilities, claims, damages and expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any investigation or litigation, commenced or threatened, or any claim whatsoever, and any and all amounts paid in settlement of any claim or litigation, provided that such settlement was effected with the Company's and the Guarantor's written consent in accordance with Section 6(c) hereof), joint or several, to which they or any of them may become subject unde r the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum (including the documents incorporated by reference therein), or in any supplement thereto or amendment thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however,* that neither the Company nor any Guarantor will be liable in any such case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with information relat ing to the Initial Purchasers furnished to the Company and the Guarantors in writing by or on behalf of the Initial Purchasers expressly for use therein. This indemnity agreement will be in addition to any liability which the Company and the Guarantors may otherwise have, including under this Agreement.

b. The Initial Purchasers, severally and not jointly, agree to indemnify and hold harmless (i) the Company and the Guarantors, (ii) each person, if any, who controls the Company or any of the Guarantors within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act, and (iii) the officers, directors, partners, employees, representatives and agents of the Company and the Guarantors, against any losses, liabilities, claims, damages and expenses whatsoever (including but not limited to reasonable attorneys' fees and any and all expenses whatsoever incurred in investigating, preparing or defending against any investigation or litigation, commenced or threatened, or any claim whatsoever and any and all amounts paid in settlement of any claim or litigation, provided that such settlement was effected with such Initial Purchaser's written consent in accordance with Section 6(c) hereof), joint or several, to which they or any of them may become subject under the Act, the Exchange Act or otherwise, insofar as such losses, liabilities, claims, damages or expenses (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum, or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or

necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that any such loss, liability, claim, damage or expense arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made therein in reliance upon and in conformity with information relating to the Initial Purchasers furnished to the Company and the Guarantors in writing by or on behalf of the Initial Purchasers expressly for use therein; *provided, however,* that in no case shall the Initial Purchasers be liable or responsible for any amount in excess of the discounts and commissions received by the Initial Purchasers, as set forth on the cover page of the Offering Memorandum. This indemnity will be in addition to any liability which the Initial Purchasers may otherwise have, including under this Agreement.

c. Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify each party against whom indemnification is to be sought in writing of the commencement thereof (but the failure so to notify an indemnifying party shall not relieve it from any liability which it may have under this Section 6 except to the extent that it has been prejudiced in any material respect by such failure or from any liability which it may otherwise have). In case any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party or parties shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the employment of such counsel shall have been authorized in writing by the indemnifying parties in connection with the defense of such action, (ii) the indemnifying parties shall not have employed counsel to take charge of the defense of such action within a reasonable time after notice of commencement of the action, or (iii) such indemnified party or parties shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to one or all of the indemnifying parties (in which case the indemnifying party or parties shall not have the right to direct the defense of such action on behalf of the indemnified party or parties with respect to such different defenses), in any of which events such fees and expenses of counsel shall be borne by the indemnifying parties; *provided, however*, that the indemnifying party under subsection (a) or (b) above shall only be liable for the legal expenses of one counsel (in addition to any local counsel) for all indemnified parties in each jurisdiction in which any claim or action is brought. Anything in this subsection to the contrary notwithstanding, an indemnifying party shall not be liable for any settlement of any claim or action effected without its prior written consent, *provided* that such consent was not unreasonably withheld.

7. Contribution. In order to provide for contribution in circumstances in which the indemnification provided for in Section 6 is for any reason held to be unavailable from an indemnifying party or is insufficient to hold harmless a party indemnified thereunder, the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, shall contribute to the aggregate losses, liabilities, claims, damages and expenses of the nature contemplated by such indemnification provision (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting in the case of losses, liabilities, claims, damages and expenses suffered by the Company or any Guarantor, any contribution received by the Company and the Guarantors from persons, other than the Initial Purchasers, who may also be liable for contribution, including persons who control the Company or a ny of the Guarantors within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act) to which the Company, the Guarantors and the Initial Purchasers may be subject, in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, from the offering of the Restricted Notes or, if such allocation is not permitted by applicable law or indemnification is not available as a result of the indemnifying party not having received notice as provided in Section 6, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, shall be deemed to be in the same proportion as (i) the total proceeds from the offering of Restricted Notes (net of discounts and commissions but before deducting expenses) received by the Company and the Guarantors and (ii) the discounts and commissions received by the Initial Purchasers, respectively, in each case as set forth on the cover page of the Offering Memorandum. The relative fault of the Company and the Guarantors, on the one hand, and of the Initial Purchasers, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, any Guarantor or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Guar antors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by *pro rata* allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to above.

Notwithstanding the provisions of this Section 7, (i) in no case shall the Initial Purchasers be required to contribute any amount in excess of the amount by which the discounts and commissions applicable to the Restricted Notes purchased by the Initial Purchasers pursuant to this Agreement exceeds the amount of any damages which the Initial Purchasers has otherwise been required to pay by reason of any untrue or alleged untrue statement or omission or alleged omission and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, (A) each person, if any, who controls the Initial Purchasers within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (B) the respective officers, directors, partners, employees, representatives and agents of the Initial Purchasers or any controlling person sha ll have the same rights to contribution as the Initial Purchasers, and (A) each person, if any, who controls the Company or any Guarantor within the meaning of Section 15 of the Act or Section 20(a) of the Exchange Act and (B) the respective officers, directors, partners, employees, representatives and agents of the Company and the Guarantors shall have the same rights to contribution as the Company and the Guarantors, subject in each case to clauses (i) and (ii) of this Section 7. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 7, notify such party or parties from whom contribution may be sought, but the failure to so notify such party or parties shall not relieve the party or

parties from whom contribution may be sought from any obligation it or they may have under this Section 7 or otherwise. No party shall be liable for contribution with respect to any action or claim settled without its prior written consent, *provided* that such written consent was not unreasonably withheld. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amounts of Restricted Notes purchased by each of the Initial Purchasers hereunder and not joint.

8. Conditions of Initial Purchasers' Obligations. The obligations of the Initial Purchasers to purchase and pay for the Restricted Notes, as provided herein, shall be subject to the satisfaction of the following conditions:
    a. At the Closing Date, the Initial Purchasers shall have received a certificate of the Company, executed by each of the Chief Executive Officer and the Chief Financial Officer of the Company, and a certificate of each Guarantor, executed by two authorized officers of such Guarantor, dated the date of its delivery, to the effect that as of the date of such certificate the representations and warranties of the Company or the Guarantor, as applicable, set forth in Section 5 hereof are true and correct in all material respects as of such Closing Date, the obligations of the Company or the Guarantor, as applicable, to be performed hereunder on or prior thereto have been duly performed in all material respects, and subsequent to the respective dates of which information is given in the Offering Memorandum, the Company or Guarantor, as applicable, and its subsidiaries have not sustained any material loss or interference with their respective businesses or properties from fire, flood, hurricane, accident or other calamity, whether or not covered by insurance, or from any labor dispute or any legal or governmental proceeding, and there has not been any material adverse change, or any development involving a material adverse change, in the business prospects, properties, operations, condition (financial or otherwise), or results of operations of the Company and its subsidiaries taken as a whole, except in which case as described in or contemplated by the Offering Memorandum.
    b. At the Closing Date, the Initial Purchasers shall have received (i) the written opinion of Martha D. Rehm, Esq., General Counsel to the Company, dated the Closing Date, addressed to the Initial Purchasers, in form and substance reasonably acceptable to the Initial Purchasers' counsel, (ii) the written opinion of Cahill Gordon & Reindel, special counsel for the Company, dated the Closing Date, addressed to the Initial Purchasers, in form and substance reasonably satisfactory to Initial Purchasers' counsel and (iii) the written opinion of Arnold & Porter, special counsel for the Company, dated the Closing Date, addressed to the Initial Purchasers, in form and substance reasonably satisfactory to Initial Purchasers' counsel.
    c. At the Closing Date, the Initial Purchasers shall have received the written opinion of Balcomb & Green, P.C., special counsel for the Initial Purchasers, dated the Closing Date, addressed to the Initial Purchasers, in form and substance reasonably satisfactory to Initial Purchasers' counsel.
    d. At the time this Agreement is executed and at the Closing Date, the Initial Purchasers shall have received from PricewaterhouseCoopers LLP, independent public accountants, dated as of the date of this Agreement and as of the Closing Date, customary comfort letters addressed to the Initial Purchasers and in form and substance satisfactory to the Initial Purchasers and counsel for the Initial Purchasers with respect to the financial statements and certain financial information of the Company and its subsidiaries contained in the Offering Memorandum and/or incorporated therein by reference.
    e. The Initial Purchasers shall have received an opinion, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers, of Latham & Watkins LLP, counsel for the Initial Purchasers, covering such matters as are customarily covered in such opinions.
    f. Latham & Watkins LLP shall have been furnished with such documents, in addition to those set forth above, as they may reasonably require for the purpose of enabling them to review or pass upon the matters referred to in this Section 8 and in order to evidence the accuracy, completeness or satisfaction in all material respects of any of the representations, warranties or conditions herein contained.
    g. Prior to the Closing Date, the Company and the Guarantors shall have furnished to the Initial Purchasers such further information, certificates and documents as the Initial Purchasers may reasonably request.
    h. The Company, the Guarantors and the Trustee shall have entered into the Indenture and the Initial Purchasers shall have received counterparts, conformed as executed, thereof.
    i. The Company, the Guarantors and the Initial Purchasers shall have entered into the Registration Rights Agreement and the Initial Purchasers shall have received counterparts, conformed as executed, thereof.
    j. On or after the date hereof, (i) there shall not have occurred any downgrading, suspension or withdrawal of, nor shall any notice have been given of any potential or intended downgrading, suspension or withdrawal of, or of any review (or of any potential or intended review) for a possible change that does not indicate the direction of the possible change in, any rating of the Company or any Guarantor or any securities of the Company or any Guarantor (including, without limitation, the placing of any of the foregoing ratings on credit watch with negative or developing implications or under review with an uncertain direction) by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act, (ii) there shall not have occurred any change, nor shall any notice have been given of any potential or intended change, in the outlook for any rating of the Company or any Guarantor or any securities of the Company or any Guarantor by any such rating organization and (iii) no such rating organization shall have given notice that it has assigned (or is considering assigning) a lower rating to the Notes than that on which the Notes were marketed.
    k. The Notes shall have been approved for trading on PORTAL.
    l. All opinions, certificates, letters and other documents required by this Section 8 to be delivered by the Company and the Guarantors will be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Initial Purchasers. The Company and the Guarantors shall furnish the Initial Purchasers with such conformed copies of such opinions, certificates, letters and other documents as it shall reasonably request.
9. Initial Purchasers' Information. The Company and the Guarantors acknowledge that the statements with respect to the offering of the Restricted Notes set forth in (i) the third sentence of the penultimate paragraph on the cover page and (ii) the first and last two paragraphs in "Private Placement" in the Offering Memorandum constitute the only information relating to any of the Initial Purchasers furnished to the Company and the Guarantors in writing by or on behalf of the Initial Purchasers expressly for use in the Offering Memorandum.
10. Survival of Representations and Agreements. All representations and warranties, covenants and agreements of the Initial Purchasers, the Company and the Guarantors contained in this Agreement, including the agreements contained in Sections 4(f), 4(r) and 11(d), the indemnity agreements contained in Section 6 and the contribution agreements contained in Section 7, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Initial Purchasers, any

controlling person thereof, or by or on behalf of the Company, the Guarantors or any controlling person thereof, and shall survive delivery of and payment for the Restricted Notes to and by the Initial Purchasers. The representations contained in Section 5 and the agreements contained in Sections 4(f), 6, 7 and 11(d) shall survive the termination of this Agreement, including any termination pursuant to Section 11.

11. Effective Date of Agreement; Termination.
    a. This Agreement shall become effective upon execution and delivery of a counterpart hereof by each of the parties hereto.
    b. The Initial Purchasers shall have the right to terminate this Agreement at any time prior to the Closing Date by notice to the Company from the Initial Purchasers, without liability (other than with respect to Sections 6 and 7) on the Initial Purchasers' part to the Company or any of the Guarantors if, on or prior to such date, (i) the Company or any of the Guarantors shall have failed, refused or been unable to perform in any material respect any agreement on its part to be performed hereunder, (ii) the Company or any of the Guarantors shall have failed, refused or been unable to perform in any material respect any agreement on its part required to be performed on or prior to the Closing Date pursuant to the Offer, (iii) any other condition to the obligations of the Initial Purchasers hereunder as provided in Section 8 is not fulfilled when and as required in any material respect, (iv) in the reasonable judgment of the Initial Purchasers, any material adverse change shall have occurred si nce the respective dates as of which information is given in the Offering Memorandum in the condition (financial or otherwise), business, prospects, or results of operations of the Company and its subsidiaries, taken as a whole, other than as set forth in the Offering Memorandum, or (v) (A) trading in securities generally on the New York Stock Exchange, the American Stock Exchange, or the Nasdaq National Market shall have been suspended or materially limited, or minimum or maximum prices for trading shall have been established, or maximum ranges for prices for securities shall have been required, on such exchange or the Nasdaq National Market, or by such exchange or other regulatory body or governmental authority having jurisdiction; or (B) a banking moratorium shall have been declared by federal or state authorities; or (C) there is an outbreak or escalation of armed hostilities involving the United States on or after the date hereof, or if there has been a declaration by the United States of a national emergency or war, the effect of which shall be, in the Initial Purchasers' judgment, to make it inadvisable or impracticable to proceed with the offering or delivery of the Restricted Notes on the terms and in the manner contemplated in the Offering Memorandum; or (D) there shall have occurred such a material adverse change in the financial markets in the United States or any other calamity or crisis or materially adverse change in general economic, political or financial conditions having an effect on the U.S. financial markets such as, in the Initial Purchasers' judgment, makes it inadvisable or impracticable to proceed with the delivery of the Restricted Notes as contemplated hereby.
    c. Any notice of termination pursuant to this Section 11 shall be by telephone or facsimile and, in either case, confirmed in writing by letter.
    d. If this Agreement shall be terminated pursuant to any of the provisions hereof (otherwise than pursuant to clause (iv) of Section 11(b), in which case each party will be responsible for its own expenses), or if the sale of the Restricted Notes provided for herein is not consummated because any condition to the obligations of the Initial Purchasers set forth herein is not satisfied or because of any refusal, inability or failure on the part of the Company or any Guarantor to perform any agreement herein or comply with any provision hereof, the Company and the Guarantors shall reimburse the Initial Purchasers for all out-of-pocket expenses (including the reasonable fees and expenses of the Initial Purchasers' counsel), incurred by the Initial Purchasers in connection herewith.
    e. If on the Closing Date any one or more of the Initial Purchasers shall fail or refuse to purchase the Restricted Notes which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of the Restricted Notes which such defaulting Initial Purchaser or Initial Purchasers, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Restricted Notes to be purchased on such date by all Initial Purchasers, each non-defaulting Initial Purchaser shall be obligated severally, in the proportion which the principal amount of the Restricted Notes set forth opposite its name in Schedule II bears to the aggregate principal amount of the Restricted Notes which all the non-defaulting Initial Purchasers, as the case may be, have agreed to purchase, or in such other proportion as Banc of America Securities LLC. ("***BAS***") may specify, to purchase the Restricted Notes which such defaulting Initial Purcha ser or Initial Purchasers, as the case may be, agreed but failed or refused to purchase on such date; *provided* that in no event shall the aggregate principal amount of the Restricted Notes which any Initial Purchaser has agreed to purchase pursuant to Section 3 hereof be increased pursuant to this Section 11 by an amount in excess of one-ninth of such principal amount of the Restricted Notes without the written consent of such Initial Purchaser. If on the Closing Date any Initial Purchaser or Initial Purchasers shall fail or refuse to purchase the Restricted Notes and the aggregate principal amount of the Restricted Notes with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Restricted Notes to be purchased by all Initial Purchasers and arrangements satisfactory to the Initial Purchasers and the Company for purchase of such the Restricted Notes are not made within 48 hours after such default, this Agreement will terminate without liability on the pa rt of any non-defaulting Initial Purchaser and the Company. In any such case which does not result in termination of this Agreement, either BAS or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Offering Memorandum or any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Initial Purchaser from liability in respect of any default of any such Initial Purchaser under this Agreement.
12. Notice. All communications hereunder, except as may be otherwise specifically provided herein, shall be in writing and, if sent to the Initial Purchasers shall be mailed, delivered, telecopied and confirmed in writing or sent by a nationally recognized overnight courier service guaranteeing delivery on the next business day to Banc of America Securities LLC, 9 West 57th Street, New York, New York 10019, Attention: Legal Department, telecopy number: (212) 583-8567, with a copy to Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attention: Howard A. Sobel, Esq., telecopy number: (212) 751-4864; and if sent to the Company and the Guarantors, shall be mailed, delivered, telecopied and confirmed in writing or sent by a nationally recognized overnight courier service guaranteeing delivery on the next business day to Vail Resort, Inc., 137 Benchmark Road, Avon, Colorado 81620, Attention: Chief Financial Officer, telecopy number: (970) 845-2470, with a copy to Cahill Gordon & Re indel, 80 Pine Street, New York, New York 10005, Attention: James J. Clark, Esq., telecopy number: (212) 269-5420.
13. Parties. This Agreement shall inure solely to the benefit of, and shall be binding upon, the Initial Purchasers, the Company, the Guarantors and the controlling persons and agents referred to in Sections 6 and 7, and their respective successors and assigns, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by

virtue of this Agreement or any provision herein contained. The term "successors and assigns" shall not include a purchaser, in its capacity as such, of Notes from the Initial Purchasers.

14. Construction. This Agreement shall be construed in accordance with the internal laws of the State of New York.
15. Captions. The captions included in this Agreement are included solely for convenience of reference and are not to be considered a part of this Agreement.
16. Counterparts. This Agreement may be executed in various counterparts which together shall constitute one and the same instrument.

If the foregoing correctly sets forth the understanding among the Initial Purchasers, the Company and the Guarantors please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

VAIL RESORTS, INC.

By:

Name:
Title:

BEAVER CREEK ASSOCIATES, INC.

BEAVER CREEK CONSULTANTS, INC.

BEAVER CREEK FOOD SERVICES, INC.

BRECKENRIDGE RESORT PROPERTIES, INC.

COMPLETE TELECOMMUNICATIONS, INC.

GILLETT BROADCASTING, INC.

GRAND TETON LODGE COMPANY

HEAVENLY VALLEY, LIMITED PARTNERSHIP

JACKSON HOLE GOLF AND TENNIS CLUB, INC.

JHL&S LLC

KEYSTONE CONFERENCE SERVICES, INC.

KEYSTONE DEVELOPMENT SALES, INC.

KEYSTONE FOOD AND BEVERAGE COMPANY

KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY

LODGE PROPERTIES, INC.

LODGE REALTY, INC.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

ROCKRESORTS CASA MADRONA, LLC

ROCKRESORTS CHEECA, LLC

ROCKRESORTS EQUINOX, INC.

ROCKRESORTS INTERNATIONAL, LLC

ROCKRESORTS, LLC

ROCKRESORTS LA POSADO, LLC

ROCKRESORTS ROSARIO, LLC

ROCKRESORTS WYOMING, LLC

TETON HOSPITALITY SERVICES, INC.

THE VAIL CORPORATION

THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.

VAIL ASSOCIATES HOLDINGS, LTD.

VAIL ASSOCIATES REAL ESTATE, INC.

VAIL FOOD SERVICES, INC.

VAIL HOLDINGS, INC.

VAIL RESORTS DEVELOPMENT COMPANY

VAIL SUMMIT RESORTS, INC.

VAIL TRADEMARKS, INC.

VAIL/ARROWHEAD, INC.

VAIL/BEAVER CREEK RESORT PROPERTIES, INC.

VAMHC, INC.

VAIL RR, INC.

VA RANCHO MIRAGE I, INC.

VA RANCHO MIRAGE II, INC.

VA RANCHO MIRAGE RESORT, L.P.

VR HEAVENLY I, INC.

VR HEAVENLY II, INC.

Each by its authorized officer or signatory

By:

Name:
Title:

Accepted and agreed to as of
the date first above written:

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.
BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.
WELLS FARGO SECURITIES, L.L.C.

Acting on behalf of themselves and the

several Initial Purchasers

By: BANC OF AMERICA SECURITIES LLC

By:

Name:

Title:

SCHEDULE I

Guarantors

Beaver Creek Associates, Inc.

Beaver Creek Consultants, Inc.

Beaver Creek Food Services, Inc.

Breckenridge Resort Properties, Inc.

Complete Telecommunications, Inc.

Gillett Broadcasting, Inc.

Grand Teton Lodge Company

Heavenly Valley, Limited Partnership

Jackson Hole Golf and Tennis Club, Inc.

JHL&S LLC

Keystone Conference Services, Inc.

Keystone Development Sales, Inc.

Keystone Food and Beverage Company

Keystone Resort Property Management Company

Lodge Properties, Inc.

Lodge Realty, Inc.

Property Management Acquisition Corp., Inc.

Rockresorts Casa Madrona, LLC

Rockresorts Cheeca, LLC

Rockresorts Equinox, INC.

Rockresorts International, LLC

Rockresorts, LLC

Rockresorts La Posado, LLC

Rockresorts Rosario, LLC

Rockresorts Wyoming, LLC

Teton Hospitality Services, Inc.

The Vail Corporation

The Village at Breckenridge Acquisition Corp., Inc.

Vail Associates Holdings, Ltd.

Vail Associates Real Estate, Inc.

Vail Food Services, Inc.

Vail Holdings, Inc.

Vail Resorts Development Company

Vail Summit Resorts, Inc.

Vail Trademarks, Inc.

Vail/Arrowhead, Inc.

Vail/Beaver Creek Resort Properties, Inc.

VAMHC, Inc.

Vail RR, Inc.

VA Rancho Mirage I, Inc.

VA Rancho Mirage II, Inc.

VA Rancho Mirage Resort, L.P.

VR Heavenly I, Inc.

VR Heavenly II, Inc.

SCHEDULE II

Initial Purchasers

Initial Purchasers	Principal Amount
Banc of America Securities LLC	156,000,000
Deutsche Bank Securities Inc.	156,000,000
Bear, Stearns & Co. Inc.	19,500,000
Lehman Brothers Inc.	19,500,000
Piper Jaffray & Co..	19,500,000
Wells Fargo Securities L.L.C.	19,500,000
Total	$390,000,000

SCHEDULE III

Material Domestic Subsidiaries of the Company

Owned Directly by Vail Resorts, Inc.

Gillett Broadcasting, Inc.
Vail Holdings, Inc.

Owned Directly by Vail Holdings, Inc.

The Vail Corporation
VR Heavenly I, Inc.

VR Heavenly II, Inc.

Owned Directly by The Vail Corporation

Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Lodge Properties, Inc.
SSI Venture, LLC
Vail Associates Investments, Inc.
Vail Food Services, Inc.
Vail Resorts Development Company
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
Vail/Arrowhead, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Complete Telecommunications, Inc.
Forest Ridge Holdings, Inc.
Grand Teton Lodge Company
Larkspur Restaurant & Bar, LLC
RTP, LLC
Teton Hospitality Services, Inc.
VAMHC, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
Avon Partners II, LLC
Eagle Park Reservoir Company
Vail RR, Inc.

Owned Directly by VR Heavenly I, Inc. and VR Heavenly II, Inc.

Heavenly Valley, Limited Partnership

Owned Directly by Beaver Creek Associates, Inc.

Beaver Creek Food Services, Inc.

Owned Directly by Beaver Creek Food Services, Inc.

Boulder/Beaver, LLC

Owned Directly by Grand Teton Lodge Company

Colter Bay Corporation
Gros Ventre Utility Company
Jackson Hole Golf and Tennis Club, Inc.
Jackson Lake Lodge Corporation
Jenny Lake Lodge, Inc.

Owned Directly by Lodge Properties, Inc.

Lodge Realty, Inc.

Owned Directly by RTP, LLC

RT Partners, Inc.

Owned Directly by Teton Hospitality Services, Inc.

JHL&S LLC

Owned Directly by Vail/Arrowhead, Inc. and Vail Summit Resorts, Inc.

VR Holdings, Inc.

Owned Directly by VR Holdings, Inc.

Mountain Thunder, Inc.
Timber Trail, Inc.

Owned Directly by Vail Resorts Development Company

Breckenridge Resort Properties, Inc.
Vail Associates Holdings, Ltd.
Vail Associates Real Estate, Inc.

Owned Directly by Vail Associates Real Estate, Inc.

Slifer Smith & Frampton/Vail Associates Real Estate, LLC

Owned Directly by Vail Summit Resorts, Inc.

Breckenridge Terrace, LLC
Tenderfoot Seasonal Housing, LLC
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food and Beverage Company
Keystone/Intrawest, LLC
Keystone Resort Property Management Company
Property Management Acquisition Corp., Inc.
The Village at Breckenridge Acquisition Corp., Inc.

Owned Directly by Vail RR, Inc.

Rockresorts International, LLC

Owned Directly by Rockresorts International, LLC

Rockresorts LLC
Rockresorts Cheeca, LLC
Rockresorts Equinox, Inc.
Rockresorts LaPosada, LLC
Rockresorts Casa Madrona, LLC
Rockresorts Rosario, LLC
Rockresorts Wyoming, LLC

Owned Directly by VA Rancho Mirage I, Inc. and by VA Rancho Mirage II, Inc.

VA Rancho Mirage Resort L.P.

SCHEDULE IV

Subsidiaries and Other Equity Interests of the Company

Owned Directly by Vail Resorts, Inc.

Subsidiary	**% Owned**	**State of Incorporation**	**Qualified to do Business in**
Gillett Broadcasting, Inc.	100%	Delaware	-
Vail Holdings, Inc.	100%	Colorado	-

Owned Directly by Vail Holdings, Inc.

Subsidiary	**% Owned**	**State of Incorporation**	**Qualified to do Business in**
The Vail Corporation	100%	Colorado	-
VR Heavenly I, Inc.	100%	Colorado	California/ Nevada
VR Heavenly II, Inc.	100%	Colorado	-

Owned Directly by The Vail Corporation

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Avon Partners II, LLC	50%	Colorado	-
Beaver Creek Associates, Inc.	100%	Colorado	-
Beaver Creek Consultants, Inc.	100%	Colorado	-
BC Housing, LLC	26%	Colorado	-
Complete Telecommunications, Inc.	100%	Colorado	-
Eagle Park Reservoir Company	55%	Colorado	-
Eclipse Television and Sports Marketing, LLC	25%	Colorado	-
Forest Ridge Holdings, Inc.	100%	Colorado	-
Grand Teton Lodge Company	100%	Wyoming	-
Larkspur Restaurant & Bar, LLC	83%	Colorado	-
Lodge Properties, Inc.	100%	Colorado	-
RTP, LLC	51%	Colorado	-
SSI Venture, LLC	52%	Colorado	-
The Tarnes at BC, LLC	31%	Colorado	-
Teton Hospitality Services, Inc.	100%	Wyoming	-
Vail Associates Investments, Inc.	100%	Colorado	-
Vail Food Services, Inc.	100%	Colorado	-
Vail Resorts Development Company	100%	Colorado	Wyoming
Vail Summit Resorts, Inc.	100%	Colorado	-
Vail Trademarks, Inc.	100%	Colorado	-
Vail/Arrowhead, Inc.	100%	Colorado	-
Vail/Beaver Creek Resort Properties, Inc.	100%	Colorado	-
VAMHC, Inc.	100%	Colorado	-
Vail RR, Inc.	100%	Colorado	-
VA Rancho Mirage I, Inc.	100%	Colorado	California
VA Rancho Mirage II, Inc.	100%	Colorado	-

Owned Directly by Beaver Creek Associates, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Beaver Creek Food Services, Inc.	100%	Colorado	-

Owned Directly by Beaver Creek Food Services, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Boulder/Beaver, LLC	97%	Colorado	-

Owned Directly by Grand Teton Lodge Company

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Colter Bay Corporation	100%	Wyoming	-
Gros Ventre Utility Company	100%	Wyoming	-
Jackson Hole Golf and Tennis Club, Inc.	100%	Wyoming	-
Jackson Lake Lodge Corporation	100%	Wyoming	-
Jenny Lake Lodge, Inc.	100%	Wyoming	-

Owned Directly by Lodge Properties, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Lodge Realty, Inc.	100%	Colorado	-

Owned Directly by Resort Technology Partners, LLC

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
RT Partners, Inc.	100%	Delaware	Colorado

Owned Directly by Teton Hospitality Services, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
JHL&S LLC	51%	Wyoming	-

Owned Directly by Vail/Arrowhead, Inc. and Vail Summit Resorts, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
VR Holdings, Inc.	100%	Colorado	-

Owned Directly by VR Holdings, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Bachelor Gulch Resort LLC	49%	Colorado	-

Mountain Thunder, Inc.	100%	Colorado	California
Timber Trail, Inc.	100%	Colorado	-

Owned Directly by Vail Resorts Development Company

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Breckenridge Resort Properties, Inc.	100%	Colorado	-
Vail Associates Holdings, Ltd.	100%	Colorado	-
Vail Associates Real Estate, Inc.	100%	Colorado	-

Owned Directly by Vail Associates Real Estate, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Slifer, Smith & Frampton/Vail Associates Real Estate, LLC	50%	Colorado	-

Owned Directly by Vail Summit Resorts, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Breckenridge Terrace, LLC	50%	Colorado	-
Clinton Ditch and Reservoir Company	43%	Colorado	-
Keystone Conference Services, Inc.	100%	Colorado	-
Keystone Development Sales, Inc.	100%	Colorado	-
Keystone Food and Beverage Company	100%	Colorado	-
Keystone/Intrawest, LLC	50%	Delaware	Colorado
Keystone Resort Property Management Company	100%	Colorado	-
Tenderfoot Seasonal Housing, LLC	50%	Colorado	-
Property Management Acquisition Corp., Inc.	100%	Tennessee	Colorado
The Village at Breckenridge Acquisition Corp., Inc.	100%	Tennessee	Colorado

Owned Directly by Vail RR, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Rockresorts International,	100%	Delaware	California,

LLC	(Class A)		Colorado, Florida, New Mexico, Vermont, Washington

Owned Directly by Rockresorts International, LLC

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Rockresorts LLC	100%	Delaware	-
Rockresorts Cheeca, LLC	100%	Delaware	Florida
Rockresorts Equinox, Inc.	100%	Vermont	-
Rockresorts LaPosada, LLC	100%	Delaware	New Mexico
Rockresorts Casa Madrona, LLC	100%	Delaware	California
Rockresorts Rosario, LLC	100%	Delaware	Washington
Rockresorts Wyoming, LLC	100%	Wyoming	-

Owned Directly by VA Rancho Mirage I, Inc. and VA Rancho Mirage II, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
VA Rancho Mirage Resort, L.P.	100%	Delaware	California

SPECIAL NOTICE REGARDING MATERIAL NON-PUBLIC INFORMATION

THE ATTACHED DOCUMENT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY OR ITS SECURITIES. BY ACCEPTING THIS DOCUMENT, THE RECIPIENT AGREES TO USE ANY SUCH INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE POLICIES, CONTRACTUAL OBLIGATIONS AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

SECOND AMENDMENT AND CONSENT

THIS SECOND AMENDMENT AND CONSENT (this "***Amendment and Consent***") is entered into as of January 21, 2004, among **THE VAIL CORPORATION**, a Colorado corporation doing business as "Vail Associates, Inc." ("***Borrower***"), Required Lenders (as defined in the Credit Agreement referenced below) party hereto, and **BANK OF AMERICA, N.A.**, as Administrative Agent (hereinafter defined).

R E C I T A L S

A. Borrower has entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 10, 2003 (as amended to date, the "***Credit Agreement***"), with Bank of America, N.A., as Administrative Agent (in such capacity, the "***Administrative Agent***"), and certain other agents and lenders party thereto, providing for revolving credit loans and term loans in the aggregate principal amount of up to $425,000,000. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement, and all Section references herein are to sections in the Credit Agreement.

B. Vail Resorts, Inc., the indirect parent of Borrower ("***VRI***"), proposes (i) to tender for, repurchase (including, without limitation, in open market transactions or private negotiated transactions), redeem, discharge, or defease all or a portion of the 8.750% Senior Subordinated Notes due 2009 issued pursuant to the Senior Subordinated Debt Indentures in one or a series of transactions (collectively, the "***Subject Redemptions***," and each, a "***Subject Redemption***"), and (ii) to the extent any portion of the Subordinated Debt issued pursuant to the Senior Subordinated Debt Indentures remains outstanding after the Initial Subject Redemption (as hereafter defined), to amend the Senior Subordinated Debt Indentures by deleting substantially all restrictive covenants from such Indentures (the "***Subject Indenture Amendments***"). Pursuant to ***Section 9.2***, Borrower has requested that Required Lenders consent to the Subject Redemp tions and the Subject Indenture Amendments.

C. Borrower has also requested that Required Lenders amend the Credit Agreement (i) to provide for an optional commitment increase under the Term Loan Facility, pursuant to which Borrower may request an increase thereunder of up to $60,000,000, (ii) to permit Borrower, at its option, to request that the Term Loan Principal Debt be refinanced, (iii) to permit, in addition to the Subject Redemptions, the redemption of up to an aggregate of $90,000,000 of Subordinated Debt, and (iv) to clarify that in calculating the "*Minimum Fixed Charge Coverage Ratio*" and the "*Interest Coverage Ratio*," the amortization of deferred financing charges and original issue discounts should be excluded.

D. Subject to and upon the terms and conditions set forth herein, Required Lenders have agreed to consent to the Subject Redemptions and the Subject Indenture Amendments and to amend the Credit Agreement as set forth herein.

In consideration of the foregoing and the mutual covenants contained herein, Borrower, Required Lenders, and Administrative Agent agree as follows:

1. Consent to Subject Redemptions and Subject Indenture Amendments. Pursuant to ***Section 9.2*** of the Credit Agreement, Required Lenders hereby consent to the Subject Redemptions and the Subject Indenture Amendments, *so long as* (a) on and as of the dates of each Subject Redemption and the Subject Indenture Amendments, no Default or Potential Default then exists or arises; (b) prior to or concurrently with the consummation of the first Subject Redemption (the "***Initial Subject Redemption***"), VRI shall issue not less than $300,000,000 of Subordinated Debt (the "***Replacement Subordinated Debt***") and shall use not less than $300,000,000 of the proceeds of such Replacement Subordinated Debt solely to pay the sum of (i) the redemption or purchase price of, and related costs and expenses associated with, the Initial Subject Redemption (including, without limitation, redemption premiums, tender premiums, and consent fees), and (ii) costs and expenses associated with the issuance of the Replacement Subordinated Debt; and (c) the remaining Subordinated Debt outstanding under the Senior Subordinated Indentures (as amended by the Indenture Amendment) and the Replacement Subordinated Debt shall satisfy the requirements for permitted Subordinated Debt as set forth in the Loan Papers, including, without limitation, the requirements imposed by the definition of "*Subordinated Debt*" in ***Section 1.1*** and by ***Section 9.16***, and shall otherwise be in form and substance satisfactory to Administrative Agent (*it being understood that* if the Replacement Subordinated Debt is issued in accordance with the requirements of this Amendment and Consent and under substantially the same or less restrictive terms as are set forth in the Senior Subordinated Debt Indentures immediately prior to giving effect to the Subject Indenture Amendment, then such Replacement Subordinated Debt will be acceptable to Administrative Agent) . To the extent any proceeds from the issuance of the Replacement Subordinated Debt are not immediately used to consummate the Subject Redemptions and are deposited in a blocked account with Administrative Agent pursuant to terms, conditions, and documents reasonably satisfactory to Administrative Agent (the "***Blocked Account***"), then, for purposes of calculating the "*Funded Debt to Adjusted EBITDA Ratio*" pursuant to ***Section 10.1(a)*** for fiscal quarters ending after the date a deposit is made into the Blocked Account but not after the fiscal quarter ending April 30, 2004, the amount of Subordinated Debt included in the calculation of "*Funded Debt*" shall be reduced by the amount of the funds on deposit in the Blocked Account on the last day of each such fiscal quarter.

2. Amendments.

(a) The following provision regarding an optional Term Loan Commitment increase is hereby added as ***Section 2.4***:

"2.4 Optional Increase in Term Loan Commitment.

(a) So long as no Default or Potential Default then exists or arises, upon notice to Administrative Agent, Borrower may on a one-time basis request an increase in the Term Loan Commitment by an amount not exceeding $60,000,000 (the ***"Increased Term Loan Commitment***"). Administrative Agent (in consultation with Borrower and upon terms regarding arranging such Increased Term Loan Commitment mutually acceptable to Borrower and Administrative Agent) shall use its best efforts to coordinate commitments from existing Term Loan Lenders and Eligible Assignees in order to effect the Increased Term Loan Commitment, which shall be consummated pursuant to a Joinder Agreement (herein so called) in form and substance satisfactory to Administrative Agent and Borrower and their respective counsel. (Such Eligible Assignees, together with each Term Loan Lender agreeing to increase its Committed Sum under the Term Loan Facility, being herein referred to collectively as the "***Increasing Term Loan Lenders***," and individually as an "***Increasing Term Loan Lender***"). In no event shall the interest rate payable on any Term Loan advanced with respect to the Increased Term Loan Commitment exceed the interest rate applicable to the other Term Loans under the Loan Papers.

(b) If the Term Loan Commitment is increased in accordance with this Section, Administrative Agent and Borrower shall determine the effective date (the "***Increase Effective Date***") and the final allocation of such Term Loan Commitment increase. Administrative Agent shall promptly notify Borrower and Term Loan Lenders of the final allocation of such increase and the Increase Effective Date. As a condition precedent to such increase, Administrative Agent shall receive the following:

(i) with respect to any Lender requesting a Note, such Note executed by Borrower;

(ii) Joinder Agreements executed by Borrower and each Increasing Term Loan Lender; and

(iii) a certificate of each Company dated as of the Increase Effective Date signed by a Responsible Officer of each Company (A) certifying and attaching the resolutions adopted by such Company approving or consenting to such Term Loan Commitment increase, and (B) in the case of Borrower, certifying that, before and after giving effect to such increase, (1) the representations and warranties contained in ***Section 7*** of the Agreement and the other Loan Papers are true and correct, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (2) no Default or Potential Default exists or would result therefrom.

(c) On the Increase Effective Date, (i) Borrower shall borrow, and each Increasing Term Loan Lender shall lend such Increasing Term Loan Lender's Commitment Percentage of, the Increased Term Loan Commitment, in a single advance; (ii) the amortization of the Term Loan Principal Debt shall be proportionately adjusted to reflect the Increased Term Loan Commitment; and (iii) each Joinder Agreement shall constitute a Loan Paper.

(b) The following provision regarding the refinancing of the Term Loan Principal Debt is hereby added as ***Section 2.5***, and is in addition to the rights set forth in ***Section 2.4*** above:

"2.5 Modification to or Refinancing of Term Loan Principal Debt.

(a) So long as no Default or Potential Default then exists or arises, Borrower, Guarantors, Administrative Agent, and all Term Loan Lenders may enter into a consent agreement in form and substance satisfactory to Borrower and Administrative Agent (the "***Consent***"), providing for (i) a reduction in the Applicable Margin with respect to the Term Loans and (ii) an extension of the Termination Date under the Term Loan Facility, *so long as* the Termination Date for the Term Loan Facility is not extended to a date later than one year prior to the earliest scheduled maturity of the Subordinated Debt then-issued. On the date that each of the conditions precedent to effectiveness under the Consent are satisfied (the "***Consent Effective Date***"): (x) the "*Applicable Margin*" set forth in the Consent shall be the Applicable Margin for the Term Loans under the Loan Papers; (y) the "*Termination Date*" set forth in the Consent shall be the Termination Date fo r the Term Loans under the Loan Papers; and (z) the Consent shall constitute a Loan Paper. This Amendment and Consent shall evidence Required Lenders' consent to the modifications effected by the Consent.

(b) Notwithstanding anything to the contrary set forth in ***Section 3.2***, and in addition to the foregoing set forth in ***clause (a)*** above, so long as no Default or Potential Default then exists or arises, upon notice to Administrative Agent, Borrower may request on a one-time basis that the Term Loan Principal Debt be refinanced in full (the "***Refinancing***"), *so long as*, after giving effect to the Refinancing, (i) the principal amount and the amortization of the Term Loan Principal Debt remains unchanged (except as contemplated in ***Section 2.4***), (ii) the interest rate payable on the Term Loan Principal Debt has not been increased, and (iii) the Termination Date for the Term Loan Facility is not extended to a date later than one year prior to the earliest scheduled maturity of the Subordinated Debt then-issued. The Refinancing shall be consummated in accordance with a Refinancing and Joinder Agreement which satisfies the re quirements of ***Section 2.5(c)*** (the "***Refinancing Agreement***"). To the extent the Refinancing Agreement modifies the Termination Date under the Term Loan Facility to a later date as contemplated in ***item (iii)*** above, or decreases the interest rate on the Term Loan Facility, this Amendment and Consent shall evidence Required Lenders' consent to such modifications.

(c) Administrative Agent (in consultation with Borrower and upon terms regarding arranging such Refinancing mutually acceptable to Borrower and Administrative Agent) shall use its best efforts to coordinate commitments from existing Lenders and Eligible Assignees in order to effect the Refinancing, which shall be consummated in accordance with the Refinancing Agreement and shall be executed by Borrower, Guarantors, Administrative Agent, and each financial institution funding the Refinancing (each, a "***Refinancing Lender***"). The Refinancing Agreement shall: (i) be in form and terms satisfactory to Administrative Agent and Borrower and their respective counsel; (ii) establish the amount of the allocated "*Term Loan Commitment*" of each Refinancing Lender; (iii) establish the "*Applicable Margin*" to be used in determining the interest rate applicable to the Term Loan Principal Debt on and after the Refinancing Effective Date (hereafter defined); (iv) establish the " *Termination Date*" applicable on and after the Refinancing Effective Date (hereafter defined) to the Term Loan Principal Debt; and (iv) require on or prior to the Refinancing Effective Date (hereinafter defined) (A) all Term Loan Principal Debt owed to the Term Loan Lenders immediately prior to giving effect to the Refinancing to be paid in full, together with all accrued interest and unpaid fees with respect thereto, (B) Borrower to borrow, and Refinancing Lenders to advance in a single advance, an amount equal to the Term Loan Commitment in effect immediately prior to the Refinancing (including any increase effected by ***Section 2.4***), and (C) satisfaction of certain conditions precedent, including, without limitation, delivery of certain certificates, notes, and legal opinions, as Refinancing Lenders and Administrative Agent shall reasonably require.

(d) On the date that each of the conditions to effectiveness under the Refinancing Agreement are satisfied (the "***Refinancing Effective Date***"): (i) each advance made by a Refinancing Lender on the Refinancing Effective Date shall constitute a Term Loan under the Loan Papers; (ii) the commitment allocation for each Refinancing Lender set forth in the Refinancing Agreement shall constitute the Committed Sum of such Refinancing Lender under the Loan Papers; (iii) the "*Applicable Margin*" set forth in the Refinancing Agreement shall be the Applicable Margin on and after the Refinancing Effective Date for the Term Loans under the Loan Papers; (iv) the "*Termination Date*" set forth in the Refinancing Agreement shall be the Termination Date for the Term Loans under the Loan Papers; (v) each Refinancing Lender shall be a Term Loan Lender under the Loan Papers; (vi) references in the Credit Agreement to the Term Loan Facility shall be to the Term Loans made by the Refin ancing Lenders in accordance with the Refinancing Agreement; and (vii) the Refinancing Agreement shall constitute a Loan Paper.

(e) To the extent that the Refinancing is consummated, the entering into and performance of the respective obligations of the Term Loan Lenders and the Refinancing Lenders, and the transactions evidenced by the Refinancing, are not intended to, and shall not be deemed to constitute, a novation, nor shall they be deemed to have terminated, extinguished, or discharged, the Term Loan Principal Debt under the Loan Papers, all of which Term Loan Principal Debt, and related Obligation and Collateral, shall continue under and be governed by the Loan Papers."

(c) The second sentence of ***Section 9.2*** is hereby amended by replacing the period at the end thereof with a semicolon, and adding the following proviso:

"*provided*, *that*, in addition to the Subject Redemptions permitted under the terms of that certain Second Amendment and Consent dated as of January 21, 2004, among Borrower, Administrative Agent, and Required Lenders, and consented to by Guarantors, any Company may, without the approval of Required Lenders, tender for, repurchase (including, without limitation, in open market transactions or private negotiated transactions), redeem, or discharge (each, an "***Additional Redemption***") up to an aggregate of $90,000,000 of Subordinated Debt, *so long as* (a) on and as of the date of each such Additional Redemption, no Default or Potential Default then exists or arises, and (b) not less than $300,000,000 of Subordinated Debt remains outstanding after giving effect to each such Additional Redemption."

(d) The interest calculation with respect to the "*Minimum Fixed Charge Coverage Ratio*" in ***Section 10.2*** and the "*Interest Coverage Ratio*" in ***Section 10.4*** are clarified by adding the following parenthetical after the term "*Funded Debt*" in ***clause (b)*** of each Section:

"(excluding amortization of deferred financing costs and original issue discounts)".

3. Representations and Warranties. As a material inducement to Required Lenders and Administrative Agent to execute and deliver this Amendment and Consent, Borrower represents and warrants to Required Lenders and Administrative Agent (with the knowledge and intent that Required Lenders are relying upon the same in entering into this Amendment and Consent) that (a) Borrower has all requisite corporate authority and power to execute, deliver, and perform its obligations under this Amendment and Consent, which execution, delivery, and performance have been duly authorized by all necessary corporate action, require no Governmental Approvals, and do not violate its certificate of incorporation or its bylaws, (b) upon execution and delivery by Borrower, Administrative Agent, and Required Lenders, this Amendment and Consent will constitute the legal and binding obligation of Borrower, enforceable against it in accordance with this Amendment and Consent's terms, *except< /I> as that enforceability may be limited by general principles of equity or by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally, and (c) the representations and warranties contained in* ***Section 7*** *of the Agreement and the other Loan Papers are true and correct on and as of the Effective Date (hereinafter defined), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date.*

4. Ratifications*. Borrower and each Guarantor (by executing the Guarantors' Consent and Acknowledgment attached hereto) (a) ratifies and confirms all provisions of the Loan Papers as amended by this Amendment and Consent, (b) ratifies and confirms that all Guaranties, assurances, and Liens granted, conveyed, or assigned to Administrative Agent, for the benefit of the Lenders, under the Loan Papers are not released, reduced, or otherwise adversely affected by this Amendment and Consent and continue to guarantee, assure, and secure full payment and performance of Borrower's present and future obligations to Administrative Agent and the Lenders, and (c) agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file, and record such additional documents, and certificates as Administrative Agent may reasonably request in order to create, perfect, preserve, and protect those guaranties, assurances, and liens.*

5. Conditions Precedent to Effectiveness*. This Amendment and Consent shall be effective on the date (the "**Effective Date**") upon which Administrative Agent receives (a) counterparts of this Amendment and Consent executed by Borrower, Administrative Agent, and Required Lenders, and (b) the Guarantors' Consent and Agreement executed by each Guarantor.*

6. Expenses*. Borrower shall pay all reasonable fees and expenses of Administrative Agent's counsel in connection with the negotiation, preparation, delivery, and execution of this Amendment and Consent and any related documents.*

7. Miscellaneous*. Unless stated otherwise herein, (a) the singular number includes the plural and vice versa and words of any gender include each other gender, in each case, as appropriate, (b) headings and captions shall not be construed in interpreting provisions of this Amendment and Consent, (c) this Amendment and Consent shall be governed by and construed in accordance with the laws of the State of New York, (d) if any part of this Amendment and Consent is for any reason found to be unenforceable, all other portions of it shall nevertheless remain enforceable, (e) this Amendment and Consent may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all of those counterparts shall be construed together to constitute the same document, (f) this Amendment and Consent is a "Loan Paper" referred to in the Credit Agreement, and the provisions relating to Loan Papers in* ***Section 14*** *of the Credit Agreement are incorporated herein by reference, (g)* ***this Amendment and Consent, the Credit Agreement, and the other Loan Papers constitute the entire agreement and understanding among the parties hereto and supercede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof****, and (h) except as provided in this Amendment and Consent, the Credit Agreement and the other Loan Papers are unchanged and are ratified and confirmed.*

8. Parties*. This Amendment and Consent binds and inures to the benefit of Borrower, Administrative Agent, the Lenders, and their respective successors and assigns.*

The parties hereto have executed this Amendment and Consent in multiple counterparts as of the date first above written.

Remainder of Page Intentionally Blank.

Signature Pages to Follow.

THE VAIL CORPORATION (D/B/A "VAIL ASSOCIATES, INC."), as Borrower

By:

Name:

Title:

BANK OF AMERICA, N.A., as Administrative Agent, L/C Issuer, a Revolver Lender, and a Term Loan Lender

By:

Name:

Title:

FLEET NATIONAL BANK, as Syndication Agent, L/C Issuer, and a Revolver Lender

By:

Name:

Title:

US BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent, a Revolver Lender and a Term Loan Lender

By:

Name:

Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent and a Revolver Lender

By:

Name:

Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Co-Documentation Agent and a Revolver Lender

By:

Name:

Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Revolver Lender and a Term Loan Lender

By:

Name:

Title:

LASALLE BANK NATIONAL ASSOCIATION,
as a Revolver Lender

By:

Name:

Title:

HARRIS TRUST AND SAVINGS BANK,
as a Revolver Lender

By:

Name:

Title:

COMPASS BANK,
as a Revolver Lender

By:

Name:

Title:

WASHINGTON MUTUAL BANK,
as a Revolver Lender

By:

Name:

Title:

KZH SOLEIL-2 LLC,
as a Term Loan Lender

By:

Name:

Title:

,

as Term Loan Lender

By:

Name:

Title:

GUARANTORS' CONSENT AND AGREEMENT

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

Vail Resorts, Inc.

Vail Holdings, Inc.

Beaver Creek Associates, Inc.

Beaver Creek Consultants, Inc.

Beaver Creek Food Services, Inc.

Breckenridge Resort Properties, Inc.

Complete Telecommunications, Inc.

Gillett Broadcasting, Inc.

Grand Teton Lodge Company

Heavenly Valley, Limited Partnership

Jackson Hole Golf and Tennis Club, Inc.

JHL&S LLC

Keystone Conference Services, Inc.

Keystone Development Sales, Inc.

Keystone Food & Beverage Company

Keystone Resort Property Management Company

Larkspur Restaurant & Bar, LLC

Lodge Properties, Inc.

Lodge Realty, Inc.

Mountain Thunder, Inc.

Property Management Acquisition Corp., Inc.

Rockresorts International, LLC

Rockresorts LLC

Rockresorts Cheeca, LLC

Rockresorts Equinox, Inc.

Rockresorts LaPosada, LLC

Rockresorts Wyoming, LLC

Rockresorts Casa Madrona, LLC

Rockresorts Rosario, LLC

Teton Hospitality Services, Inc.

The Village at Breckenridge Acquisition Corp., Inc.

Timber Trail, Inc.

VA Rancho Mirage I, Inc.

VA Rancho Mirage II, Inc.

VA Rancho Mirage Resort, L.P.

Vail/Arrowhead, Inc.

Vail Associates Holdings, Ltd.

Vail Associates Investments, Inc.

Vail Associates Real Estate, Inc.

Vail/Beaver Creek Resort Properties, Inc.

Vail Food Services, Inc.

Vail Resorts Development Company

Vail RR, Inc.

Vail Summit Resorts, Inc.

Vail Trademarks, Inc.

VAMHC, Inc.

VR Heavenly I, Inc.

VR Heavenly II, Inc.

VR Holdings, Inc.

By:

Name:_____

Title:_____

-

AGREEMENT AND CONSENT

THIS AGREEMENT AND CONSENT (this "Agreement") is entered into as of January 28, 2004, among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc." ("Borrower"), each Guarantor (as defined in the Credit Agreement referenced below), each of the financial institutions party hereto (each, a "Term Loan Lender," and collectively, the "Term Loan Lenders"), and BANK OF AMERICA, N.A., as Administrative Agent (herein so called) under that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 10, 2003 (as amended to date, the "Credit Agreement"), among Borrower, Administrative Agent, and certain other agents and lenders party thereto. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement. Banc of America Se curities LLC will serve as Sole Lead Arranger and Sole Book Manager for the Term Loan Facility.

1. Subject Modifications. Pursuant to Section 2.5 of the Credit Agreement, Borrower has requested the following modifications to the Credit Agreement (collectively, the "Subject Modifications"): (a) the reduction of the "Applicable Margin" with respect to Term Loans to a percentage per annum equal to 2.25% commencing on January 28, 2004; and (b) the extension of the "Termination Date" for the Term Loan Facility to the earlier of (i) December 10, 2010, and (ii) the effective date of any other termination, cancellation or acceleration of the Term Loan Facility.

2. Consent of Administrative Agent and Term Loan Lenders. By execution below, Administrative Agent and each Term Loan Lender hereby consent to the Subject Modifications.

3. Conditions Precedent to Effectiveness. This Agreement shall be effective on the date (the "Effective Date") upon which Administrative Agent receives (a) counterparts of this Agreement executed by Borrower, Guarantors, Administrative Agent, and Term Loan Lenders, and such other certificates, opinions, and other documents as Administrative Agent may request, and (b) a certificate from a Responsible Officer certifying that (i) the representations and warranties set forth in Section 7 of the Credit Agreement and the other Loan Papers are true and correct as of the Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (ii) no Default or Potential default then exists or will arise after giving effect to this Agreement and the transactions contemplated hereby.

4. Miscellaneous. Unless stated otherwise herein, (a) this Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all of those counterparts shall be construed together to constitute the same document, (b) this Agreement is a "Loan Paper" referred to in the Credit Agreement, and the provisions relating to Loan Papers in Section 14 of the Credit Agreement are incorporated herein by reference, (c) this Agreement, the Credit Agreement, and the other Loan Papers constitute the entire agreement and understanding among the parties hereto and supercede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof, and (d) except as provided in this Agreement, the Credit Agreement and the other Loan Papers are unchanged and are ratified and confirmed.

5. Parties. This Agreement binds and inures to the benefit of Borrower, Guarantors, Administrative Agent, Term Loan Lenders, and their respective successors and assigns.

The parties hereto have executed this Agreement in multiple counterparts as of the date first above written.

Remainder of Page Intentionally Blank. Signature Pages to Follow.

THE VAIL CORPORATION (D/B/A "VAIL ASSOCIATES, INC."), as Borrower

By:

Name:

Title:

BANK OF AMERICA, N.A., as Administrative Agent

By:

Name:

Title:

_____,
as a Term Loan Lender

By:

Name:

Title:

GUARANTORS' CONSENT AND AGREEMENT

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

Vail Resorts, Inc.

Vail Holdings, Inc.

Beaver Creek Associates, Inc.

Beaver Creek Consultants, Inc.

Beaver Creek Food Services, Inc.

Breckenridge Resort Properties, Inc.

Complete Telecommunications, Inc.

Gillett Broadcasting, Inc.

Grand Teton Lodge Company

Heavenly Valley, Limited Partnership

Jackson Hole Golf and Tennis Club, Inc.

JHL&S LLC

Keystone Conference Services, Inc.

Keystone Development Sales, Inc.

Keystone Food & Beverage Company

Keystone Resort Property Management Company

Larkspur Restaurant & Bar, LLC

Lodge Properties, Inc.

Lodge Realty, Inc.

Mountain Thunder, Inc.

Property Management Acquisition Corp., Inc.

Rockresorts International, LLC

Rockresorts LLC

Rockresorts Cheeca, LLC

Rockresorts Equinox, Inc.

Rockresorts LaPosada, LLC

Rockresorts Wyoming, LLC

Rockresorts Casa Madrona, LLC

Rockresorts Rosario, LLC

Teton Hospitality Services, Inc.

The Village at Breckenridge Acquisition Corp., Inc.

Timber Trail, Inc.

VA Rancho Mirage I, Inc.

VA Rancho Mirage II, Inc.

VA Rancho Mirage Resort, L.P.

Vail/Arrowhead, Inc.

Vail Associates Holdings, Ltd.

Vail Associates Investments, Inc.

Vail Associates Real Estate, Inc.

Vail/Beaver Creek Resort Properties, Inc.

Vail Food Services, Inc.

Vail Resorts Development Company

Vail RR, Inc.

Vail Summit Resorts, Inc.

Vail Trademarks, Inc.

VAMHC, Inc.

VR Heavenly I, Inc.

VR Heavenly II, Inc.

VR Holdings, Inc.

By:

Name:

Title:

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED

REVOLVING CREDIT AND TERM LOAN AGREEMENT

Dated as of October 2, 2003, but effective as of July 31, 2003

among

THE VAIL CORPORATION

(d/b/a "Vail Associates, Inc.),

as Borrower

BANK OF AMERICA, N.A.,

as Administrative Agent

and

The Agents and Required Lenders Party Hereto

SPECIAL NOTICE REGARDING MATERIAL NON-PUBLIC INFORMATION

THIS DOCUMENT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION CONCERNING THE COMPANY OR ITS SECURITIES. BY ACCEPTING THIS DOCUMENT, THE RECIPIENT AGREES TO USE ANY SUCH INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE POLICIES, CONTRACTUAL OBLIGATIONS AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

FIRST AMENDMENT TO THIRD AMENDED AND RESTATED

REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO THIRD AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (this "Amendment") is entered into as of October 2, 2003, but effective as of July 31, 2003, among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc." (the "Company"), the Required Lenders (as defined in the Credit Agreement referenced below) party hereto, and BANK OF AMERICA, N.A., as Administrative Agent (hereinafter defined).

R E C I T A L S

A. The Company has entered into that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 10, 2003 (the "Credit Agreement"), with Bank of America, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), and certain other agents and lenders party thereto, providing for revolving credit loans and term loans in the aggregate principal amount of up to $425,000,000. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement, and all Section references herein are to sections in the Credit Agreement.

B. The Company has requested amendments to the "Management Fees and Distributions" covenant set forth in Section 9.9 of the Credit Agreement, and the "Funded Debt to Adjusted EBITDA" covenant set forth in Section 10.1(a) of the Credit Agreement. Required Lenders have agreed to such modifications and to otherwise amend the Credit Agreement as set forth herein.

In consideration of the foregoing and the mutual covenants contained herein, the Company, the Required Lenders, and the Administrative Agent agree as follows:

1. Amendments.

(a) Section 9.9 is hereby amended as follows:

> ***(i) Clause (d) is hereby amended by deleting "and" from the end thereof.***
>
> ***(ii) Clause (e) is hereby amended by (i) replacing the parenthetical in the second line thereof with "(in addition to those described in clauses (c), (d), and (f) herein)", (ii) replacing the parenthetical beginning in the third line thereof with "(including any Distributions which exceed the amounts permitted under clauses (d) and (f) herein)", and (iii) substituting "; and" for the period at the end of clause (e).***

(iii) The following is hereby added after clause (e):

> ***(f) if no Default or Potential Default exists (or would result therefrom), VRI may make Distributions payable solely in the form of common stock or other common equity interests of VRI, so long as the aggregate amount of such Distributions made pursuant to this clause (f) on and after the Closing Date, in each case as calculated based on the market value of such common stock or other equity interests of VRI at the time of such Distributions, does not exceed $10,000,000.***

(b) Section10.1(a) is amended to read in its entirety as follows:

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

As of the last day of each fiscal quarter ending January 31, April 30, and July 31 (other than July 31, 2003):	4.50 to 1.00
As of the last day of the fiscal quarter ending July 31, 2003, and as of the last day of each fiscal quarter ending October 31 (other than October 31, 2003):	5.00 to 1.00
As of the last day of the fiscal quarter ending October 31, 2003:	5.15 to 1.00

2. Amendment Fees. On the Effective Date (hereinafter defined), the Company shall pay (a) to Administrative Agent (for the ratable benefit of the Revolver Lenders consenting to this Amendment by the Consent Deadline), an amendment fee in an amount equal to 0.05% of the Committed Sum under the Revolver Facility of each such Revolver Lender as of the Effective Date, and (b) to Administrative Agent (for the ratable benefit of the Term Loan Lenders consenting to this Amendment on or prior to the Consent Deadline and for the ratable benefit of the Public Term Loan Lenders), an amendment fee in an amount equal to 0.05% of the portion of the Term Loan Principal Debt owed to each such Term Loan Lender as of the Effective Date. As used herein, "Consent Deadline" means on or prior to 12:00 p.m. CST on Thursday, October 2, 2003, and "Public Term Loan Lenders" means Terms Loan Lenders that are prohibited from reviewing the Amendment and relate d materials as a result of compliance with confidentiality obligations or applicable Laws. The failure of Borrower to comply with the provisions of this Paragraph 2 shall constitute a payment Default entitling Lenders to exercise their respective Rights under the Loan Papers.

3. Representations and Warranties. As a material inducement to the Required Lenders and the Administrative Agent to execute and deliver this Amendment, the Company represents and warrants to the Required Lenders and the Administrative Agent (with the knowledge and intent that Required Lenders are relying upon the same in entering into this Amendment) that (a) the Company has all requisite corporate authority and power to execute, deliver, and perform its obligations under this Amendment, which execution, delivery, and performance have been duly authorized by all necessary corporate action, require no Governmental Approvals, and do not violate its certificate of incorporation or its bylaws, (b) upon execution and delivery by the Company, the Administrative Agent, and the Required Lenders, this Amendment will constitute the legal and binding obligation of the Company, enforceable against it in accordance with this Amendment's terms, except as that enforceability may be limited by general principles of equity or by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally, (c) all representations and warranties in the Loan Papers are true and correct in all material respects as though made on the date hereof, except to the extent that any of them speak to a specific date or the facts on which any of them are based have been changed by transactions contemplated or permitted by the Credit Agreement, and (d) no Default or Potential Default has occurred and is continuing.

4. Conditions Precedent to Effectiveness. This Amendment shall be effective on the date (the "Effective Date") upon which (a) Administrative Agent receives (i) counterparts of this Amendment executed by Borrower, Administrative Agent, and Required Lenders, and (ii) the Guarantors' Consent and Agreement executed by each Guarantor; and (b) Administrative Agent has received payment from Borrower of the amendment fees required to be paid to Consenting Revolver Lenders, Consenting Term Loan Lenders, and Public Term Loan Lenders on the Effective Date pursuant to Paragraph 2 hereof.

5. Expenses. The Company shall pay all reasonable costs, fees, and expenses paid or incurred by the Administrative Agent incident to this Amendment, including, without limitation, the reasonable fees and expenses of the Administrative Agent's counsel in connection with the negotiation, preparation, delivery, and execution of this Amendment and any related documents.

6. Miscellaneous. Unless stated otherwise herein, (a) the singular number includes the plural and vice versa and words of any gender include each other gender, in each case, as appropriate, (b) headings and captions shall not be construed in interpreting provisions of this Amendment, (c) this Amendment shall be governed by and construed in accordance with the laws of the State of New York, (d) if any part of this Amendment is for any reason found to be unenforceable, all other portions of it shall nevertheless remain enforceable, (e) this

Amendment may be executed in any number of counterparts with the same effect as if all signatories had signed the same document, and all of those counterparts shall be construed together to constitute the same document, (f) this Amendment is a "Loan Paper" referred to in the Credit Agreement, and the provisions relating to Loan Papers in Section 14 of the Credit Agreement are incorporated herein by refe rence, (g) this Amendment, the Credit Agreement, as amended by this Amendment, and the other Loan Papers constitute the entire agreement and understanding among the parties hereto and supercede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof, and (h) except as provided in this Amendment, the Credit Agreement, the Notes, and the other Loan Papers are unchanged and are ratified and confirmed.

7. Parties. This Amendment binds and inures to the benefit of the Company, the Administrative Agent, the Lenders, and their respective successors and assigns.

The parties hereto have executed this Amendment in multiple counterparts as of the date first above written.

Remainder of Page Intentionally Blank.

Signature Pages to Follow.

THE VAIL CORPORATION (D/B/A "VAIL ASSOCIATES, INC."), as the Company

By:

Name:

Title:

BANK OF AMERICA, N.A., as Administrative Agent, L/C Issuer, a Revolver Lender, and a Term Loan Lender

By:

Name:

Title:

FLEET NATIONAL BANK, as Syndication Agent, L/C Issuer, and a Revolver Lender

By:

Name:

Title:

US BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent, a Revolver Lender and a Term Loan Lender

By:

Name:

Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent and a Revolver Lender

By:

Name:

Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Co-Documentation Agent and a Revolver Lender

By:

Name:

Title:

CREDIT LYONNAIS NEW YORK BRANCH,
as a Revolver Lender and a Term Loan Lender

By:

Name:

Title:

LASALLE BANK NATIONAL ASSOCIATION,
as a Revolver Lender

By:

Name:

Title:

HARRIS TRUST AND SAVINGS BANK,
as a Revolver Lender

By:

Name:

Title:

COMPASS BANK,
as a Revolver Lender

By:

Name:

Title:

WASHINGTON MUTUAL BANK,
as a Revolver Lender

By:

Name:

Title:

KZH SOLEIL-2 LLC,
as a Term Loan Lender

By:

Name:

Title:

,

as Term Loan Lender

By:

Name:

Title:

GUARANTORS' CONSENT AND AGREEMENT

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

Vail Resorts, Inc.

Vail Holdings, Inc.

Beaver Creek Associates, Inc.

Beaver Creek Consultants, Inc.

Beaver Creek Food Services, Inc.

Breckenridge Resort Properties, Inc.

Complete Telecommunications, Inc.

GHTV, Inc.

Gillett Broadcasting, Inc.

Grand Teton Lodge Company

Heavenly Valley, Limited Partnership

Jackson Hole Golf and Tennis Club, Inc.

JHL&S LLC

Keystone Conference Services, Inc.

Keystone Development Sales, Inc.

Keystone Food & Beverage Company

Keystone Resort Property Management Company

Larkspur Restaurant & Bar, LLC

Lodge Properties, Inc.

Lodge Realty, Inc.

Mountain Thunder, Inc.

Property Management Acquisition Corp., Inc.

Rockresorts International, LLC

Rockresorts LLC

Rockresorts Cheeca, LLC

Rockresorts Equinox, Inc.

Rockresorts LaPosada, LLC

Rockresorts Wyoming, LLC

Rockresorts Casa Madrona, LLC

Rockresorts Rosario, LLC

Teton Hospitality Services, Inc.

The Village at Breckenridge Acquisition Corp., Inc.

Timber Trail, Inc.

VA Rancho Mirage I, Inc.

VA Rancho Mirage II, Inc.

VA Rancho Mirage Resort, L.P.

Vail/Arrowhead, Inc.

Vail Associates Holdings, Ltd.

Vail Associates Investments, Inc.

Vail Associates Real Estate, Inc.

Vail/Beaver Creek Resort Properties, Inc.

Vail Food Services, Inc.

Vail Resorts Development Company

Vail RR, Inc.

Vail Summit Resorts, Inc.

Vail Trademarks, Inc.

VAMHC, Inc.

VR Heavenly I, Inc.

VR Heavenly II, Inc.

VR Holdings, Inc.

By:

Name: _____

Title: _____

EXHIBIT 4.2 (d)

EXECUTION COPY

VAIL RESORTS, INC.

GUARANTORS (named on signature pages hereto)

$390,000,000

63/4% Senior Subordinated Notes due 2014

SUPPLEMENTAL PURCHASE AGREEMENT

January 22, 2004

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.

BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.

WELLS FARGO SECURITIES, L.L.C.

VAIL RESORTS, INC.

$390,000,000

63/4% Senior Subordinated Notes due 2014

SUPPLEMENTAL PURCHASE AGREEMENT

January 22, 2004
New York, New York

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.
BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.
WELLS FARGO SECURITIES, L.L.C.
c/o Banc of America Securities LLC
9 West 57th Street
New York, New York 10019

Ladies & Gentlemen:

This Supplemental Purchase Agreement is among Vail Resorts, Inc., a Delaware corporation (the "Company"), the Guarantors named on the signature pages hereto (the "Guarantors"), and Banc of America Securities LLC, Deutsche Bank Securities Inc., Bear, Stearns & Co. Inc., Lehman Brothers Inc., Piper Jaffray & Co. and Wells Fargo Securities, L.L.C. (each, an "Initial Purchaser" and, collectively, the "Initial Purchasers"). Unless otherwise indicated, capitalized terms used in this Supplemental Purchase Agreement and not defined shall have the respective meanings assigned to them in the Purchase Agreement (as defined below).

WHEREAS, the Company, the Guarantors and the Initial Purchasers have heretofore executed and delivered to each other a Purchase Agreement dated January 15, 2004 (the "Purchase Agreement") providing for the issuance and sale of $390,000,000 in aggregate principal amount of 63/4% Senior Subordinated Notes due 2014 of the Company.

WHEREAS, the Company, the Guarantors and the Initial Purchasers desire to amend and supplement the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration the receipt of which is hereby acknowledged, and for the equal and proportionate benefit of the Company, the Guarantors and the Initial Purchasers hereby agree as follows:

Amendment of Certain Provisions. Section 4(r) of the Purchase Agreement is hereby deleted in its entirety and replaced as follows:

(r) The Company shall use the proceeds from the sale of the Restricted Notes to (i) purchase, in accordance with the Commission's rules relating to tender offers, all of the Company's 83/4% Senior Subordinated Notes due 2009 (the "2009 Notes") tendered and accepted for purchase by the Company pursuant to the Offer to Purchase and Consent Solicitation Statement (the "Offer") dated January 12, 2004 (the "Statement") and (ii)(A) if Consents (as defined in the Statement) of the holders of less than a majority in aggregate principal amount of each class of outstanding 2009 Notes are obtained pursuant to the Offer by 10:00 a.m. on the Closing Date, to discharge all of the outstanding 2009

Notes simultaneously with the closing of the offering of the Restricted Notes or (B) if Consents (as defined in the Statement) of the holders of greater than a majority in aggregate principal amount of each class of the 2009 Notes are obtained pursuant to the Offer by 10:00 a.m. on the Closing Date, to redeem the remaining outstanding 2009 Notes on May 15, 2004. The discharge and redemption described in clauses (ii)(A) and (ii)(B), respectively, of this Section 4(r), shall be made in accordance with and pursuant to the terms of (x) the indenture dated as of May 11, 1999 between the Company and The Bank of New York, as trustee, under which $200 million aggregate principal amount of the 2009 Notes were issued and (y) the indenture dated as of November 21, 2001 between the Company and The Bank of New York, as trustee, under which $160 million of the 2009 Notes were issued, as the case may be.

2. Effect on the Purchase Agreement. Except as amended by this Supplemental Purchase Agreement, the Purchase Agreement shall remain in full force and effect and is hereby ratified and confirmed.

3. Construction. This Supplemental Purchase Agreement shall be construed in accordance with the internal laws of the State of New York.

4. Captions. The captions included in this Supplemental Purchase Agreement are included solely for convenience of reference and are not to be considered a part of this Supplemental Purchase Agreement.

5. Counterparts. This Supplemental Purchase Agreement may be executed in various counterparts which together shall constitute one and the same instrument.

If the foregoing correctly sets forth the understanding among the Initial Purchasers, the Company and the Guarantors please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement among us.

VAIL RESORTS, INC.

By:

Name:
Title:

BEAVER CREEK ASSOCIATES, INC.

BEAVER CREEK CONSULTANTS, INC.

BEAVER CREEK FOOD SERVICES, INC.

BRECKENRIDGE RESORT PROPERTIES, INC.

COMPLETE TELECOMMUNICATIONS, INC.

GILLETT BROADCASTING, INC.

GRAND TETON LODGE COMPANY

HEAVENLY VALLEY, LIMITED PARTNERSHIP

JACKSON HOLE GOLF AND TENNIS CLUB, INC.

JHL&S LLC

KEYSTONE CONFERENCE SERVICES, INC.

KEYSTONE DEVELOPMENT SALES, INC.

KEYSTONE FOOD AND BEVERAGE COMPANY

KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY

LODGE PROPERTIES, INC.

LODGE REALTY, INC.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

ROCKRESORTS CASA MADRONA, LLC

ROCKRESORTS CHEECA, LLC

ROCKRESORTS EQUINOX, INC.

ROCKRESORTS INTERNATIONAL, LLC

ROCKRESORTS, LLC

ROCKRESORTS LA POSADO, LLC

ROCKRESORTS ROSARIO, LLC

ROCKRESORTS WYOMING, LLC

TETON HOSPITALITY SERVICES, INC.

THE VAIL CORPORATION

THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.

VAIL ASSOCIATES HOLDINGS, LTD.

VAIL ASSOCIATES REAL ESTATE, INC.

VAIL FOOD SERVICES, INC.

VAIL HOLDINGS, INC.

VAIL RESORTS DEVELOPMENT COMPANY

VAIL SUMMIT RESORTS, INC.

VAIL TRADEMARKS, INC.

VAIL/ARROWHEAD, INC.

VAIL/BEAVER CREEK RESORT PROPERTIES, INC.

VAMHC, INC.

VAIL RR, INC.

VA RANCHO MIRAGE I, INC.

VA RANCHO MIRAGE II, INC.

VA RANCHO MIRAGE RESORT, L.P.

VR HEAVENLY I, INC.

VR HEAVENLY II, INC.

Each by its authorized officer or signatory

By:

Name:
Title:

Accepted and agreed to as of
the date first above written:

BANC OF AMERICA SECURITIES LLC

DEUTSCHE BANK SECURITIES INC.
BEAR, STEARNS & CO. INC.

LEHMAN BROTHERS INC.

PIPER JAFFRAY & CO.
WELLS FARGO SECURITIES, L.L.C.

Acting on behalf of themselves and the

several Initial Purchasers

By: BANC OF AMERICA SECURITIES LLC

By:

Name:

Title:

EXHIBIT 4.5 (c)

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

by and among

Vail Resorts, Inc.,
The Guarantors Named on the
Signature Pages Hereto

and

Banc of America Securities LLC
Deutsche Bank Securities Inc.
Bear, Stearns & Co. Inc.
Lehman Brothers Inc.
Piper Jaffray & Co.
Wells Fargo Securities, L.L.C.

Dated as of January 29, 2004

This Registration Rights Agreement (this "Agreement") is made and entered into as of January 29, 2004, by and among Vail Resorts, Inc., a Delaware corporation (the "Issuer"), and the Guarantors named on the Signature Pages hereto (each a "Guarantor" and collectively, the "Guarantors"), on the one hand, and the initial purchasers named on the Signature Pages hereto (each, an "Initial Purchaser" and collectively, the "Initial Purchasers"), on the other hand, who have each agreed to purchase a specified number of the Issuer's 63/4% Senior Subordinated Notes due 2014 (the "Restricted Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated as of January 15, 2004 (the "Purchase Agreement"), by and among the Issuer, the Guarantors and the Initial Purchasers (i) for the benefit of the Issuer, the Guarantors and the Initial Purchasers and (ii) for the benefit of the holders from time to time of the Notes (including the Initial Purchasers). In order to induce the Initial Purchasers to purchase the Restricted Notes, the Issuer and the Guarantors have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 8 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Indenture, dated January 29, 2004, between the Company, the Guarantors and The Bank of New York, as Trustee, relating to the Restricted Notes and the Exchange Notes (the "Indenture").

The parties hereby agree as follows:

1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Advice: As defined in Section 6 hereof.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Broker-Dealer Transfer Restricted Securities: Exchange Notes that are acquired by a Broker-Dealer in the Exchange Offer in exchange for Restricted Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Restricted Notes acquired directly from the Issuer or any of its affiliates).

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Securities Act of the Exchange Offer Registration Statement relating to the Exchange Notes to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Issuer to the Registrar under the Indenture of Exchange Notes in the same aggregate principal amount at maturity as the aggregate principal amount at maturity of Restricted Notes that were tendered by Holders thereof pursuant to the Exchange Offer.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Notes: The 63/4% Senior Subordinated Notes due 2014, of the same class under the Indenture as the Restricted Notes, to be issued to Holders in exchange for Transfer Restricted Securities pursuant to this Agreement.

Exchange Offer: The registration by the Issuer under the Securities Act of the Exchange Notes pursuant to a Registration Statement pursuant to which the Issuer offers the Holders of all outstanding Transfer Restricted Securities the opportunity to exchange all such outstanding Transfer Restricted Securities held by such Holders for Exchange Notes in an aggregate principal amount at maturity equal to the aggregate principal amount at maturity of the Transfer Restricted Securities tendered in such exchange offer by such Holders.

***Exchange Offer Registration Statement**: The Registration Statement relating to the Exchange Offer, including the related Prospectus.*

***Exempt Resales**: The transactions in which an Initial Purchaser proposes to sell the Restricted Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Securities Act and to certain non-U.S. persons outside the United States within the meaning of Regulation S under the Securities Act.*

***Guarantor**: As defined in the preamble hereto.*

***Holder**: As defined in Section 2(b) hereof.*

***Indemnified Holder**: As defined in Section 8(a) hereof.*

***Indenture**: As defined in the preamble hereto.*

***Initial Placement**: The issuance and sale by the Issuer of the Restricted Notes to the Initial Purchasers pursuant to the Purchase Agreement.*

***Initial Purchaser(s)**: As defined in the preamble hereto.*

***Inspectors**: As defined in Section 6(c)(vi).*

***Interest Payment Date**: As defined in the Notes.*

***Issuer**: As defined in the preamble hereto.*

***Liquidated Damages**: As defined in Section 5(a) hereof.*

***NASD**: National Association of Securities Dealers, Inc.*

***Notes**: The Restricted Notes and the Exchange Notes.*

***Person**: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.*

***Prospectus**: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.*

***Purchase Agreement**: As defined in the preamble hereto.*

***Registration Default**: As defined in Section 5(a) hereof.*

***Registration Statement**: Any registration statement of the Issuer and the Guarantors relating to (a) an offering of Exchange Notes pursuant to the Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.*

***Restricted Broker-Dealer**: Any Broker-Dealer which holds Broker-Dealer Transfer Restricted Securities.*

***Restricted Notes**: The 63/4% Senior Subordinated Notes due 2014 of the same class under the Indenture as the Exchange Notes, for so long as such securities constitute Transfer Restricted Securities.*

***Securities Act**: The Securities Act of 1933, as amended.*

***Shelf Filing Deadline**: As defined in Section 4(a) hereof.*

***Shelf Registration Statement**: As defined in Section 4(a) hereof.*

***Suspension Notice**: As defined in Section 6 hereof.*

***TIA**: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.*

***Transfer Restricted Securities**: Each Note until (i) the date on which such Note has been exchanged by a person other than a broker-dealer for an Exchange Note in the Exchange Offer, (ii) following the exchange by a broker-dealer in the Exchange Offer of a Note for an Exchange Note, the date on which such Exchange Note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the Exchange Offer Registration Statement, (iii) the date on which such Note has been effectively registered under the Securities Act and disposed of in accordance with the Shelf Registration Statement or (iv) the date on which such Note may be freely transferred without registration under the Securities Act or is distributed to the public pursuant to Rule 144 under the Securities Act.*

***Underwritten Registration** or **Underwritten Offering**: A registration in which securities of the Issuer are sold to an underwriter for reoffering to the public.*

2. SECURITIES SUBJECT TO THIS AGREEMENT

*a. **Transfer Restricted Securities**. The securities entitled to the benefits of this Agreement are the Transfer Restricted Securities.*

b. ***Holders of Transfer Restricted Securities**. On any date of determination, any Person in whose name Transfer Restricted Securities are registered in accordance with the Indenture is deemed to be a holder of Transfer Restricted Securities (each, a "Holder").*

3. REGISTERED EXCHANGE OFFER

a. *Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6(a) below have been complied with), the Issuer and the Guarantors shall (i) cause to be filed with the Commission on or prior to 60 days after the Closing Date, a Registration Statement under the Securities Act relating to the Exchange Notes and the Exchange Offer, (ii) use their commercially reasonable best efforts to cause such Registration Statement to be declared effective on or prior to 270 days after the Closing Date, (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to be declared effective, (B) if applicable, file a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Securities Act and (C) cause all necessary filings in connection with the registration and qualification of the Exchange Notes to be ma de under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer and (iv) upon the effectiveness of such Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form to permit registration of the Exchange Notes to be offered in exchange for the Transfer Restricted Securities and sales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers as contemplated by Section 3(c) below.*
b. *The Issuer and the Guarantors shall cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer. The Issuer and the Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Notes or any additional notes issued by the issuer under the Indenture prior to the Consummation of the Exchange Offer shall be included in the Exchange Offer Registration Statement. The Issuer and the Guarantors shall use their respective commercially reasonable best efforts to issue, on or prior to 60 days after the Exchange Offer Registration Statement is declared effective by the Commission, Exchange Notes in exchange for all Notes tendered prior thereto in the Exchange Offer.*
c. *The Issuer shall indicate in a "Plan of Distribution" section contained in the Prospectus forming a part of the Exchange Offer Registration Statement that any Restricted Broker-Dealer who holds Restricted Notes that are Transfer Restricted Securities and that were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Issuer or one of its affiliates), may exchange such Restricted Notes pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Notes received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Di stribution" section shall also contain all other information with respect to such resales by Restricted Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Notes held by any such Broker-Dealer except to the extent required by the Commission as a result of a change in policy after the date of this Agreement.*
d. *The Issuer and the Guarantors shall use their respective best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) below to the extent necessary to ensure that it is available for resales of Broker-Dealer Transfer Restricted Securities acquired by Restricted Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending on the earlier of (i) 30 days from the date on which the Exchange Offer Registration Statement is declared effective and (ii) the date on which a Restricted Broker-Dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities.*
e. *The Issuer and the Guarantors shall provide sufficient copies of the latest version of such Prospectus to Restricted Broker-Dealers promptly upon request at any time during such 30-day (or shorter as provided in the foregoing sentence) period in order to facilitate such resales.*

4. SHELF REGISTRATION

a. ***Shelf Registration**. If (i) the Issuer is not required to file the Exchange Offer Registration Statement or not permitted to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) below have been complied with) or (ii) any Initial Purchaser that is a Holder of Transfer Restricted Securities notifies the Company prior to the 20th day following consummation of the Exchange Offer that (a) it is prohibited by law or Commission policy from participating in the Exchange Offer or (b) it may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales, the Issuer and the Guarantors shall:*
    1. *cause to be filed a shelf registration statement pursuant to Rule 415 under the Securities Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the "Shelf Registration Statement") as soon as practicable but in any event on or prior to 60 days after the obligation to file the Shelf Registration Statement arises (such date being the "Shelf Filing Deadline"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof; and*
    2. *use their respective commercially reasonable best efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or prior to the 270th day after such obligation arises.*

The Issuer and the Guarantors shall use their respective commercially reasonable best efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Notes by the Holders of Transfer Restricted Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years following the effective date of such Shelf Registration Statement (or shorter period that will terminate when all the Notes covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement or are otherwise no longer Transfer Restricted Securities).

b. *Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Issuer in writing, within 10 business days after receipt of a request therefor, such information as the Issuer may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Issuer all information required to be disclosed in order to make the information previously furnished to the Issuer by such Holder not materially misleading.*

5. LIQUIDATED DAMAGES

a. *If (i) any of the Registration Statements required by this Agreement is not filed with the Commission on or prior to the date specified for such filing in this Agreement, (ii) any of such Registration Statements has not been declared effective by the Commission on or prior to the date specified for such effectiveness in this Agreement (regardless of the reasonableness of any efforts made by or on behalf of the Issuer and the Guarantors to cause such Registration Statement to become effective), (iii) the Company and the Guarantors fail to consummate the Exchange Offer within 60 business days of the date the Exchange Offer Registration Statement was declared effective with respect to the Exchange Offer Registration Statement, or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter cease to be effective or fail to be usable for the periods specified in Sections 3(d) and 4(a) hereof without being succeeded immediately by a post-effective amendmen t to such Registration Statement that cures such failure and that is itself immediately declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default"), then the Issuer will pay "Liquidated Damages" to each Holder of Transfer Restricted Securities, with respect to the first 90-day period immediately following the occurrence of the first Registration Default, in an amount equal to $.05 per week per $1,000 principal amount of Transfer Restricted Securities held by such Holder. The amount of the Liquidated Damages will increase by an additional $.05 per week per $1,000 principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Liquidation Damages of $.30 per week per $1,000 principal amount of Transfer Restricted Securities. All accrued Liquidated Damages will be paid by the Issuer on each Interest Payment Date in the manner specified by the Indenture f or the payment of interest. Following the cure of all Registration Defaults, the accrual of Liquidated Damages will cease; provided, that no Holder of Transfer Restricted Securities who is not entitled to the benefits of a Shelf Registration Statement shall be entitled to receive Liquidated Damages by reason of a Registration Default that pertains to a Shelf Registration Statement and no Holder of Transfer Restricted Securities constituting an unsold allotment from the original sale of the notes or any other Holder of Transfer Restricted Securities who is entitled to the benefits of a Shelf Registration Statement shall be entitled to receive Liquidated Damages by reason of a Registration Default that pertains to an Exchange Offer.*
b. *All obligations of the Issuer set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Note shall have been satisfied in full.*

6. REGISTRATION PROCEDURES

a. *Exchange Offer Registration Statement. In connection with the Exchange Offer, the Issuer and the Guarantors shall comply with all of the applicable provisions of Section 6(c) below, shall use their respective commercially reasonable best efforts to effect such exchange to permit the sale of Broker-Dealer Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:*
    i. *If in the reasonable opinion of counsel to the Issuer there is a question as to whether the Exchange Offer is permitted by applicable law, the Issuer and the Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Issuer and the Guarantors to Consummate an Exchange Offer for such Restricted Notes. The Issuer and the Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level but shall not be required to take commercially unreasonable action to effect a change of Commission policy. The Issuer and the Guarantors hereby agree, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to the Issuer setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a favorable resolution by the Commission staff of such submission.*
    ii. *As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Issuer, prior to the Consummation thereof, a written representation to the Issuer and the Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Issuer, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Issuer's preparations for the Exchange Offer. Each Holder shall acknowledge and agree that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a di stribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Agreement rely on the position of the*

Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (which may include any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Notes obtained by such Holder in exchange for Restricted Notes acquired by such Holder directl y from the Issuer.

b. *Shelf Registration Statement. In connection with the Shelf Registration Statement, the Issuer and the Guarantors shall comply with all the provisions of Section 6(c) below and shall use their respective commercially reasonable best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Issuer and the Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Securities Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof.*

c. *General Provisions. In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Broker-Dealer Transfer Restricted Securities by Restricted Broker-Dealers), the Issuer and the Guarantors shall:*

i. *use their respective commercially reasonable best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Issuer shall file promptly an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use their respective commercially reasonable best efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter;*

ii. *prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;*

iii. *advise the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue in any material respect, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading in any material respect. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuer and the Guarantors shall use their respective best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;*

iv. *furnish without charge to each of the Initial Purchasers that are Holders of Transfer Restricted Securities covered by such Registration Statement and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus, which documents will be subject to the review of such Initial Purchasers and underwriter(s), if any, for a period of at least five business days, and the Issuer and the Guarantors will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which any such Initial Purchaser or the underwriter(s), if any, shall reasonably object in writing within five business days after the receipt thereof (such objection to be deemed timely made upon confirmation of telecopy transmission within such period). The o bjection of any such Initial Purchaser or underwriter, if any, shall be deemed to be reasonable if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission;*

v. *a reasonable time prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to the Initial Purchasers which are selling Holders and to the underwriter(s), if any, and make the Issuer's and the Guarantors' representatives available for discussion of such document and other customary due diligence matters;*

vi. *make available upon request at reasonable times for inspection by the Initial Purchasers which are selling Holders, any managing underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant retained by any of the underwriter(s) (the "Inspectors"), all financial and other*

records, pertinent corporate documents of the Issuer and the Guarantors and cause the Issuer's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such underwriter, attorney or accountant in connection with such Registration Statement subsequent to the filing thereof and prior to its effectiveness, provided however, that such Inspector shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such Inspectors, unless (a) disclosure of such infor mation is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (b) disclosure of such information is required by law (including any disclosure requirements pursuant to federal securities laws in connection with the filing of such Registration Statement or the use of any Prospectus), (c) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard such information by such Inspector or (d) such information becomes available to such Inspector from a source other than the Company and its subsidiaries and such source is not known, after due inquiry, by such Inspector to be bound by a confidentiality agreement; provided further, that the foregoing investigation shall be coordinated on behalf of such Inspectors by a limited number of representatives designated by and on behalf of such Inspectors and any such confidential information shall be available from such representatives to such Inspectors so l ong as any Inspector agrees to be bound by such confidentiality agreement;

vii. *if requested by the Initial Purchasers and the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Issuer is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;*

viii. *except with respect to the Exchange Offer, use their respective commercially reasonable best efforts to (a) if the Transfer Restricted Securities have been rated prior to the initial sale of such Transfer Restricted Securities, confirm such ratings will apply to the Transfer Restricted Securities covered by a Registration Statement, or (b) cause the Transfer Restricted Securities covered by a Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Notes covered thereby or the underwriter(s), if any;*

ix. *furnish to each selling Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules, all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);*

x. *deliver to each selling Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Issuer and the Guarantors hereby consent to the use (in accordance with the law) of the Prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;*

xi. *enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Agreement, all to such extent as may be reasonably requested in writing by any Initial Purchaser that is a selling Holder or by any underwriter in connection with any sale or resale of Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Agreement; and the Issuer and the Guarantors shall:*

   A. *upon written request furnish to each underwriter, if any, in such substance and scope as they may reasonably request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the Consummation of the Exchange Offer and, if applicable, the effectiveness of the Shelf Registration Statement:*

      1. *a certificate of the Issuer, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, signed by the Chief Executive Officer and Chief Financial Officer of the Issuer, and a certificate of each Guarantor, signed by two authorized officers of such Guarantor, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, as of the date thereof, the matters set forth in Section 8 (a) of the Purchase Agreement but applying, mutatis mutandis, to the Shelf Registration Statement in each place where reference is made to the Offering Memorandum in such Section 8(a), and to the filing date of the Shelf Registration Statement in each place where reference is made to "the Closing Date" or "the date hereof" in such Section 8(a), and such other matters as such parties may reasonably request;*
      2. *a customary opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Issuer and the Guarantors covering the matters set forth in Section 8(b) of the Purchase Agreement and such other matter as such parties may reasonably request; and*
      3. *a customary comfort letter, dated as of the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Issuer's and the Guarantors' independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters by underwriters in connection with primary underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 8 of the Purchase Agreement, as they relate to the Shelf Registration Statement, without exception;*

   B. *set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and*

C. *deliver such other documents and certificates as may be reasonably requested in writing by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Issuer and the Guarantors pursuant to this clause (xi), if any.*

xii. *If the representations and warranties of the Issuer and the Guarantors contemplated in clause (A)(1) above cease to be true and correct in any material respect, the Issuer and the Guarantors shall so advise the Initial Purchasers which are selling Holders and the underwriter(s), if any, promptly and, if requested by such Persons, shall confirm such advice in writing;*

xiii. *prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s) may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; provided, however, that the Issuer and the Guarantors shall not be required to register or qualify as a foreign corporation where it is not then so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not then so subject;*

xiv. *shall issue, upon the request of any Holder of Restricted Notes covered by the Shelf Registration Statement, Exchange Notes, having an aggregate principal amount at maturity equal to the aggregate principal amount at maturity of Restricted Notes surrendered to the Issuer by such Holder in exchange therefor or being sold by such Holder; such Exchange Notes to be registered in the name of such Holder or in the name of the purchaser(s) of such Notes, as the case may be; in return, the Restricted Notes held by such Holder shall be surrendered to the Issuer for cancellation;*

xv. *in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request in writing at least two business days prior to such sale of Transfer Restricted Securities made by such underwriter(s);*

xvi. *use their respective commercially reasonable best efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xiii) above;*

xvii. *if any fact or event contemplated by clause (c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading*

xviii. *provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of the Registration Statement and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depositary Trust Company;*

xix. *cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD, and use their respective reasonable best efforts to cause such Registration Statement to become effective and approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;*

xx. *otherwise use their respective commercially reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Issuer's first fiscal quarter commencing after the effective date of the Registration Statement;*

xxi. *cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Notes to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use their respective commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and*

xxii. *provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act.*

Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Issuer of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof (a "Suspension Notice"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvii) hereof, or until it is advised in writing (the "Advice") by the Issuer that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Issuer, each Holder hereby agrees it will deliver to the Issuer (at the Issuer's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of rec eipt of such notice. In the event the Issuer shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such Suspension Notice to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or

amended Prospectus contemplated by Section 6(c)(xvii) hereof or shall have received the Advice; however, no such extension shall be taken into account in determining whether Liquidated Damages are due pursuant to Section 5 hereof or the amount of such Liquidated Damages, it being agreed that the Issuer's option to suspend use of a Registration Statement pursuant to this paragraph shall be treated as a Registration Default for purposes of Section 5.

7. REGISTRATION EXPENSES

a. All expenses incident to the Issuer's and the Guarantors' performance of or compliance with this Agreement will be borne by the Issuer regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by the Initial Purchasers or Holders with the NASD (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of the NASD)); (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Exchange Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Issuer and the Guarantors and, subject to Section 7(b) below, the Holders of Transfer Restricted Securities; and (v) all fees and disburs ements of independent certified public accountants of the Issuer and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Issuer and the Guarantors will, in any event, bear their respective internal expenses (including, without limitation, all salaries and expenses of their respective officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Issuer and the Guarantors.

Each Holder shall pay all commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Notes.

b. In connection with any Shelf Registration Statement required by this Agreement, the Issuer and the Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being registered pursuant to the Shelf Registration Statement for the reasonable fees and disbursements of not more than one counsel, who shall be Latham & Watkins LLP or such other counsel as may be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Shelf Registration Statement is being prepared.

8. INDEMNIFICATION

a. The Issuer and the Guarantors agree, jointly and severally, to indemnify and hold harmless (i) each Holder and (ii) each person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including without limitation and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), joint or several, directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (in each case, including the documents incorporated by reference therein), or in any supplement thereto or amendment thereof, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Issuer by any of the Holders expressly for use therein. This indemnity agreement shall be in addition to any liability whic h the Issuer and the Guarantors may otherwise have, including this Agreement.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Issuer and the Guarantors, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Issuer in writing (provided, that the failure to give such notice shall not relieve the Issuer and the Guarantors of their respective obligations pursuant to this Agreement). Such Indemnified Holder shall have the right to employ its own counsel in any such action and the fees and expenses of such counsel shall be paid, as incurred, by the Issuer and the Guarantors. The Issuer and the Guarantors shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for th e reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for such Indemnified Holders, which firm shall be designated by the Holders. The Issuer and the Guarantors shall be liable for any settlement of any such action or proceeding effected with the Issuer's prior written consent, which consent shall not be withheld unreasonably, and the Issuer and the Guarantors agree to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or expense by reason of any settlement of any action effected with the written consent of the Issuer. The Issuer and the Guarantors shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding.

b. Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless (i) the Issuer and the Guarantors, (ii) each person, if any, who controls the Issuer or any of the Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and (iii) the officers, directors, partners, employees, representatives and agents of the Issuer or the Guarantors to the same extent as the foregoing indemnity from the Issuer and the Guarantors to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Issuer and the Guarantors or their respective directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and dutie s given the Issuer and the Guarantors and the Issuer and the Guarantors or their respective directors or officers or such controlling person shall have the rights and duties given to each Holder by the preceding paragraph. In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Transfer Restricted Securities giving rise to such indemnification obligation.

c. If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or Section 8(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative benefits received by the Issuer and the Guarantors on the one hand and the Holders on the other hand from the Initial Placement (which in the case of the Issuer and the Guarantors shall be deemed to be equal to the total gross proceeds from the Initial Placement as set forth on the cover page of the Offering Memorandum), the amount of Liquidated Damages which did not become payable as a result of the filing of the Re gistration Statement resulting in such losses, claims, damages, liabilities, judgments, actions or expenses, and such Registration Statement, or if such allocation is not permitted by applicable law, the relative fault of the Issuer and the Guarantors on the one hand and of the Indemnified Holder on the other in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Issuer and the Guarantors on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Issuer and the Guarantors and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, none of the Holders (and its related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which t he total discount received by such Holder with respect to the Restricted Notes exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount at maturity of Restricted Notes held by each of the Holders hereunder and not joint.

9. RULE 144A

The Issuer and the Guarantors hereby agree with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Issuer or such Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available, upon request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A, and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

10. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

11. SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Issuer and the Guarantors.

12. MISCELLANEOUS

a. Remedies. The Issuer and the Guarantors agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agree to waive the defense in

any action for specific performance that a remedy at law would be adequate.

b. *No Inconsistent Agreements. The Issuer and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Issuer and the Guarantors have not previously entered into any agreement granting any registration rights with respect to its securities to any Person. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuer's and the Guarantors' securities under any agreement in effect on the date hereof.*

c. *Adjustments Affecting the Notes. Subject to the foregoing provisions of this Agreement, the Issuer will not take any action, or permit any change to occur, with respect to the Notes that would materially and adversely affect the ability of the Holders to Consummate the Exchange Offer.*

d. *Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Issuer and the Guarantors have obtained the written consent of Holders of a majority of the outstanding principal amount at maturity of Transfer Restricted Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount at maturity of Transfer Restricted Securities being tendered or registered; provided that, with respect to any matter that directly or indirectly affects the rights of any Initial Purchaser hereunder, the Issu er and the Guarantors shall obtain the written consent of each such Initial Purchaser with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective.*

e. *Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:*

   i. *if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and*

   ii. *if to the Issuer and the Guarantors:*

Vail Resorts, Inc.
137 Benchmark Road
Avon, Colorado 81620
Telecopier No.: (970) 845-2470
Attention: Chief Executive Officer

with a copy to:

Cahill Gordon & Reindel llp
80 Pine Street
New York, New York 10005
Telecopier No.: (212) 269-5420
Attention: James J. Clark, Esq.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

f. *Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, however, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.*

g. *Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.*

h. *Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.*

i. *Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.*

j. *Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.*

k. *Entire Agreement. This Agreement together with the other Operative Documents (as defined in the Purchase Agreement) is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Issuer with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

VAIL RESORTS, INC.

By:

Name: Martha D. Rehm
Title: Senior Vice President

BEAVER CREEK ASSOCIATES, INC.

BEAVER CREEK CONSULTANTS, INC.

BEAVER CREEK FOOD SERVICES, INC.

BRECKENRIDGE RESORT PROPERTIES, INC.

COMPLETE TELECOMMUNICATIONS, INC.

GILLETT BROADCASTING, INC.

GRAND TETON LODGE COMPANY

HEAVENLY VALLEY, LIMITED PARTNERSHIP

JACKSON HOLE GOLF AND TENNIS CLUB, INC.

JHL&S LLC

KEYSTONE CONFERENCE SERVICES, INC.

KEYSTONE DEVELOPMENT SALES, INC.

KEYSTONE FOOD AND BEVERAGE COMPANY

KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY

LODGE PROPERTIES, INC.

LODGE REALTY, INC.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

ROCKRESORTS CASA MADRONA, LLC

ROCKRESORTS CHEECA, LLC

ROCKRESORTS EQUINOX, INC.

ROCKRESORTS INTERNATIONAL, LLC

ROCKRESORTS, LLC

ROCKRESORTS LA POSADO, LLC

ROCKRESORTS ROSARIO, LLC

ROCKRESORTS WYOMING, LLC

TETON HOSPITALITY SERVICES, INC.

THE VAIL CORPORATION

THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.

VAIL ASSOCIATES HOLDINGS, LTD.

VAIL ASSOCIATES REAL ESTATE, INC.

VAIL FOOD SERVICES, INC.

VAIL HOLDINGS, INC.

VAIL RESORTS DEVELOPMENT COMPANY

VAIL SUMMIT RESORTS, INC.

VAIL TRADEMARKS, INC.

VAIL/ARROWHEAD, INC.

VAIL/BEAVER CREEK RESORT PROPERTIES, INC.

VAMHC, INC.

VAIL RR, INC.

VA RANCHO MIRAGE I, INC.

VA RANCHO MIRAGE II, INC.

VA RANCHO MIRAGE RESORT, L.P.

VR HEAVENLY I, INC.

VR HEAVENLY II, INC.

Each by its authorized officer or signatory

By:

Name: Martha D. Rehm
Title: Senior Vice President

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written:

BANC OF AMERICA SECURITIES LLC
DEUTSCHE BANK SECURITIES INC.
BEAR, STEARNS & CO. INC.
LEHMAN BROTHERS INC.
PIPER JAFFRAY & CO.
WELLS FARGO SECURITIES, L.L.C.

Acting on behalf of themselves and the

several Initial Purchasers

By: BANC OF AMERICA SECURITIES LLC

By:

Name:

Title:

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Adam M. Aron, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vail Resorts, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and
    c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ ADAM M. ARON
Adam M. Aron
Chairman of the Board and
Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 302 OF THE

SARBANES-OXLEY ACT OF 2002

I, Jeffrey W. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vail Resorts, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
    a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
    b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by the report based on such evaluation; and
    c) disclosed in this quarterly report any change in the registrant's internal control over financial

reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2004

/s/ Jeffrey W. Jones
Jeffrey W. Jones
Senior Vice President and
Chief Financial Officer

Exhibit 32

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

AND THE CHIEF FINANCIAL OFFICER

PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as an officer of Vail Resorts, Inc. (the "Company") that the quarterly report of the Company on Form 10-Q for the quarter ended January 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and the results of operations of the Company at the end of and for the periods covered by such Report.

Date: March 15, 2004

/s/ ADAM M. ARON
Adam M. Aron
Chairman of the Board and
Chief Executive Officer

Date: March 15, 2004

/s/ Jeffrey W. Jones
Jeffrey W. Jones
Senior Vice President and
Chief Financial Officer

This certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is not a part of the Form 10-Q to which it refers, and is, to the extent permitted by law, provided by each of the above signatories to the extent of his respective knowledge.

Exhibit 4.6(i)

SIXTH SUPPLEMENTAL INDENTURE

Dated as of January 26, 2004

to

INDENTURE

Dated as of May 11, 1999

among

VAIL RESORTS, INC., as Issuer,

the Guarantors named therein, as Guarantors,

and

THE BANK OF NEW YORK, as Successor Trustee to

UNITED STATES TRUST COMPANY OF NEW YORK

---

up to $300,000,000

8 3/4 % Senior Subordinated Notes due 2009

SIXTH SUPPLEMENTAL INDENTURE, dated as of January 26, 2004, among Vail Resorts, Inc., a Delaware corporation (the "Issuer"), the Guarantors named on the signature pages hereto (the "Guarantors"), and The Bank of New York, as Successor to United States Trust Company of New York, as Trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer and the Guarantors have heretofore executed and delivered to the Trustee an Indenture dated as of May 11, 1999, as amended and supplemented by the First Supplemental Indenture dated as of August 27, 1999, by the Second Supplemental Indenture dated as of November 16, 2001, by the Third Supplemental Indenture dated as of January 16, 2002, by the Fourth Supplemental Indenture dated as of October 18, 2002 and by the Fifth Supplemental Indenture dated as of May 20, 2003 (together, the "Indenture") providing for the issuance of up to $300,000,000 aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2009 of the Company;

WHEREAS, on May 11, 1999, the Company issued and the Trustee authenticated and delivered $200,000,000 aggregate principal amount of the Company's 8 3/4% Senior Subordinated Notes due 2009 (the "Notes");

WHEREAS, Section 9.02 of the Indenture provides that the Company and the Trustee may amend or supplement the Indenture and the Notes with the written consent of the Holders of a majority in principal amount of the outstanding Notes;

WHEREAS, the Company, pursuant to an Offer to Purchase and Consent Solicitation Statement, dated January 13, 2004 (the "Statement" and, together with the related Consent and Letter of Transmittal, the "Offer Documents"), has offered to purchase any and all of the outstanding Notes (the "Offer") and solicited the consents of the Holders to the substance of the amendments to the Indenture contained in this Sixth Supplemental Indenture (the "Consent Solicitation"), upon the terms and conditions set forth in the Offer Documents;

WHEREAS, the Holders of a majority in principal amount of the outstanding Notes have delivered, pursuant to the Consent Solicitation and in accordance with the requirements of Section 9.02 of the Indenture, written consents to the substance of the amendments to the Indenture contained in this Sixth Supplemental Indenture;

WHEREAS, in accordance with Section 9.02 of the Indenture, it is not necessary for the consents of the Holders under Section 9.02 of the Indenture to approve the particular form of the amendments to the Indenture contained in this Sixth Supplemental Indenture, but it is sufficient that such consents approve the substance thereof; and

WHEREAS, all conditions precedent provided for in the Indenture with respect to the execution of this Sixth Supplemental Indenture have been complied with.

NOW THEREFORE, in consideration of the foregoing premises, the Company and the Trustee agree as follows:

Section 1. Definitions

. All capitalized terms used herein and not defined are used herein as defined in the Indenture.

Section 2. Amendments to the Indenture

. Subject to the provisions of Section 3 hereof, the Indenture and the Notes shall be amended as follows:

(a) The following provisions of the Indenture shall be deleted in their entirety and the Company shall be released from any and all of its obligations thereunder: Section 3.10 (Offer to Purchase by Application of Excess Proceeds); Section 4.04 (Reports); Section 4.05 (Compliance Certificate); Section 4.06 (Taxes); Section 4.07 (Stay, Extension and Usury Laws); Section 4.08 (Corporate Existence; Maintenance of Properties and Insurance); Section 4.09 (Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock); Section 4.10 (Limitation on Restricted Payments); Section 4.11 (Limitation on Liens); Section 4.12 (Limitation on Transactions with Affiliates); Section 4.13 (Limitations on Dividend and Other Payment Restrictions Affecting Subsidiaries); Section 4.14 (Limitation on Layering Debt); Section 4.15 (Payments for Consent); Section 4.16 (Asset Sales); Section 4.17 (Offer to Repurchase Upon Change of Control); Section 4.18 (Additional Subsidiary Guarantees); Section 5.01 (Limitation on Merger , Consolidation or Sale of Assets);

and Section 5.02 (Successor Person Substituted). Failure to comply with the terms of any of the foregoing sections of the Indenture shall no longer constitute a Default or Event of Default under the Indenture and shall no longer have any other consequences under the Indenture.

(b) Section 8 (Repurchase at Option of Holder) of the Notes shall be deleted in its entirety and the Company shall be released from any and all of its obligations thereunder.

(c) Section 12 (Events of Default and Remedies) of the Notes shall be amended and restated in its entirety to read as follows:

"14. Events of Default and Remedies

Events of Default include: (i) default for 30 days in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by Article 10 of the Indenture); (ii) default in payment when due (whether payable at maturity, upon redemption or repurchase or otherwise) of principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 of the Indenture). If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes and all other Obligations thereunder to be due and payable by notice in writing to the Company and the Trustee. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provi ded in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, interest or Liquidated Damages, if any) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium and Liquidated Damages, if any, or interest on the Notes."

(d) Section 6.01 of the Indenture shall be amended and restated in its entirety to read as follows:

"SECTION 6.01. Events of Default.

Each of the following constitutes an Event of Default:

(1) default for 30 days or more in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by Article 10 hereof); or

(2) default in payment when due (whether payable at maturity, upon redemption or repurchase or otherwise) of the principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 hereof)."

(e) All references in the Indenture and the Notes to any of the provisions deleted as provided in this Section 2 shall also be deleted. The following definitions set forth in Section 1.01 of the Indenture or elsewhere in the Indenture or the Notes shall be deleted in their entirety:

"Acquired Debt"

"Additional Assets"

"Affiliate Transaction"

"Asset Disposition"

"Asset Sale Offer"

"Average Life"

"Bankruptcy Law"

"Board Resolution"

"Change of Control"

"Change of Control Offer"

"Change of Control Payment"

"Change of Control Payment Date"

"Consolidated Interest Coverage Ratio"

"Consolidated Interest Expense"

"Consolidated Net Income"

"Consolidated Net Worth"

"Consolidated Resort EBITDA"

"EBITDA"

"Excess Proceeds"

"Existing Indebtedness"

"Existing Note Indenture"

"Existing Notes"

"Expiration Date"

"Foreign Restricted Subsidiary"

"Fully Traded Common Stock"

"Investment"

"Net Available Cash"

"Net Cash Proceeds"

"Net Proceeds"

"Notice of Default"

"Offer"

"Offer Amount"

"Offer Period"

"Payment Default"

"Payment Restrictions"

"Permitted Debt"

"Permitted Businesses"

"Permitted Investment"

"Permitted Liens"

"Permitted Refinancing Indebtedness"

"Plans"

"Purchase Date"

"Refinancing Disqualified Stock"

"Refinancing Indebtedness"

"Restricted Investment"

"Restricted Payment"

"Significant Subsidiary"

"Similar Business"

"Successor Company"

"Successor Guarantor"

"Temporary Cash Investment"

Section 3. Effectiveness; Operation

. This Sixth Supplemental Indenture shall be effective upon execution hereof by the parties hereto; however the amendments to the Indenture and the Notes contained in Section 2 hereof shall not become operative until the date and time the Company notifies (if orally, then confirmed in writing) Global Bondholder Services Corporation, as depositary and tabulation agent for the Notes under the Offer (the "Depositary"), that the Company has accepted for purchase the Notes tendered and not withdrawn pursuant to the Offer. In the event the Company notifies (if orally, then confirmed in writing) the Depositary that it has withdrawn or terminated the Offer, this Sixth Supplemental Indenture shall be terminated and of no force or effect and neither the Indenture nor the Notes shall be modified hereby. The Company shall promptly notify the Trustee in writing of any oral or written notice it gives to the Depositary.

Section 4. Ratification

. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Section 5. Conflict with Trust Indenture Act

. If and to the extent that any provision of this Sixth Supplemental Indenture limits, qualifies or conflicts with any provision which is required or deemed to be included in this Sixth Supplemental Indenture by any of the provisions of the TIA, such required or deemed provision shall control.

Section 6. Separability Clause

. In case any provision in this Sixth Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7. Effect of Headings

. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 8. Benefits of this Sixth Supplemental Indenture

. Nothing in this Sixth Supplemental Indenture, express or implied, shall give to any person, other than the parties to the Indenture and their respective successors thereunder and the Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Sixth Supplemental Indenture.

Section 9. Successors and Assigns

. All covenants and agreements in this Sixth Supplemental Indenture by the Company and the Guarantors shall bind their respective successors and assigns, whether so expressed or not.

Section 10. Governing Law

. This Sixth Supplemental Indenture and the Indenture and the Notes, each as supplemented and amended hereby, shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 11. Multiple Originals

. The parties may sign any number of copies of this Sixth Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Sixth Supplemental Indenture.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Sixth Supplemental Indenture to be duly executed, all as of the date first written above.

ISSUER:

VAIL RESORTS, INC.

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

GUARANTORS:

BEAVER CREEK ASSOCIATES, INC.

BEAVER CREEK CONSULTANTS, INC.

BEAVER CREEK FOOD SERVICES, INC.

BRECKENRIDGE RESORT PROPERTIES, INC.

COMPLETE TELECOMMUNICATIONS, INC.

GHTV, INC.

GILLETT BROADCASTING, INC.

GRAND TETON LODGE COMPANY

JACKSON HOLE GOLF AND TENNIS CLUB, INC.

KEYSTONE CONFERENCE SERVICES, INC.

KEYSTONE DEVELOPMENT SALES, INC.

KEYSTONE FOOD AND BEVERAGE COMPANY

KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY

LARKSPUR RESTAURANT & BAR, LLC

LODGE PROPERTIES, INC.

LODGE REALTY, INC.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

ROCKRESORTS CASA MADRONA, LLC

ROCKRESORTS CHEECA, LLC

ROCKRESORTS EQUINOX, INC.

ROCKRESORTS INTERNATIONAL, LLC

ROCKRESORTS LAPOSADA, LLC

ROCKRESORTS LLC

ROCKRESORTS ROSARIO, LLC

TETON HOSPITALITY SERVICES, INC.

THE VAIL CORPORATION

THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.

VA RANCHO MIRAGE I, INC.

VA RANCHO MIRAGE II, INC.

VAIL ASSOCIATES HOLDINGS, LTD.

VAIL ASSOCIATES REAL ESTATE, INC.

VAIL FOOD SERVICES, INC.

VAIL HOLDINGS, INC.

VAIL RESORTS DEVELOPMENT COMPANY

VAIL RR, INC.

VAIL SUMMIT RESORTS, INC.

VAIL TRADEMARKS, INC.

VAIL/ARROWHEAD, INC.

VAIL/BEAVER CREEK RESORT PROPERTIES, INC.

VAMHC, INC.

VR HEAVENLY I, INC.

VR HEAVENLY II, INC.

Each by its authorized officer:

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

JHL&S, LLC

By:

Name: Martha Dugan Rehm

Title: Authorized Signatory

VA RANCHO MIRAGE RESORT, L.P.

By: VA Rancho Mirage I, Inc., its General Partner

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

HEAVENLY VALLEY, LIMITED

PARTNERSHIP

By: VR Heavenly I, Inc., Its General Partner

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

TRUSTEE:

THE BANK OF NEW YORK

as Trustee

By:

Name:

Title:

Footnote continued from previous page.

Footnote continued on next page.

Exhibit 4.6(j)

FOURTH SUPPLEMENTAL INDENTURE

Dated as of January 26, 2004

to

INDENTURE

Dated as of November 21, 2001

among

VAIL RESORTS, INC., as Issuer,

the Guarantors named therein, as Guarantors,

and

THE BANK OF NEW YORK, as Trustee

---

up to $300,000,000

8 3/4 % Senior Subordinated Notes due 2009

FOURTH SUPPLEMENTAL INDENTURE, dated as of January 26, 2004, among Vail Resorts, Inc., a Delaware corporation (the "Issuer"), the Guarantors named on the signature pages hereto (the "Guarantors") and The Bank of New York as Trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, the Issuer and the Guarantors have heretofore executed and delivered to the Trustee an Indenture dated as of November 21, 2001, as amended and supplemented by the First Supplemental Indenture dated as of January 16, 2002, by the Second Supplemental Indenture dated as of October 18, 2002 and by the Third Supplemental Indenture dated as of May 20, 2003 (together, the "Indenture") providing for the issuance of up to $300,000,000 aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2009 of the Company;

WHEREAS, on November 21, 2001, the Company issued and the Trustee authenticated and delivered $160,000,000 aggregate principal amount of the Company's 8 3/4% Senior Subordinated Notes due 2009 (the "Notes");

WHEREAS, Section 9.02 of the Indenture provides that the Company and the Trustee may amend or supplement the Indenture and the Notes with the written consent of the Holders of a majority in principal amount of the outstanding Notes;

WHEREAS, the Company, pursuant to an Offer to Purchase and Consent Solicitation Statement, dated January 13, 2004 (the "Statement" and, together with the related Consent and Letter of Transmittal, the "Offer Documents"), has offered to purchase any and all of the outstanding Notes (the "Offer") and solicited the consents of the Holders to the substance of the amendments to the Indenture contained in this Fourth Supplemental Indenture (the "Consent Solicitation"), upon the terms and conditions set forth in the Offer Documents;

WHEREAS, the Holders of a majority in principal amount of the outstanding Notes have delivered, pursuant to the Consent Solicitation and in accordance with the requirements of Section 9.02 of the Indenture, written consents to the substance of the amendments to the Indenture contained in this Fourth Supplemental Indenture;

WHEREAS, in accordance with Section 9.02 of the Indenture, it is not necessary for the consents of the Holders under Section 9.02 of the Indenture to approve the particular form of the amendments to the Indenture contained in this Fourth Supplemental Indenture, but it is sufficient that such consents approve the substance thereof; and

WHEREAS, all conditions precedent provided for in the Indenture with respect to the execution of this Fourth Supplemental Indenture have been complied with.

NOW THEREFORE, in consideration of the foregoing premises, the Company and the Trustee agree as follows:

Section 1. Definitions

. All capitalized terms used herein and not defined are used herein as defined in the Indenture.

Section 2. Amendments to the Indenture

. Subject to the provisions of Section 3 hereof, the Indenture and the Notes shall be amended as follows:

(a) The following provisions of the Indenture shall be deleted in their entirety and the Company shall be released from any and all of its obligations thereunder: Section 3.10 (Offer to Purchase by Application of Excess Proceeds); Section 4.04 (Reports); Section 4.05 (Compliance Certificate); Section 4.06 (Taxes); Section 4.07 (Stay, Extension and Usury Laws); Section 4.08 (Corporate Existence; Maintenance of Properties and Insurance); Section 4.09 (Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock); Section 4.10 (Limitation on Restricted Payments); Section 4.11 (Limitation on Liens); Section 4.12 (Limitation on Transactions with Affiliates); Section 4.13 (Limitations on Dividend and Other Payment Restrictions Affecting Subsidiaries); Section 4.14 (Limitation on Layering Debt); Section 4.15 (Payments for Consent); Section 4.16 (Asset Sales); Section 4.17 (Offer to Repurchase Upon Change of Control); Section 4.18 (Additional Subsidiary Guarantees); Section 5.01 (Limitation on Merger , Consolidation or Sale of Assets); and Section 5.02 (Successor Person Substituted). Failure to comply with the terms of any of the foregoing sections of the Indenture shall no longer constitute a Default or Event of Default under the Indenture and shall no longer have any other consequences under the Indenture.

(b) Section 8 (Repurchase at Option of Holder) of the Notes shall be deleted in its entirety and the Company shall be released from any and all of its obligations thereunder.

(c) Section 12 (Events of Default and Remedies) of the Notes shall be amended and restated in its entirety to read as follows:

"14. Events of Default and Remedies

Events of Default include: (i) default for 30 days in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by Article 10 of the Indenture); (ii) default in payment when due (whether payable at maturity, upon redemption or repurchase or otherwise) of principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 of the Indenture). If any Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes and all other Obligations thereunder to be due and payable by notice in writing to the Company and the Trustee. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provi ded in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, interest or Liquidated Damages, if any) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, premium and Liquidated Damages, if any, or interest on the Notes."

(d) Section 6.01 of the Indenture shall be amended and restated in its entirety to read as follows:

"SECTION 6.01. Events of Default.

Each of the following constitutes an Event of Default:

(1) default for 30 days or more in the payment when due of interest on, or Liquidated Damages, if any, with respect to, the Notes (whether or not prohibited by Article 10 hereof); or

(2) default in payment when due (whether payable at maturity, upon redemption or repurchase or otherwise) of the principal of or premium, if any, on the Notes (whether or not prohibited by Article 10 hereof)."

(e) All references in the Indenture and the Notes to any of the provisions deleted as provided in this Section 2 shall also be deleted. The following definitions set forth in Section 1.01 of the Indenture or elsewhere in the Indenture or the Notes shall be deleted in their entirety:

"Acquired Debt"

"Additional Assets"

"Affiliate Transaction"

"Asset Disposition"

"Asset Sale Offer"

"Average Life"

"Bankruptcy Law"

"Board Resolution"

"Change of Control"

"Change of Control Offer"

"Change of Control Payment"

"Change of Control Payment Date"

"Consolidated Interest Coverage Ratio"

"Consolidated Interest Expense"

"Consolidated Net Income"

"Consolidated Net Worth"

"Consolidated Resort EBITDA"

"EBITDA"

"Excess Proceeds"

"Existing Indebtedness"

"Existing Note Indenture"

"Existing Notes"

"Expiration Date"

"Foreign Restricted Subsidiary"

"Fully Traded Common Stock"

"Investment"

"Net Available Cash"

"Net Cash Proceeds"

"Net Proceeds"

"Notice of Default"

"Offer"

"Offer Amount"

"Offer Period"

"Payment Default"

"Payment Restrictions"

"Permitted Debt"

"Permitted Businesses"

"Permitted Investment"

"Permitted Liens"

"Permitted Refinancing Indebtedness"

"Plans"

"Purchase Date"

"Refinancing Disqualified Stock"

"Refinancing Indebtedness"

"Restricted Investment"

"Restricted Payment"

"Significant Subsidiary"

"Similar Business"

"Successor Company"

"Successor Guarantor"

"Temporary Cash Investment"

Section 3. Effectiveness; Operation

. This Fourth Supplemental Indenture shall be effective upon execution hereof by the parties hereto; however the amendments to the Indenture and the Notes contained in Section 2 hereof shall not become operative until the date and time the Company notifies (if orally, then confirmed in writing) Global Bondholder Services Corporation, as depositary and tabulation agent for the Notes under the Offer (the "Depositary"), that the Company has accepted for purchase the Notes tendered and not withdrawn pursuant to the Offer. In the event the Company notifies (if orally, then confirmed in writing) the Depositary that it has withdrawn or terminated the Offer, this Fourth Supplemental Indenture shall be terminated and of no force or effect and neither the Indenture nor the Notes shall be modified hereby. The Company shall promptly notify the Trustee in writing of any oral or written notice it gives to the Depositary.

Section 4. Ratification

. Except as hereby expressly amended, the Indenture is in all respects ratified and confirmed and all the terms, provisions and conditions thereof shall be and remain in full force and effect.

Section 5. Conflict with Trust Indenture Act

. If and to the extent that any provision of this Fourth Supplemental Indenture limits, qualifies or conflicts with any provision which is required or deemed to be included in this Fourth Supplemental Indenture by any of the provisions of the TIA, such required or deemed provision shall control.

Section 6. Separability Clause

. In case any provision in this Fourth Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 7. Effect of Headings

. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 8. Benefits of this Fourth Supplemental Indenture

. Nothing in this Fourth Supplemental Indenture, express or implied, shall give to any person, other than the parties to the Indenture and their respective successors thereunder and the Holders of the Notes, any benefit or any legal or equitable right, remedy or claim under this Fourth Supplemental Indenture.

Section 9. Successors and Assigns

. All covenants and agreements in this Fourth Supplemental Indenture by the Company and the Guarantors shall bind their respective successors and assigns, whether so expressed or not.

Section 10. Governing Law

. This Fourth Supplemental Indenture and the Indenture and the Notes, each as supplemented and amended hereby, shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable

principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

Section 11. Multiple Originals

. The parties may sign any number of copies of this Fourth Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Fourth Supplemental Indenture.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed, all as of the date first written above.

ISSUER:

VAIL RESORTS, INC.

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

GUARANTORS:

BEAVER CREEK ASSOCIATES, INC.

BEAVER CREEK CONSULTANTS, INC.

BEAVER CREEK FOOD SERVICES, INC.

BRECKENRIDGE RESORT PROPERTIES, INC.

COMPLETE TELECOMMUNICATIONS, INC.

GHTV, INC.

GILLETT BROADCASTING, INC.

GRAND TETON LODGE COMPANY

JACKSON HOLE GOLF AND TENNIS CLUB, INC.

KEYSTONE CONFERENCE SERVICES, INC.

KEYSTONE DEVELOPMENT SALES, INC.

KEYSTONE FOOD AND BEVERAGE COMPANY

KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY

LARKSPUR RESTAURANT & BAR, LLC

LODGE PROPERTIES, INC.

LODGE REALTY, INC.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

ROCKRESORTS CASA MADRONA, LLC

ROCKRESORTS CHEECA, LLC

ROCKRESORTS EQUINOX, INC.

ROCKRESORTS INTERNATIONAL, LLC

ROCKRESORTS LAPOSADA, LLC

ROCKRESORTS LLC

ROCKRESORTS ROSARIO, LLC

TETON HOSPITALITY SERVICES, INC.

THE VAIL CORPORATION

THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.

VA RANCHO MIRAGE I, INC.

VA RANCHO MIRAGE II, INC.

VAIL ASSOCIATES HOLDINGS, LTD.

VAIL ASSOCIATES REAL ESTATE, INC.

VAIL FOOD SERVICES, INC.

VAIL HOLDINGS, INC.

VAIL RESORTS DEVELOPMENT COMPANY

VAIL RR, INC.

VAIL SUMMIT RESORTS, INC.

VAIL TRADEMARKS, INC.

VAIL/ARROWHEAD, INC.

VAIL/BEAVER CREEK RESORT PROPERTIES, INC.

VAMHC, INC.

VR HEAVENLY I, INC.

VR HEAVENLY II, INC.

Each by its authorized officer:

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

JHL&S, LLC

By:

Name: Martha Dugan Rehm

Title: Authorized Signatory

VA RANCHO MIRAGE RESORT, L.P.

By: VA Rancho Mirage I, Inc., its General Partner

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

HEAVENLY VALLEY, LIMITED

PARTNERSHIP

By: VR Heavenly I, Inc., Its General Partner

By:

Name: Martha Dugan Rehm

Title: Senior Vice President

TRUSTEE:

THE BANK OF NEW YORK

as Trustee

By:

Name:

Title:

Footnote continued from previous page.

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