As filed with the Securities and Exchange Commission on June 14, 1999
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VAIL RESORTS, INC.
(Exact name of registrant as specified in its charter)

Delaware	7990	51-0291762
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

137 Benchmark Road
Avon, CO 81620
(970) 845-2500
(Address, including ZIP Code, and telephone number, including area code, of registrant's principal executive offices)

See Table of Additional Registrants

Martha D. Rehm, Esq.
Senior Vice President and General Counsel
Vail Resorts, Inc.
137 Benchmark Road
Avon, CO 81620
(970) 845-2500
(Name, address, including ZIP Code, and telephone number, including area code, of agent for service)

with a copy to:
James J. Clark, Esq.
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
(212) 701-3000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 426(b) under the Securities Act, check the following and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered Proposed	Proposed Maximum Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
8 3/4% Senior Subordinated Notes due 2009.....	$200,000,000	100%	$200,000,000	$55,600
Guarantees of 8 3/4% Senior Subordinated Notes due 2009.....	(3)	(3)	(3)	(3)

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(1) Estimated solely for the purpose of computing the registration fee in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended (the "Securities Act").
(2) Calculated pursuant to Rule 457(f)(2) under the Securities Act.
(3) Pursuant to Rule 457(n), no registration fee is required with respect to the Guarantees.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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ADDITIONAL REGISTRANTS

Exact name of registrant as specified in its charter	State or other jurisdiction of incorporation or organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification No.
Vail Holdings, Inc.	Colorado	551112	84-0568230
The Vail Corporation	Colorado	71392	84-0601461
Beaver Creek Associates, Inc.	Colorado	71392	84-0677537
Beaver Creek Consultants, Inc.	Colorado	56151	84-0760348
Lodge Properties, Inc.	Colorado	72111	84-0607010
Piney River Ranch, Inc.	Colorado	71399	84-1147680
Vail Food Services, Inc.	Colorado	72231	84-0596378
Vail Resorts Development Company	Colorado	23311	84-1242948
Vail Summit Resorts, Inc.	Colorado	71392	43-1273996
Vail Trademarks, Inc.	Colorado	541199	84-1253319
Vail/Arrowhead, Inc.	Colorado	23311	84-1253320
Vail/Beaver Creek Resort Properties, Inc.	Colorado	531311	52-1479879
Beaver Creek Food Services, Inc.	Colorado	72231	84-0815288
Lodge Realty, Inc.	Colorado	53121	13-3051423
Vail Associates Consultants, Inc.	Colorado	53121	84-0738502
Vail Associates Holdings, Ltd.	Colorado	53139	84-1214955
Vail Associates Management Company	Colorado	531311	84-1248614
Vail Associates Real Estate, Inc.	Colorado	53121	84-1013094
Vail/Battle Mountain, Inc.	Colorado	53139	84-1146997
Keystone Conference Services, Inc.	Colorado	72111	84-1075280
Keystone Development Sales, Inc.	Colorado	53121	43-1463384
Keystone Food and Beverage Company	Colorado	72231	84-0678950
Keystone Resort Property Management Company	Colorado	531311	84-0705922
Property Management Acquisition Corp., Inc.	Tennessee	531311	62-1634422
The Village at Breckenridge Acquisition Corp., Inc.	Tennessee	72111	62-1633660
GHTV, Inc.	Delaware	551112	39-1284459
Gillett Broadcasting of Maryland, Inc.	Delaware	53139	52-1480854
Gillett Broadcasting, Inc.	Delaware	551112	37-0920781
Gillett Group Management, Inc.	Delaware	541618	62-1148746

The address, including zip code, and telephone number, including area code, of the principal executive offices of the additional registrants listed above is: c/o Vail Resorts, Inc., 137 Benchmark Road, Avon, CO 81620, and the telephone number at that address is (970) 845-2500.

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+The information in this prospectus is not complete and may be changed. We may +
+not consummate the exchange offer until the registration statement filed with +
+the Securities and Exchange Commission is effective. This prospectus is not   +
+an offer to sell these notes and is not soliciting an offer to buy these   +
+notes in any state where the offer or sale is not permitted.   +
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PROSPECTUS

SUBJECT TO COMPLETION DATED June 14, 1999

[LOGO OF VAIL RESORTS, INC.]

Exchange Offer
for
$200,000,000 Aggregate Principal Amount
of
8 3/4% Senior Subordinated Notes Due 2009

Terms of Exchange Offer

- Expires 5:00 p.m., New York City time, on 1999, unless extended.
- Subject to certain customary conditions, which may be waived by us.
- All outstanding 8 3/4% Senior Subordinated Notes due 2009 that are validly tendered and not withdrawn will be exchanged.
- Tenders of outstanding Notes may be withdrawn any time prior to the expiration of this exchange offer.
- The exchange of the outstanding Notes will not be a taxable exchange for federal income tax purposes.
- We will not receive any cash proceeds from the exchange offer.
- The terms of the notes to be issued in exchange for the outstanding Notes are substantially identical to the outstanding Notes, except for certain transfer restrictions and registration rights relating to the outstanding notes.
- Any outstanding Notes not validly tendered will remain subject to existing transfer restrictions.

See "Risk Factors" beginning on page 13 for a discussion of certain factors that should be considered by holders who tender their outstanding Notes in the exchange offer.

There has not been previously any public market for the exchange notes that will be issued in the exchange offer. We do not intend to list the exchange notes on any national stock exchange or on the Nasdaq Stock Market. There can be no assurance that an active market for such exchange notes will develop.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the notes to be distributed in the exchange offer, nor have any of these organizations passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is , 1999.

The exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding notes in any jurisdiction in which the exchange offer or the acceptance thereof would not be in compliance with the securities or blue sky laws of such jurisdiction.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Exchange Act file number for our SEC filings is 001-09614. You may read and copy any document we file at the following SEC public reference rooms:

Judiciary Plaza 450 Fifth Street, N.W. Room 1024 Washington, D.C. 20549	500 West Madison Street 14th Floor Chicago, Illinois 60661	7 World Trade Center Suite 1300 New York, New York 10048

You may obtain information on the operation of the public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330.

We file information electronically with the SEC. Our SEC filings also are available from the SEC's Internet site at http://www.sec.gov, which contains reports, proxy and information statements, and other information regarding issuers that file electronically.

The SEC allows us to "incorporate by reference" certain documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information in the documents incorporated by reference is considered to be part of this prospectus, and information in documents that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act.

- Annual Report on Form 10-K for the fiscal year ended July 31, 1998; and

- Quarterly Reports on Form 10-Q for the quarters ended October 31, 1998 and January 31, 1999.

We will provide a copy of the documents we incorporate by reference, at no cost, to any person who receives this prospectus, including any beneficial owner of our common stock. To request a copy of any or all of these documents, you should write or telephone us at the following address and telephone number:

Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658
Telephone: (970) 845-2500
Attention: Beth McMullen Lohman

To obtain timely delivery, you must make your request no later than , 1999 (five business days prior to the expiration date for the exchange offer).

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will" and similar terms and phrases, including references to assumptions. These statements are contained in sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and other sections of this prospectus and in the documents incorporated by reference in this prospectus.

Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or expectations will be achieved. Important factors that could cause actual results to differ materially from our forward-looking statements are set forth below and elsewhere in this prospectus, including under the section headed "Risk Factors." Such factors include, among others, 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 resort businesses; our reliance on government permits for our use of federal land; our ability to integrate and successfully operate future acquisitions; and adverse changes in the real estate market. All forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

Our risks are more specifically described in "Risk Factors" and in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are incorporated by reference in this prospectus. If one or more of these risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. We will not update these forward-looking statements, even if new information, future events or other circumstances have made them incorrect or misleading.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and consolidated financial statements (including the notes thereto) appearing elsewhere in, or incorporated by reference into, this prospectus. The terms "the Company," "we," "us" and "our" as used in this prospectus refer to Vail Resorts, Inc. and its subsidiaries and predecessors as a combined entity, except where it is clear from the context that such term means only the parent company. On September 1, 1997 we changed our fiscal year end from September 30 to July 31. Accordingly, "fiscal" in connection with a year prior to 1998 refers to the 12 months ended September 30, while "fiscal" in connection with 1998 refers to the ten months ended July 31 and "fiscal" in subsequent years refers to the 12 months ended July 31. Unless otherwise specified, "ski season" shall mean the period from the opening of any of our mountains for skiing to the closing of our last mountain for skiing, typically late October to early May, and "skier day" shall mean one guest accessing a ski mountain on any one day. "Beaver Creek" and other designated trademarks are registered trademarks of Vail Resorts, Inc.

The Company

Vail Resorts is one of the leading resort operators in North America. Through our four premier properties we provide a comprehensive resort experience throughout the year to a diverse clientele with an attractive demographic profile. Our resorts currently include:

- Vail Mountain--the largest and most popular single ski mountain complex in North America ("Vail"),
- Beaver Creek Resort--one of the world's premier family-oriented mountain resorts ("Beaver Creek"),
- Breckenridge Mountain--an attractive destination resort with numerous apres ski activities and an extensive bed base ("Breckenridge"), and
- Keystone Resort--a year-round family vacation destination ("Keystone").

We are one of the most profitable mountain resort operators due to the following competitive strengths:

- ownership of premium resorts,
- attractive guest demographics,
- strong brand franchise,
- scope, diversity and quality of our complementary activities and guest services, and
- proximity of our ski resorts to both Denver International Airport and Vail/Eagle County Airport.

We had an 8.7% share of skier days in the United States for the 1997-98 ski season and are uniquely positioned to attract a broad range of guests due to our diverse ski terrain, varied price points and numerous activities and services. Our ski resorts are located within 50 miles of each other, which enables us to offer guests the opportunity to visit each ski resort during one vacation stay and participate in common loyalty programs. We also own substantial real estate proximate to our ski resorts from which we derive significant strategic benefits and cash flow.

For the twelve months ended January 31, 1999, our revenue from resort operations ("Resort Revenue") and Resort EBITDA (as hereinafter defined) was $387.5 million and $98.3 million, respectively. Due principally to unusually adverse weather conditions during the 1998-99 ski season, we announced that our Resort EBITDA for the three months ended April 30, 1999 was lower than our Resort EBITDA for the three months ended April 30, 1998. See "--Recent Results."

Our principal executive office is located at 137 Benchmark Road, Avon, Colorado 81620, and our phone number at that address is (970) 845-2500.

Resorts

Vail--Located 100 miles from Denver, Vail is the largest and most popular single ski mountain complex in North America, offering over 4,600 acres of unique and varied ski terrain spanning approximately 20 square miles. Included in this complex are Vail's world-famous Back Bowls, the largest network of high speed quad chairlifts in the world, a top rated ski school and a wide variety of dining and retail venues. We estimate that Vail's skier days will approximate 1.33 million for the 1998-99 ski season. Vail hosted the World Alpine Ski Championships in January 1999, the first time a North American ski resort has been selected to host this prestigious event twice. For the last ten years, Vail has been rated the number one ski resort in the United States by the Mountain Sports and Living (f/k/a Snow Country) magazine survey.

Beaver Creek--Located ten miles west of Vail, Beaver Creek is one of the world's premier family-oriented mountain resorts, offering its guests a superior level of service in a pristine alpine setting. Since opening in 1980, Beaver Creek has been one of the fastest growing ski resorts in North America, with annual skier days increasing from 111,746 in the 1980-81 ski season to approximately 610,000 during the 1998-99 ski season. With the connection (through ski lifts and trails) of three distinct ski areas--Beaver Creek, Arrowhead(TM) and Bachelor Gulch(TM)--Beaver Creek provides guests with a European-style village-to-village ski experience. Beaver Creek offers a distinct and varied vacation experience from Vail and was ranked number six in the 1998 Mountain Sports and Living magazine survey. It has consistently been rated among the top ten resorts in the United States in various other industry surveys.

Breckenridge--Located approximately 85 miles west of Denver and 40 miles east of Vail, Breckenridge offers over 2,000 acres of skiing on four different mountain peaks, including open bowl skiing and excellent beginner and intermediate ski terrain. The ski area is located adjacent to the Town of Breckenridge, a Victorian mining town, which has numerous apres ski activities and an extensive and growing bed base, making Breckenridge an attractive destination resort for national and international skiers. We estimate that Breckenridge's skier days will approximate 1.37 million for the 1998-99 ski season, a new record for Breckenridge.

Keystone--Located 70 miles west of Denver and 15 miles from Breckenridge, Keystone offers over 1,800 acres of skiable terrain. We estimate that Keystone's skier days will approximate 1.24 million for the 1998-99 ski season. Keystone has the largest and most advanced snowmaking capability of any Colorado mountain resort with snowmaking coverage extending over nearly 50% of Keystone's skiable acreage. Keystone also provides the largest single-mountain night skiing experience in North America, with 17 lighted trails covering 2,340 vertical feet, offering a 12 1/2 hour ski day. Keystone is a planned family-oriented community that offers numerous year-round activities, the majority of which we operate, including the Keystone Conference Center, which is the largest convention center in the Colorado Rocky Mountains.

Grand Teton--We have also entered into a contract to purchase the Grand Teton Lodge Company ("Grand Teton"), for a total purchase price of $50 million. Grand Teton is based in Jackson Hole, Wyoming and operates four premier resort properties in and around Grand Teton National Park. Within the park, we will operate the 37-cabin Jenny Lake Lodge, a AAA four-diamond lodge; Jackson Lake Lodge, a picturesque 385-room lodge that boasts the most extensive meeting facilities in any national park; and Colter Bay Village, a unique family resort with 226 cabins as well as extensive camping and recreational facilities. Outside the park, we will operate the Jackson Hole Golf and Tennis Club, the top-rated golf course in the State of Wyoming. Adjacent to the golf course, we will also own 30 acres of developable land suitable for future residential development. For the twelve month period ended December 31, 1998, Grand Teton had Resort Revenues and Resort EBITDA of $26.6 million and $7.9 million, respectively. The transaction is expected to close by the summer of 1999, and is subject to approval from the National Park Service.

Business Strategy

A key component of the business strategy for our mountain resorts has been to expand and enhance our core ski operations, while at the same time increasing the scope, diversity and quality of the complementary activities and services offered to our skiing and non-skiing guests throughout the year. This focus has resulted in growth in skier days and lift ticket sales and has also allowed us to expand our revenue base beyond our core ski operations. As a result of this strategy, non-lift ticket revenue as a percentage of total Resort Revenue has increased to over 63% of total Resort Revenue for the twelve months ended January 31, 1999, as compared to 36% in fiscal 1985.

Our focus on developing a comprehensive destination resort experience has also allowed us to attract a diverse guest population with an attractive demographic and economic profile, including a significant number of affluent and family-oriented destination guests, who tend to generate higher and more diversified revenues per guest than day skiers from local population centers. While our Resort Revenue per skier day is currently among the highest in the industry, we estimate that we currently capture only 20% of the total vacation expenditures of an average destination guest at our resorts. See "Business--Resorts."

In connection with this strategy, we have completed numerous internal growth initiatives over the past several years to add "new attractions" and improve on-mountain facilities, including:

- expanding ski terrain at Beaver Creek by 30%,
- constructing seven high-speed four-passenger chairlifts and a state-of-the-art gondola,
- building innovative family attractions such as Adventure Ridge(TM) and Adventure Point(TM),
- introducing snowboarding at Keystone,
- significantly improving snowmaking systems at all of our resorts,
- adding 20 new restaurants and 3 private on-mountain clubs, and
- updating our guest-focused information systems, including introducing resort-wide charging, which offers guests a cashless on-mountain experience and "direct-to-lift" convenience.

Our total resort capital spending on these and other internal initiatives over the past three calendar years has been in excess of $140 million.

As a complement to our internal growth strategy, we also selectively acquire businesses in and around our resorts to (1) broaden our participation in the services available to our guests, thereby allowing us to maintain and improve the quality of our guests' experience, (2) increase our ability to offer "package" vacation products to our guests, and (3) increase Resort Revenue per skier day. Over the past 18 months, we have acquired for an aggregate purchase price of approximately $72 million, five hotels operating a total of 519 rooms and three property management operations which oversee approximately 400 units. We have also secured additional contracts to manage nearly 300 individual condominium units. Since acquiring these hotel properties, we have significantly improved their occupancy, average daily rate, operating margins and Resort EBITDA.

We have also recently expanded our retail presence by entering into a joint venture, SSI Venture, with one of the largest retailers of ski- and golf-related sporting goods in Colorado. SSI Venture operates approximately 70 retail and rental locations in Vail, Beaver Creek, Breckenridge, Keystone, Denver, Boulder, Colorado Springs, Aspen and Telluride, thereby expanding our operations throughout the Colorado market. We hold a 51.9% ownership interest in SSI Venture.

We intend to acquire additional resorts which we believe can be successfully integrated into our existing operations, can enhance our ability to attract destination guests to all of our resorts and can benefit from our capital investment and management expertise. Our 1997 acquisition of Breckenridge and Keystone exemplifies this strategy. We believe we have successfully broadened the appeal of these resorts to destination

guests and improved their operating performance through capital investment, coordinated marketing, improved central reservations and a common, four-resort lift ticket. We have also realized efficiencies in our purchasing, information systems, accounting and legal areas by sharing these functions across all of our resorts.

We believe our pending acquisition of Grand Teton provides us with a significant new opportunity to further leverage our hospitality, dining, retail and recreation expertise. With its peak season from the late Spring through early Fall, Grand Teton will significantly increase our summer Resort Revenue. In addition, with four premier resort properties in and around Grand Teton National Park, Grand Teton provides a platform to further grow our business in the National Parks.

Real Estate

We also benefit from our extensive holdings of real property in proximity to our resorts and from the activities of Vail Resorts Development Company ("VRDC"), our wholly-owned subsidiary. VRDC manages our real estate operations, including the planning, oversight, marketing, infrastructure improvement and development of Vail Resorts' real property holdings. VRDC generated $84.2 million in revenue from real estate operations for the twelve months ended July 31, 1998. As of January 31, 1999, the book value of our real estate held for sale was approximately $155.0 million. In addition to the substantial cash flow generated from real estate sales, our resort operations benefit from these development activities through:

- the creation of additional resort lodging which is available to our guests,
- the ability to control the architectural theme of our resorts,
- the creation of unique facilities and venues which provide us with the opportunity to create new sources of recurring revenue, and
- the expansion of our property management and brokerage operations, which are the preferred providers of these services for developments on VRDC's land.

In order to facilitate the development and sale of its real estate holdings, VRDC spends significant amounts on mountain improvements such as ski lifts, snowmaking equipment and trail construction. While these mountain improvements enhance the value of the real estate held for sale (for example, by providing ski-in/ski-out accessibility), they also benefit resort operations. In most cases, VRDC seeks to minimize our exposure to development risks and maximize the long-term value of our real property holdings by selling land to third party developers for cash payments prior to the commencement of construction, while retaining approval of the development plans as well as an interest in the developer's profit. We also typically retain the option to purchase any commercial space created in a development. We are able to secure these benefits from third party developers as a result of the high property values and strong demand associated with property in close proximity to our world class mountain resort facilities. See "Risk Factors--Future changes in the real estate market could affect the value of our investments."

We also benefit from our interest in a joint venture ("Keystone JV") which is developing a significant portion of the Keystone resort and has approvals to add up to 3,400 residential and lodging units and up to 318,000 square feet of retail and restaurant space over the next 20 years. We believe that the build-out of this real estate will result in increased skier days and Resort Revenue per skier day and will significantly increase the number of higher revenue destination guests at Keystone. See "Business--Real Estate."

Recent Results

On May 11, 1999, we sold and issued the outstanding Notes. The proceeds from this offering were used to repay indebtedness under our credit facility (which can be reborrowed).

On June 8, 1999, we announced that Resort Revenue for the third quarter 1999 increased 11% to $188.2 million from $170.1 million in the comparable period last year. Total Revenue for the third quarter

(which includes revenue from real estate operations) grew 16% to $202.2 million from $174.0 in the same quarter in fiscal 1998.

Resort EBITDA for the third quarter were $75.4 million versus $86.1 million in the same quarter of 1998, reflecting the overall weakness in Colorado ski industry due largely to unfavorable weather conditions during the 1998-1999 ski season.

Net income for the third quarter was $30.2 million, or $0.87 per diluted share, compared to $41.7 million, or $1.20 per diluted share, in the third quarter of 1998.

For the nine months ended April 30, 1999, Resort Revenue increased 17% to $379.3 million compared to $324.2 million in the same period of 1998. Total Revenue grew to $410.8 million from $390.0 million in the first nine months of fiscal 1998.

Resort EBITDA for the nine month period was $100.9 million compared to $119.3 million in 1998.

Net income for the nine month period was $26.3 million, or $0.76 per diluted share, compared to $46.9 million, or $1.35 per diluted share, in the same period in fiscal 1998.

In the third quarter of fiscal 1999, revenue per skier day grew 14% to $75.38 from $66.30 in the comparable quarter last year, despite a 3% decline in skier days. Total skier days for the third quarter were 2.5 million compared to 2.6 million last year.

We also announced that, on a preliminary basis, skier days for the 1998-1999 total ski season for all four of our resorts combined are expected to be 4,588,607, a 3% decline from the 4,716,605 skier days reported in the 1997-1998 ski season.

The Exchange Offer

Registration Rights.....	You are entitled to exchange your outstanding Notes for freely tradeable exchange notes with substantially identical terms. The exchange offer is intended to satisfy your exchange rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your outstanding Notes. Accordingly, if you do not exchange your outstanding Notes, you will not be able to reoffer, resell or otherwise dispose of your outstanding Notes unless you comply with the registration and prospectus delivery requirements of the Securities Act, or there is an exemption available.
The Exchange Offer.....	We are offering to exchange $1,000 principal amount of our 8 3/4% Senior Subordinated Notes due 2009, which have been registered under the Securities Act, for $1,000 principal amount of our outstanding 8 3/4% Senior Subordinated Notes due 2009, which were issued in a private offering on May 11, 1999. As of the date of this prospectus, there are $200.0 million of outstanding Notes. We will issue exchange notes promptly after the expiration of the exchange offer.
Resales.....	We believe that the exchange notes issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act provided that: . you are acquiring the exchange notes in the ordinary course of your business; . you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes; and . you are not an "affiliate" of ours. If you do not meet the above criteria you will have to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any reoffer, resale or other disposition of your exchange notes. Each broker or dealer that receives exchange notes for its own account in exchange for outstanding Notes that were acquired as a result of market-making or other trading activities must acknowledge that it will deliver this prospectus in connection with any sale of exchange notes.
Expiration Date.....	5:00 p.m., New York City time, on , 1999, unless we extend the expiration date.

Conditions to the Exchange Offer.....	The exchange offer is subject to certain customary conditions, which may be waived by us. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered.
Procedures for Tendering Outstanding Notes.....	If you wish to tender outstanding Notes, you must complete, sign and date the letter of transmittal, or a facsimile of it, in accordance with its instructions and transmit the letter of transmittal, together with your Notes to be exchanged and any other required documentation to United States Trust Company of New York, who is the exchange agent, at the address set forth in the letter of transmittal to arrive by 5:00 p.m. New York City time, on the expiration date. See "The Exchange Offer--Procedures for Tendering Outstanding Notes." By executing the letter of transmittal, you will represent to us that you are acquiring the exchange notes in the ordinary course of your business, that you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution of exchange notes, and that you are not an "affiliate" of ours. See "The Exchange Offer--Procedures for Tendering Outstanding Notes."
Special Procedures for Beneficial Holders.....	If you are the beneficial holder of outstanding Notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender in the exchange offer you should contact the person in whose name your outstanding Notes are registered promptly and instruct such person to tender on your behalf. See "The Exchange Offer--Outstanding Notes."
Guaranteed Delivery Procedures.....	If you wish to tender your outstanding Notes and you cannot deliver your such Notes, the letter of transmittal or any other required documents to the exchange agent before the expiration date, you may tender your outstanding Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures."
Withdrawal Rights.....	Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date.
Acceptance of Outstanding Notes and Delivery of Exchange Notes.....	Subject to certain conditions, we will accept for exchange any and all outstanding Notes which are properly tendered in the exchange offer before 5:00 p.m., New York City time, on the expiration date. The exchange notes will be delivered promptly after the expiration date. See "The Exchange Offer--Terms of the Exchange Offer."

Certain Federal Income Tax Considerations.....	The exchange of outstanding Notes for exchange notes will not be a taxable event for federal income tax purposes. You will not recognize any taxable gain or loss as a result of exchanging outstanding Notes for exchange notes, and you will have the same tax basis and holding period in the exchange notes as you had in the outstanding Notes immediately before the exchange. See "Certain Federal Income Tax Considerations."
Exchange Agent.....	United States Trust Company of New York is serving as exchange agent in connection with the exchange offer. The address, telephone number and facsimile number of the exchange agent are set forth in "The Exchange Offer-- Exchange Agent."

Summary of the Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes.

Issuer.....	Vail Resorts, Inc.
Notes Offered.....	Up to $200,000,000 aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2009.
Interest Payment Dates.....	Interest will accrue on the exchange notes from the last interest payment date on which interest was paid on the outstanding Notes surrendered in exchange therefor or if no interest has been paid on the outstanding Notes, from May 11, 1999 and will be payable semi-annually on each May 15 and November 15 of each year, commencing November 15, 1999.
Maturity.....	May 15, 2009.
Guarantees.....	Certain of our subsidiaries other than those treated as unrestricted subsidiaries will guarantee the exchange notes on a senior subordinated basis. Future subsidiaries which are deemed restricted subsidiaries will also be required to guarantee the exchange notes if they guarantee any other of our debt. See "Description of Notes--Guarantees."
Ranking.....	The exchange notes will be unsecured senior subordinated obligations and will be subordinated to all our existing and future senior debt. The exchange notes will rank equally with all our other existing and future senior subordinated debt and will rank senior to all our subordinated indebtedness. Our subsidiaries' guarantees with respect to the exchange notes will be general unsecured senior subordinated obligations of such guarantors and will be subordinated to all of such guarantors' existing and future senior debt. The guarantees will rank equally with any senior subordinated indebtedness of the guarantors and will rank senior to such guarantors' subordinated debt. Because the exchange notes are subordinated, in the event of bankruptcy, liquidation or dissolution, holders of the exchange notes will not receive any payment until holders of senior indebtedness have been paid in full. The term "senior debt" is defined in the "Description of Notes--Subordination" section of this prospectus. At January 31, 1999, after giving effect to the offering of the outstanding Notes and the application of the net proceeds, we had $141.1 million of senior debt outstanding on a consolidated basis.

Redemption.....	We may redeem the exchange notes, in whole or in part, at any time on or after May 15, 2004, at the declining redemption prices set forth in this prospectus plus accrued interest.
Optional Redemption.....	On or prior to May 15, 2002, we may redeem up to 35% of the exchange notes with the net proceeds of certain equity offerings at 108.75% of the principal amount thereof, plus accrued interest, if at least 65% of the aggregate principal amount of the exchange notes remains outstanding. See "Description of Notes--Optional Redemption." On or prior to May 15, 2004, we may also redeem the exchange notes, in whole or in part, upon the occurrence of a change of control at a make-whole price as described under "Description of Notes--Optional Redemption."
Change of Control.....	Upon certain change of control events, if we do not redeem the exchange notes, each holder of exchange notes may require us to repurchase all or a portion of its exchange notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest. Our ability to repurchase the exchange notes upon a change of control event will be limited by the terms of our debt agreements, including our credit facility. We cannot assure you that we will have the financial resources to repurchase the exchange notes. See "Description of Notes--Repurchase of the Option of Holders--Change of Control."
Certain Covenants.....	The indenture that will govern the exchange notes contains covenants that, among other things, will limit our ability and the ability of certain of our subsidiaries to: . incur additional indebtedness, . pay dividends on, redeem or repurchase our capital stock, . make investments, . engage in transactions with affiliates, . create certain liens, . sell assets, or . consolidate, merge or transfer all or substantially all our assets and the assets of our subsidiaries on a consolidated basis. These covenants are subject to important exceptions and qualifications, which are described in the "Description of Notes" section of this prospectus.
Risk Factors.....	See "Risk Factors" for a discussion of factors you should carefully consider before deciding to tender your outstanding Notes for exchange notes.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The summary historical data for the fiscal years 1996 and 1997 is derived from actual audited results for such years. On September 1, 1997, we changed our fiscal year end from September 30 to July 31. Accordingly, our fiscal year 1998 ended on July 31, 1998 and consisted of ten months. To see the audited results for the ten months ended July 31, 1998, see "Selected Consolidated Financial and Operating Data." Also included for comparative purposes are the unaudited pro forma results for the twelve months ended July 31, 1997 and the actual unaudited results for the twelve months ended July 31, 1998. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations. The summary historical data for the six months ended January 31, 1998 and 1999 are derived from our unaudited consolidated financial statements, which included all adjustments management considers necessary to present fairly the financial results for these interim periods. All of these adjustments were of a normal recurring nature. The results of such interim periods are not necessarily indicative of results to be expected for the full year due to the highly seasonal nature of our business (which ordinarily produces losses for the first and fourth quarters). See "--Recent Results" and "Risk Factors--Our resort business is highly seasonal."

	Twelve Month Fiscal Year Ended September 30,			Pro Forma Twelve Months Ended July 31,	Twelve Months Ended July 31,	Six Months Ended January 31,		Twelve Months Ended January 31,
	1995	1996	1997(1)	1997(2)	1998	1998	1999(3)	1999(3)
	(audited)			(unaudited)	(unaudited)	(unaudited)		(unaudited)
	(In thousands, except ratio data)							
Statement of Operations Data:								
Revenues:								
Resort	$126,349	$140,288	$259,038	$292,127	$350,498	$154,144	$191,126	$ 387,480
Real estate	16,526	48,655	71,485	74,356	84,177	61,848	17,387	39,716
Total revenues	142,875	188,943	330,523	366,483	434,675	215,992	208,513	427,196
Operating expenses:								
Resort	82,305	89,890	172,715	200,488	238,889	118,139	162,803	283,553
Real estate	14,983	40,801	66,307	64,646	74,057	55,647	12,140	30,550
Corporate expense(4)	6,701	12,698	4,663	4,236	5,543	2,769	2,822	5,596
Depreciation and amortization	17,968	18,148	34,044	37,997	42,965	19,675	24,747	48,037
Total operating expenses	121,957	161,537	277,729	307,367	361,454	196,230	202,512	367,736
Income from operations	20,918	27,406	52,794	59,116	73,221	19,762	6,001	59,460
Interest expense	(19,498)	(14,904)	(20,308)	(16,799)	(20,891)	(11,195)	(11,838)	(21,534)
Net income (loss)	3,282	4,735	19,698	25,966	30,073	5,194	(3,928)	20,951
Other Data:								
Skier days(5)	2,136	2,228	4,273	4,890	4,717	2,141	2,082	4,658
Resort EBITDA(4)(6)	37,343	46,200	81,660	87,403	106,066	33,236	25,501	98,331
Real estate operating income(7)	1,543	7,854	5,178	9,710	10,120	6,201	5,247	9,166
Total EBITDA(4)(8)	38,886	54,054	86,838	97,113	116,186	39,437	30,748	107,497
Resort capital expenditures(9)	20,320	13,912	51,020	41,047	93,333	66,845	44,337	70,825
Total debt to Resort EBITDA	5.1x	3.1x	3.2x	2.7x	2.7x			3.4x
Resort EBITDA to interest expense	1.7	3.1	4.0	5.2	5.1			4.6
Resort EBITDA to pro forma interest expense(10)								3.5
Total debt to Total EBITDA	4.9	2.7	3.1	2.4	2.4			3.1
Total EBITDA to interest expense	1.9	3.6	4.3	5.8	5.6			5.0
Total EBITDA to pro forma interest expense(10)								3.8
Balance Sheet Data (at period end):								
Total assets					$912,122			$1,036,072
Real estate held for sale(11)					138,916			154,960
Long term debt (including current maturities)					284,014			334,832
Stockholders' equity					462,624			459,647

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(footnotes appear on following page)

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(1) Our consolidated statement of operations for the fiscal year ended September 30, 1997 includes the results of Keystone and Breckenridge for the 270-day period from January 4, 1997 to September 30, 1997.

(2) The unaudited pro forma results for the twelve months ended July 31, 1997 give effect to our acquisition of the Keystone and Breckenridge resorts (which occurred on January 3, 1997) and the initial public offering of our common stock (which occurred on February 4, 1997) as if such events occurred on August 1, 1996, and are presented exclusive of a pre-tax $2.2 million reorganization charge and a $8.5 million one-time non-recurring charge to corporate expense.

(3) Included in the summary consolidated historical data for the six months and twelve months ended January 31, 1999, are the results of operations of our 51.9%-owned joint venture, SSI Venture (which commenced operations on August 1, 1998). SSI Venture will not be a guarantor of the Notes. For the six months ended January 31, 1999, SSI Venture had revenues of $38.7 million, income from operations of $4.1 million and EBITDA of $5.9 million. At January 31, 1999, SSI Venture had total assets of $46.7 million, total debt of $12.6 million and stockholders' equity of $17.4 million. We estimate that for the nine months ended April 30, 1999, the EBITDA of SSI Venture will represent less than 12% of our Resort EBITDA. See Note 16 to the Audited Consolidated Financial Statements of the Company and Note 7 to the Unaudited Consolidated Condensed Financial Statements of the Company.

(4) Corporate expense includes certain executive, tax, legal, directors' and officers' insurance and other consulting fees. For fiscal 1996, corporate expense included the costs associated with our holding company structure and overseeing multiple lines of business, including certain discontinued operations. For the year ended September 30, 1996, corporate expense includes the following non-recurring charges: (i) $4.5 million related to a rights distribution to option holders, (ii) $1.9 million of compensation expense related to the exercise of certain options held by our former Chairman and Chief Executive Officer and (iii) $2.1 million related to the termination of an employment agreement with our former Chairman and Chief Executive Officer. For purposes of calculating Resort EBITDA and Total EBITDA for this period, corporate expense excludes these non-recurring charges.

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

(6) Resort EBITDA (earnings before interest expense, income tax expense, depreciation and amortization) is defined as Resort Revenue less resort operating expenses and corporate expense. Resort EBITDA is not a term that has an established meaning under generally accepted accounting principles ("GAAP"). We have included the information concerning Resort EBITDA because our management believes it is an indicative measure of a resort company's operating performance and is generally used by investors to evaluate companies in the resort industry. Resort EBITDA does not purport to represent cash provided by operating activities, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. For information regarding our historical cash flows from operating, investing and financing activities, see our consolidated financial statements included elsewhere in this prospectus.

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

(8) Total EBITDA represents earnings before interest expense, income tax expense, depreciation and amortization. EBITDA is presented because management believes it provides useful information regarding a company's ability to incur and service debt. EBITDA should not be considered in isolation or as a substitute for net income or cash flows prepared in accordance with GAAP, nor should it be used as a measure of our profitability or liquidity.

(9) We typically categorize approximately $15 million to $20 million per year of total resort capital expenditures as maintenance capital expenditures, except for fiscal 1996, during which approximately $7 million was categorized as maintenance capital expenditures. For the six months ended January 31, 1999 and 1998, approximately $10 million for each period was categorized as maintenance capital expenditures.

(10) Pro forma interest expense gives effect to the private offering of the outstanding Notes on May 11, 1999 and the repayment of indebtedness under our credit facility (which can be reborrowed) with the proceeds thereof.

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

RISK FACTORS

In addition to the other information in this prospectus, you should carefully consider the following factors prior to exchanging outstanding Notes for exchange notes in the exchange offer.

We are highly leveraged. At January 31, 1999, we had $334.8 million of indebtedness, representing approximately 42% of our total capitalization. See "Capitalization." Furthermore, subject to certain restrictions in our credit facility and the indenture governing the exchange notes, we, along with our subsidiaries, may incur additional indebtedness from time to time to finance acquisitions, provide for working capital or capital expenditures or for other purposes.

Our high level of indebtedness could have important consequences to you, including limiting our ability to:

- obtain additional financing for acquisitions, working capital, capital expenditures or other purposes,
- use operating cash flow in other areas of our business because we must dedicate a substantial portion of these funds to make principal payments and fund debt service,
- borrow additional funds or dispose of assets,
- compete with others who are not as highly leveraged, and
- react to changing market conditions, changes in our industry and economic downturns.

We currently expect that we will be able to service our indebtedness out of cash flow from operations. If we are unable to generate sufficient cash flow to meet our debt service obligations, we will have to pursue one or more alternatives, such as reducing or delaying capital expenditures, refinancing debt, selling assets or raising equity capital. Each of these alternatives is dependent upon financial, business and other general economic factors that affect us, many of which are beyond our control. We cannot assure you that any of these alternatives could be accomplished on satisfactory terms or that they would yield sufficient funds to retire the Notes and the indebtedness senior to the exchange notes. While we believe that our cash flow from operations will provide an adequate source of long-term liquidity, a significant drop in operating cash flows resulting from economic conditions, competition or other uncertainties beyond our control would increase the need for alternative sources of liquidity. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Our future growth requires additional capital whose availability is not assured. We intend to make significant investments in our resorts to maintain our competitive position. We spent approximately $80.5 million and $51.0 million in the fiscal years ended July 31, 1998 and September 30, 1997, respectively, on resort capital expenditures and expect to continue making substantial resort capital expenditures. We could finance future expenditures from any of the following sources:

- cash flow from operations,
- bank borrowings,
- public offerings of debt or equity,
- private placements of debt or equity, or
- some combination of the above.

We might not be able to obtain financing for future expenditures on favorable terms.

Our recent or future acquisitions might not be successful. In recent years, we have acquired several major resorts, including Keystone and Breckenridge, and a number of real estate developments. Although we believe we have enhanced our earnings and achieved cost savings by integrating these acquisitions into our operations, we cannot assure you that we will be able to continue this successful

integration, manage these acquired properties profitably or increase our profits from these operations. We would face various risks from additional acquisitions (including the pending Grand Teton acquisition), including:

- inability to integrate acquired businesses into our operations,
- increased goodwill amortization,
- diversion of our management's attention, and
- unanticipated problems or liabilities.

These problems from future acquisitions could adversely affect our operations and financial performance.

Our resort business is highly seasonal. We currently generate more than 80% of our revenue during the ski season, from November to April. We rely on borrowings under our credit facility to support our capital requirements during the unprofitable period between ski seasons, from May to October. If we are unable to comply with the conditions of our credit facility or if the financing we receive is insufficient for our needs, our inability to obtain adequate financing outside of the ski season could have a material adverse effect on us. Grand Teton, which we are in the process of acquiring, realizes most of its revenues between May and October. However, this will only partially offset the seasonal nature of our ski business.

Our future development might not be successful. We have significant development plans for our resort and real estate operations. We could experience significant difficulties completing these projects, including:

- delays in completion,
- our cost estimates may prove inaccurate,
- difficulty in receiving the necessary regulatory approvals, or
- we may not benefit from the projects as we expected.

We may not be able to fund these projects with cash flow from operations and borrowings under our credit facility if we faced these difficulties.

We face significant competition. The number of people who ski in the United States (as measured in skier days) has increased by approximately 4% since the 1985-86 ski season and there is substantial competition among ski resorts for these customers. The factors that are important to these customers include:

- proximity to population centers,
- availability and cost of transportation to ski areas,
- ease of travel to ski areas (including direct flights by major airlines),
- pricing of our products and services,
- snowmaking facilities,
- type and quality of skiing offered,
- duration of the ski season,
- weather conditions,
- number, quality and price of related services and lodging, and
- reputation.

We have many competitors for our ski vacationers, including ski resorts in Utah, California, Nevada, New England and the other major resorts in Colorado. Our destination guests can choose from any of these alternatives, as well as non-skiing vacation destinations around the world. Our day skier customers can choose from a number of nearby competitors, including Copper Mountain, Telluride, Steamboat Springs, Winter Park

and the Aspen resorts, as well as other forms of leisure such as attendance at movies, sporting events and participation in other indoor and outdoor recreational activities. This competition may adversely affect our skier days and the pricing of our products and services.

We rely on government permits. Virtually all of our ski trails and related activities on Vail, Breckenridge and Keystone and a substantial portion on Beaver Creek are located on federal land. The United States Forest Service has granted us permits to use these lands, but maintains the right to review and approve the location, design and construction of improvements in these areas and on many operational matters. The Forest Service can terminate most of these permits if required in the public interest; however, the permit for a large part of the Beaver Creek property is terminable at will. Although we do not know of any permit used by a major ski resort then in operation that has been terminated by the Forest Service over the opposition of the permitee, a termination of any of our permits would adversely affect our business and operations.

We have applied for several new permits for improvements and new development and to renew and modify an existing permit. We have also sought to renew and unify our permits for use of large parts of our Beaver Creek property. While these efforts, if not successful, could impact our expansion efforts as currently contemplated, we do not believe they would adversely affect our results of operations or financial condition. Furthermore, Congress may increase the fees we pay to the Forest Service for use of these federal lands.

Grand Teton operates three resort properties within Grand Teton National Park under a concession contract with the National Park Service. The concession contract expires at the end of 2002, at which time the contract renewal will be subject to a competitive bidding process. Should we not receive the renewal of the concession contract, we would be compensated for the value of our "possessory interest" in the assets of the three resort properties operated under the concession contract, which is generally defined as the replacement cost of such assets less depreciation.

We are subject to the risk of unfavorable weather conditions. We depend upon favorable weather conditions and adequate snowfall during the winter ski season to attract guests to our ski resorts. Our ski resorts have been affected by aberrant weather patterns during the 1998-1999 ski season, which caused much of our skiing terrain to be closed during the Christmas and New Year's holidays. Our operating results could also be adversely affected by unfavorable weather conditions and inadequate snowfall in future periods.

We are subject to the risk of an economic slowdown. Because our resorts derive a significant portion of their revenues from the worldwide leisure market, an economic recession or other significant economic slowdown could adversely affect our business. We cannot assure you that a decrease in the amount of discretionary spending by the public in the future would not have an adverse effect on our business.

Apollo Ski Partners has influence over us. Apollo Ski Partners owns approximately 99.9% of our outstanding shares of Class A Common Stock, giving them approximately 22% of the combined voting power with respect to all matters submitted for a vote of all stockholders. The holders of Class A Common Stock elect a class of directors that constitutes two-thirds of our board of directors. Accordingly, Apollo Ski Partners and, indirectly, Apollo Advisors, L.P. (which indirectly controls Apollo Ski Partners) will be able to elect two-thirds of our board of directors and control the approval of matters requiring approval by the board of directors, including mergers, liquidations and asset acquisitions and dispositions. In addition, Apollo Ski Partners and Apollo Advisors, L.P. may be able to significantly influence decisions on matters submitted for stockholder consideration.

Future changes in the real estate market could affect the value of our investments. We have extensive real estate holdings in proximity to our mountain resorts. We have invested approximately $56.9 million and $15.7 million in fiscal years 1997 and 1998, respectively, in our real estate operations. We plan to make significant additional investments in the Keystone JV and in developing property at all our resorts.

The value of our real property and the revenue from related development activities may be adversely affected by a number of factors, including:

- national and local economic climate,
- local real estate conditions (such as an oversupply of space or a reduction in demand for real estate in an area),
- attractiveness of the properties to prospective purchasers and tenants,
- competition from other available property or space,
- our ability to obtain adequate insurance,
- unexpected construction costs,
- government regulations and changes in real estate, zoning or tax laws,
- interest rate levels and the availability of financing, and
- potential liabilities under environmental and other laws.

In addition, we run the risk that our new acquisitions may fail to perform in accordance with our expectations, and that our estimates of the costs of improvements for such properties may prove inaccurate. While we attempt to mitigate our exposure to these risks by selling multi-family development parcels to third-party developers who assume the risk of construction or by pre-selling single-family homesites or condominium residences to individual purchasers prior to the start of our construction projects, we cannot assure you that we will continue to do so in the future. Although we believe that the current market for the sale of our resort property is strong, we cannot assure you that such market conditions will continue. See "Business--Real Estate."

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

We have committed resources to conduct risk assessments and to correct problems, where required, within each of the following areas: information technology, operations equipment, and external parties. We expect to complete our assessments, remediation, verification and testing of our information technology and operations equipment by the end of October 1999. While we have initiated communication with significant third parties to determine the extent to which we are vulnerable to those third parties' failures to remediate their own Year 2000 issue, we cannot guarantee that their Year 2000 issues would not adversely affect our operations.

The total cost of our Year 2000 efforts is not expected to be material with respect to our operations, liquidity or capital resources. We estimate the multi-year cost of our Year 2000 project will be between $750,000 and $1.1 million. Of the total project cost, approximately $600,000 is attributable to the purchase of new software or equipment which will be capitalized. The remaining $150,000 to $500,000 will be expensed as incurred. Fiscal 1998 costs were approximately $150,000, and costs for the six months ended January 31, 1999 were approximately $100,000. Costs exclude expenditures for systems which were replaced under our regularly planned schedule.

There is still uncertainty around the scope of the Year 2000 issue and its implications for us. At this time we cannot quantify the potential impact of these failures. Due to the general uncertainty inherent in the Year 2000 problem, as well as, in part, the uncertainty of the Year 2000 readiness of suppliers and the current

status of our Year 2000 program, we are unable to determine at this time whether any Year 2000 failures will have material adverse consequences on our results of operations, liquidity or financial condition. Our Year 2000 program and contingency plans are being developed to address issues within our control and to reduce the level of our uncertainty about our Year 2000 issues.

Your claims are subordinated to our and our subsidiaries' senior debt. Payments on the exchange notes and the guarantees are subordinated to all of our and the guarantors' existing and future indebtedness, including amounts under our credit facility, other than future indebtedness that expressly provides that it is equal to or subordinated in right of payment to the exchange notes and the guarantees. As a result, upon any distribution to our creditors in a bankruptcy, liquidation or reorganization or similar proceeding with respect to us or our property, the holders of our senior debt and our guarantors' senior debt will be entitled to be paid in full before any payment may be made with respect to the exchange notes and the guarantees. Claims in respect of the exchange notes will be effectively subordinated to all liabilities, including trade payables, of any of our subsidiaries that are not subsidiary guarantors. At January 31, 1999, after giving effect to the offering of the outstanding Notes and the application of net proceeds, we had $141.1 million of senior debt outstanding on a consolidated basis.

Our subsidiary, The Vail Corporation, is the borrower under our $450.0 million revolving credit facility and its obligations are guaranteed by us and certain of our subsidiaries. At January 31, 1999, after giving effect to the offering of the outstanding Notes and the application of the proceeds, we would have had $60.3 million outstanding, $61.7 million of letters of credit issued thereunder and remaining availability of $328.0 million, of which $220.0 million could have been borrowed under the most restrictive of the financial covenants contained in the credit facility.

At January 31, 1999, SSI Venture had $12.5 million outstanding under the $20.0 million SSI Venture credit facility, all of which was guaranteed by one of our subsidiaries.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Description of Certain Indebtedness."

Guarantees may be unenforceable due to fraudulent conveyance statutes. Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or avoid any subsidiary guarantee if it found that:

- the guarantee was incurred with actual intent to hinder, delay or defraud creditors, or
- the guarantor did not receive fair consideration or reasonably equivalent value for the guarantee and the guarantor was any of the following:
    - insolvent or rendered insolvent because of the guarantee,
    - engaged in business or transactions for which its remaining assets constituted unreasonably small capital, or
    - intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity.

If a court avoided a guarantee as a result of fraudulent conveyance, or held it unenforceable for any other reason, noteholders would cease to have a claim against the guarantor and would be creditors solely of Vail Resorts and the remaining guarantors.

There are restrictions imposed by the terms of our indebtedness. The operating and financial restrictions and covenants in our credit facility may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. Our credit facility includes covenants that will require us to meet certain financial ratios and financial conditions which may require that we take action to reduce debt or to act in a manner contrary to our business objectives. If we breach any of these restrictions or covenants or suffer a material adverse change which restricts our borrowing ability under our credit facility, we would be

unable to borrow funds thereunder without a waiver. A breach could cause a default under the exchange notes and our other debt. Our indebtedness may then become immediately due and payable. We may not have or be able to obtain sufficient funds to make these accelerated payments, including payments on the Notes.

In addition, the indenture governing the exchange notes restricts, among other things, our ability to:

- borrow money,
- pay dividends on stock or make certain other restricted payments,
- use assets as security in other transactions,
- make investments,
- enter into certain transactions with our affiliates, and
- sell certain assets or merge with other companies.

If we fail to comply with these covenants, we would be in default under the indenture governing the exchange notes, and the principal and accrued interest on the exchange notes would become due and payable. See "Description of Notes--Certain Covenants."

We may not be able to purchase the exchange notes upon a change of control. Upon certain change of control events, each holder of exchange notes may require us to repurchase all or a portion of its exchange notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest. Our ability to repurchase the exchange notes upon a change of control event could be limited by the terms of our debt agreements. Upon a change of control event, we may be required to repay the outstanding principal and any accrued interest on any other amounts owed by us under our credit facility. We cannot assure you that we would be able to repay amounts outstanding under our credit facility or obtain necessary consents under such facilities to repurchase these exchange notes. Any requirement to offer to purchase any exchange notes may result in our having to refinance our outstanding indebtedness, which we may not be able to do. In addition, even if we were able to refinance such indebtedness, such financing may be on terms unfavorable to us. Certain provisions in our credit facility may delay, defer or prevent a merger, tender offer or other takeover attempt. The term "Change of Control" is defined in "Description of Notes--Certain Definitions."

There is currently no trading market for the exchange notes. The exchange notes will be new securities for which there is currently no public market. We do not intend to list the exchange notes on any national securities exchange or quotation system. The Initial Purchasers in the offering of outstanding Notes have advised us that they currently intend to make a market in the exchange notes, but they are not obligated to do so and, if commenced, may discontinue such market making at any time. Accordingly, no market may develop for the exchange notes, and if a market does develop, it may have limited or no liquidity. As outstanding Notes are tendered and accepted in the exchange offer, the aggregate principal amount of outstanding Notes will decrease, which will decrease their liquidity.

Failure to exchange your outstanding Notes will leave them subject to transfer restrictions. If you do not exchange your outstanding Notes for exchange notes, you will continue to be subject to the restrictions on transfer of your outstanding Notes set forth in their legend because the outstanding Notes were issued pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In general, outstanding Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We currently do not anticipate registering the outstanding Notes under the Securities Act.

Blue sky restrictions on resale of exchange notes. In order to comply with the securities laws of certain jurisdictions, the exchange notes may not be offered or resold by any holder unless they have been registered or qualified for sale in such jurisdictions or any exemption from registration or qualifications is available and the requirements of such exemption have been satisfied. We do not currently intend to register or qualify the resale of the exchange notes in any such jurisdictions. However, an exemption is generally available for sales to registered broker-dealers and certain institutional buyers. Other exemptions under applicable state securities laws may also be available.

USE OF PROCEEDS

The exchange offer is intended to satisfy certain of our obligations under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

The net proceeds from the sale of the outstanding Notes was approximately $193.8 million. We used the net proceeds from the sale of the outstanding Notes to repay indebtedness under our credit facility (which can be reborrowed).

CAPITALIZATION

The following table sets forth our capitalization as of January 31, 1999 and as adjusted to reflect the sale of the outstanding Notes and the application of the net proceeds of that offering. See "Description of Certain Indebtedness."

	Actual	As Adjusted
	(In thousands, except share amounts)	
Cash	$ 17,704	$ 17,704
Short-term debt	2,087	2,087
Industrial Development Bonds	63,200	63,200
Credit facilities	265,250	71,500
Senior Subordinated Notes	--	200,000
Other	4,295	4,295
Total debt	334,832	341,082
Stockholders' equity:		
Class A common stock, $0.01 par value, 20,000,000 shares authorized, 7,439,834 shares issued and outstanding	74	74
Common stock, $0.01 par value, 80,000,000 shares authorized, 27,087,701 shares issued and outstanding	271	271
Additional paid-in capital	402,514	402,514
Retained earnings	56,788	56,788
Total stockholders' equity	459,647	459,647
Total capitalization	$ 794,479	$ 800,729

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents selected historical consolidated financial data for the periods indicated. The financial data for the twelve month fiscal years ended September 30, 1996 and 1997 and the ten month fiscal year ended July 31, 1998 are derived from our consolidated financial statements, which have been audited by Arthur Andersen LLP, independent accountants, and should be read in conjunction with those statements and related notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the other financial information included elsewhere in this prospectus. Also included for comparative purposes are the unaudited pro forma results for the twelve months ended July 31, 1997 and the actual unaudited results for the twelve months ended July 31, 1998. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations. The financial data for the six months ended January 31, 1998 and 1999 are derived from our unaudited consolidated financial statements, which included all adjustments management considers necessary to present fairly the financial results for these interim periods. All of these adjustments were of a normal recurring nature. The results of such interim periods are not necessarily indicative of results to be expected for the full year due to the highly seasonal nature of our business (which ordinarily produces losses for the first and fourth quarters). See "Prospectus Summary--Recent Results" and "Risk Factors--Our resort business is highly seasonal."

	Twelve Month Fiscal Year Ended September 30,			Ten Month Fiscal Year Ended July 31,	Pro Forma Twelve Months Ended July 31,	Twelve Months Ended July 31,	Six Months Ended January 31,	
	1995	1996	1997(1)	1998	1997(2)	1998	1998	1999(3)
	(audited)			(audited)	(unaudited)	(unaudited)	(unaudited)	
	(In thousands, except ratio data)							
Statement of Operations Data:								
Revenues:								
Resort	$126,349	$140,288	$259,038	$336,547	$292,127	$350,498	$154,144	$ 191,126
Real estate	16,526	48,655	71,485	73,722	74,356	84,177	61,848	17,387
Total revenues	142,875	188,943	330,523	410,269	366,483	434,675	215,992	208,513
Operating expenses:								
Resort	82,305	89,890	172,715	217,764	200,488	238,889	118,139	162,803
Real estate	14,983	40,801	66,307	62,619	64,646	74,057	55,647	12,140
Corporate expense(4)	6,701	12,698	4,663	4,437	4,236	5,543	2,769	2,822
Depreciation and amortization	17,968	18,148	34,044	36,838	37,997	42,965	19,675	24,747
Total operating expenses	121,957	161,537	277,729	321,658	307,367	361,454	196,230	202,512
Income from operations	20,918	27,406	52,794	88,611	59,116	73,221	19,762	6,001
Interest Expense	(19,498)	(14,904)	(20,308)	(17,789)	(16,799)	(20,891)	(11,195)	(11,838)
Net income (loss)	3,282	4,735	19,698	41,018	25,966	30,073	5,194	(3,928)
Other Data:								
Skier days(5)	2,136	2,228	4,273	4,717	4,890	4,717	2,141	2,082
Resort EBITDA(4)(6)	37,343	46,200	81,660	114,346	87,403	106,066	33,236	25,501
Real estate operating income(7)	1,543	7,854	5,178	11,103	9,710	10,120	6,201	5,247
Total EBITDA(4)(8)	38,886	54,054	86,838	125,449	97,113	116,186	39,437	30,748
Resort capital expenditures(9)	20,320	13,912	51,020	80,454	41,047	93,333	66,845	44,337
Total debt to Resort EBITDA	5.1x	3.1x	3.2x	2.5x	2.7x	2.7x		
Resort EBITDA to interest expense	1.9	3.1	4.0	6.4	5.2	5.1		
Total debt to Total EBITDA	4.9	2.7	3.1	2.3	2.4	2.4		
Total EBITDA to interest expense	2.0	3.6	4.3	7.1	5.8	5.6		
Ratio of earnings to fixed charges(10)	1.1	1.6	2.6	4.9	3.6	3.4		
Balance Sheet Data (at period end):								
Total assets	$429,628	$422,612	$855,949	$912,122	$814,816	$912,122	$948,104	$1,036,072
Real estate held for sale(11)	54,858	84,055	154,925	138,916	155,672	138,916	138,660	154,960
Long term debt (including current maturities)	191,313	144,750	265,062	284,014	236,347	284,014	291,041	334,832
Stockholders' equity	167,694	123,907	405,666	462,624	417,187	462,624	432,708	459,647

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(footnotes appear on following page)

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(1) Our consolidated statement of operations for the fiscal year ended September 30, 1997 includes the results of Keystone and Breckenridge for the 270-day period from January 4, 1997 to September 30, 1997.

(2) The unaudited pro forma results for the twelve months ended July 31, 1997 give effect to our acquisition of the Keystone and Breckenridge resorts (which occurred on January 3, 1997) and the initial public offering of our common stock (which occurred on February 4, 1997) as if such events occurred on August 1, 1996, and are presented exclusive of a pre-tax $2.2 million reorganization charge and a $8.5 million one-time non-recurring charge to corporate expense.

(3) Included in the selected consolidated historical data for the six months ended January 31, 1999, are the results of operations of our 51.9%-owned joint venture, SSI Venture (which commenced operations on August 1, 1998). SSI Venture will not be a guarantor of the Notes. For the six months ended January 31, 1999, SSI Venture had revenues of $38.7 million, income from operations of $4.1 million and EBITDA of $5.9 million. At January 31, 1999, SSI Venture had total assets of $46.7 million, total debt of $12.6 million and stockholders' equity of $17.4 million. We estimate that for the nine months ended April 30, 1999, the EBITDA of SSI Venture will represent less than 12% of our Resort EBITDA. See Note 16 to the Audited Consolidated Financial Statements of the Company and Note 7 to the Unaudited Consolidated Condensed Financial Statements of the Company.

(4) Corporate expense includes certain executive, tax, legal, directors' and officers' insurance and other consulting fees. For fiscal 1996, corporate expense included the costs associated with our holding company structure and overseeing multiple lines of business, including certain discontinued operations. For the year ended September 30, 1996, corporate expense includes the following non-recurring charges: (i) $4.5 million related to a rights distribution to option holders, (ii) $1.9 million of compensation expense related to the exercise of certain options held by our former Chairman and Chief Executive Officer and (iii) $2.1 million related to the termination of an employment agreement with our former Chairman and Chief Executive Officer. For purposes of calculating Resort EBITDA and Total EBITDA for this period, corporate expense excludes these non-recurring charges.

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

(6) Resort EBITDA (earnings before interest expense, income tax expense, depreciation and amortization) is defined as Resort Revenue less resort operating expenses and corporate expense. Resort EBITDA is not a term that has an established meaning under generally accepted accounting principles ("GAAP"). We have included the information concerning Resort EBITDA because our management believes it is an indicative measure of a resort company's operating performance and is generally used by investors to evaluate companies in the resort industry. Resort EBITDA does not purport to represent cash provided by operating activities, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. For information regarding our historical cash flows from operating, investing and financing activities, see our consolidated financial statements included elsewhere in this prospectus.

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

(8) Total EBITDA represents earnings before interest expense, income tax expense, depreciation and amortization. EBITDA is presented because management believes it provides useful information regarding a company's ability to incur and service debt. EBITDA should not be considered in isolation or as a substitute for net income or cash flows prepared in accordance with GAAP, nor should it be used as a measure of our profitability or liquidity.

(9) We typically categorize approximately $15 million to $20 million per year of total resort capital expenditures as maintenance capital expenditures, except for fiscal 1996, during which approximately $7 million was categorized as maintenance capital expenditures. For the six months ended January 31, 1999 and 1998, approximately $10 million for each period was categorized as maintenance capital expenditures.

(10) The ratio of earnings to fixed charges represents the number of times fixed charges were covered by pre-tax earnings before provisions for interest expense. Fixed charges consist of interest expense, capitalized interest, amortization of debt issuance costs, and a portion of the operating lease expense deemed to be representative of the interest factor.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements included elsewhere in this prospectus.

Introduction

Our revenues are derived primarily from the operations of our ski resorts and from the sale of real estate in proximity to our resorts. We have and will continue to acquire new resorts and properties and to undertake improvements on existing resort areas to enhance our ability to attract customers for our resort operations and real estate properties. While the value of our real estate development is tied to the quality of our ski resorts, the development of new lodging, conference centers and other facilities also benefits our resort operations. Therefore, our future results of operations from both of these sources will be affected by some of the same factors, including competition in a static market, general economic conditions, consumer trends and the success of our acquisition strategy.

On January 3, 1997, we acquired the Breckenridge, Keystone and Arapahoe Basin mountain resorts as well as significant related real estate interests and developable land. Pursuant to a consent decree with the United States Department of Justice, the Company divested the Arapahoe Basin ski area on September 5, 1997.

On September 1, 1997, the Company changed its fiscal year end from September 30 to July 31. Accordingly, the Company's fiscal year 1998 ended on July 31, 1998 and consisted of ten months. This Management's Discussion and Analysis compares actual results for the ten months ended July 31, 1998 and 1997, and for the fiscal years ended September 30, 1997 and 1996. Supplemental pro forma comparisons are presented for the ten and twelve-month periods ended July 31, 1998 and 1997. Ten-month comparisons are presented to conform with the actual ten-month transitional period, while twelve-month comparisons are presented to compare year to date results for the Company's new fiscal year ended July 31. Also presented for comparative purposes are the six months ended January 31, 1999 and 1998.

Six Months Ended January 31, 1999 Compared to Six Months Ended January 31, 1998

	Six Months Ended January 31, 1999	Six Months Ended January 31, 1998	Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in thousands) (unaudited)			
Resort Revenue.....	$191,126	$154,144	$36,982	24.0%
Resort Operating Expense.....	162,803	118,139	44,664	37.8%

Resort Revenue. Resort Revenue for the six months ended January 31, 1999 and 1998 is presented by category as follows:

	Six Months Ended January 31, 1999	Six Months Ended January 31, 1998	Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in thousands, except ETP amounts) (unaudited)			
Lift Ticket	$ 60,030	$ 63,935	$(3,905)	(6.1)%
Ski School	15,682	16,524	(842)	(5.1)
Dining	24,828	22,203	2,625	11.8
Retail/Rental	39,320	9,591	29,729	310.0
Hospitality	27,896	19,348	8,548	44.2
Other	23,370	22,543	827	3.7
Total Resort Revenue	$191,126	$154,144	$36,982	24.0 %
Total Skier Days	2,082	2,141	(59)	(2.8)%
ETP	$ 28.83	$ 29.86	$ (1.03)	(3.4)%

Lift ticket revenue decreased due to a 2.8% decrease in total skier days as well as a 3.4% decrease in ETP (effective ticket price, "ETP", is defined as lift ticket revenue divided by total skier days). The Company attributes the decrease in skier days to an extremely dry early ski season which had a negative impact on the entire Colorado ski market, the October 19, 1998 fires on Vail mountain and the Canadian dollar exchange rate which favored the Canadian ski industry. The decrease in ETP is the result of a shift in the proportion of total skier days to local and Front Range (Denver/Colorado Springs) skier days (non-destination skier days). Lift tickets sold to local and Front Range skiers tend to have a lower ETP than tickets sold to destination guests. This shift mainly occurred due to the popularity of the Buddy Pass, a discounted season pass for Keystone and Breckenridge resorts, which accounted for a significant portion of local and Front Range skier days.

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

Dining revenue increased primarily as a result of the addition of 12 dining operations acquired in four hotel acquisitions, coupled with modest growth at existing facilities. The Lodge at Vail acquisition added two fine dining establishments, eight restaurants were added with the acquisition of The Village at Breckenridge Acquisition Corp., Inc. and Property Management Acquisition Corp., Inc. (collectively, "VAB"), owners and operators of the Village at Breckenridge, and the Inn at Keystone and the Great Divide Lodge (formerly the Breckenridge Hilton) each added one dining facility.

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

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

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

Resort Operating Expense. Resort Operating Expense was $162.8 million for the six months ended January 31, 1999, an increase of $44.7 million, or 37.8%, compared to the six months ended January 31, 1998. The increase in Resort Operating Expense is primarily attributable to the incremental expenses related to the Company's acquisitions of the Inn at Keystone in January 1998, the Lodge at Vail and the Great Divide Lodge in October 1997, the acquisition of VAB in August 1998, and the consolidation of SSI Venture. A portion of the increase can also be attributed to the increased variable expenses resulting from the increased level of Resort Revenue derived from non-lift businesses such as dining, retail/rental and hospitality operations. These operations tend to have a greater level of variable operating expenses proportionate to revenues. These increases have been partially offset by cost saving measures that have been implemented at all levels of the Company's operations.

Real Estate Revenue. Revenue from real estate operations for the six months ended January 31, 1999 was $17.4 million, a decrease of $44.4 million, compared to the six months ended January 31, 1998. The decrease is attributed to the sell-out of homesites at Bachelor Gulch Village in fiscal 1998. Revenue for the six months of fiscal 1999 consists primarily of the sale of one luxury residential penthouse condominium at the Lodge at Vail, the sale of three development sites at Arrowhead Village and the Company's investment in Keystone JV. Profits from Keystone JV during the six months ended January 31, 1999 included the sale of 130 village condominium units, primarily at the River Run development, and 57 single-family homesites surrounding an 18-hole golf course development. Real estate revenue for the six months ended January 31, 1998 consisted primarily of the sales of 34 single-family home-sites at Bachelor Gulch, one multi-family homesite at Arrowhead and four luxury residential condominiums at the Golden Peak base area of Vail mountain.

Real Estate Operating Expense. Real estate operating expense for the six months ended January 31, 1999 was $12.1 million, a decrease of $43.5 million, compared to the six months ended January 31, 1998. The decrease in real estate operating expense is due to the sell-out of homesites at Bachelor Gulch Village in fiscal 1998. Real estate cost of sales for the six months ended January 31, 1999 consists primarily of the cost of sales and real estate commissions associated with the sale of one luxury residential penthouse condominium at the Lodge at Vail and the sale of three development sites in at Arrowhead Village. Real estate cost of sales for the six months ended January 31, 1998 consisted primarily of the cost of sales and real estate commissions associated with the sales of 34 single-family homesites at Bachelor Gulch, one multi-family homesite at Arrowhead, and four luxury residential condominiums at the Golden Peak base area of Vail mountain. Real estate operating expenses include selling, general and administrative expenses associated with the Company's real estate operations.

Corporate expense. Corporate expense increased by $53,000 or 1.9% for the six months ended January 31, 1999 as compared to the six months ended January 31, 1998. Corporate expense includes certain executive salaries, directors' and officers' insurance, investor relations expenses and tax, legal, audit, transfer agent, and other consulting fees.

Depreciation and Amortization. Depreciation and amortization expense increased by $5.1 million for the six months ended January 31, 1999 as compared to the six months ended January 31, 1998. The increase was primarily attributable to the inclusion of depreciation and amortization associated with the three hotel acquisitions in fiscal 1998 and one hotel acquisition and the SSI Venture discussed above in fiscal 1999 and an increased fixed asset base due to fiscal 1999 capital improvements.

Interest expense. During the six months ended January 31, 1999, and the six months ended January 31, 1998, the Company recorded interest expense of $11.8 million and $11.2 million, respectively, relating

primarily to the Company's credit facilities and the Industrial Development Bonds in fiscal 1999 and fiscal 1998. The increase in interest expense for the six months ended January 31, 1999 compared to the six months ended January 31, 1998, is attributable to a higher average balance outstanding on the credit facility due to amounts drawn for the hotel acquisition and working capital funding to SSI Venture made during the first quarter, and the SSI Venture credit facility established in the second quarter. The increase in interest expense was partially offset by favorable interest rates.

Ten Months Ended July 31, 1998 Compared To Ten Months Ended July 31, 1997

The actual results of the ten months ended July 31, 1998 compared to the actual results of the ten months ended July 31, 1997 discussed below are not comparable due to our acquisition of Keystone and Breckenridge on January 3, 1997. Accordingly, the usefulness of the comparisons presented below is limited, as the ten months ended July 31, 1997 includes the results of such acquisition for the period from January 4 to July 31 while the ten months ended July 31, 1998 includes the results of such acquisition for the full ten-month period. Please see pro forma results of operations included elsewhere in this Management's Discussion and Analysis.

Resort Revenue. Resort Revenue for the ten months ended July 31, 1998 was $336.5 million, an increase of $88.0 million, or 35.4%, compared to the ten months ended July 31, 1997. The increase was primarily attributable to the inclusion of the acquisition of Keystone and Breckenridge for the full ten-month period in fiscal 1998 but only for the period from January 4 to July 31 in fiscal 1997, and increases in lift ticket, ski school, dining, retail and rental, hospitality and other revenues at all four resorts during fiscal 1998.

Resort Operating Expense. Resort Operating Expense was $217.8 million for the ten months ended July 31, 1998, an increase of $64.6 million, or 42.1%, as compared to the ten months ended July 31, 1997. The increase in Resort Operating Expense is attributable to the inclusion of the acquisition of Keystone and Breckenridge for the full ten months in fiscal 1998 but only for the period from January 4 to July 31 in fiscal 1997, and increased variable expenses resulting from the increased level of non-lift Resort Revenue during the ten months ended July 31, 1998.

Real Estate Revenue. Revenue from real estate operations for the ten months ended July 31, 1998 was $73.7 million, an increase of $12.6 million, compared to the ten months ended July 31, 1997. Revenue for the ten months of fiscal 1998 consisted primarily of the sales of 37 single-family homesites and five multi-family sites in the Bachelor Gulch Village development ($45.7 million), and the sale of four luxury residential condominiums at the Golden Peak base area of Vail Mountain ($18.7 million). Revenue for the first ten months of fiscal 1997 consisted primarily of the sales of 63 single-family homesites in the Bachelor Gulch Village development ($46.6 million) and eight residential condominiums.

Real Estate Operating Expense. Real estate operating expense for the ten months ended July 31, 1998 was $62.6 million, an increase of $7.7 million, compared to the ten months ended July 31, 1997. Real estate cost of sales for the first ten months of fiscal 1998 consisted primarily of the cost of sales and real estate commissions associated with the sale of 37 single-family homesites and five multi-family sites in the Bachelor Gulch Village development and four luxury residential condominiums at the Golden Peak base area of Vail Mountain. Real estate cost of sales for the first ten months of fiscal 1997 consisted primarily of the cost of sales and real estate commissions associated with the sale of 63 single-family homesites in the Bachelor Gulch Village development and eight residential condominiums.

Corporate Expense. Corporate expense increased by $880,000 for the ten months ended July 31, 1998, as compared to the ten months ended July 31, 1997. Corporate expense includes certain executive salaries, directors' and officers' insurance, investor relations expenses and tax, legal, audit, transfer agent and other consulting fees. The increase over fiscal 1997 is primarily attributable to an increase in investor relations costs, transfer agent fees and public reporting costs.

Depreciation and Amortization. Depreciation and amortization expense increased by $9.2 million for the ten months ended July 31, 1998. The increase was primarily attributable to the inclusion of depreciation expense and amortization of goodwill for the acquisition of Keystone and Breckenridge for the full ten-month period in fiscal 1998 but only for the period from January 4 to July 31 of fiscal 1997, and capital expenditures made in fiscal 1997 at all four resorts.

Interest Expense. During the ten months ended July 31, 1998, and the ten months ended July 31, 1997, the Company recorded interest expense of $17.8 million and $17.2 million, respectively. Interest expense related primarily to the credit facility (See Note 6(b) of Notes to Consolidated Financial Statements) and the Industrial Development Bonds (see Note 6(a) of Notes to Consolidated Financial Statements) in fiscal 1998 and fiscal 1997, as well as certain then outstanding senior subordinated notes in fiscal 1997. The Company maintained a higher average balance outstanding under its credit facility in fiscal 1998 due to amounts drawn for the hotel acquisitions, resort capital expenditures and investments in real estate. The higher interest on the credit facility in fiscal 1998 was partially offset by the interest incurred in fiscal 1997 on the $165 million in debt assumed in the acquisition of Keystone and Breckenridge, higher interest rates on certain outstanding senior subordinated notes which were outstanding until March 1997, and the one-time contractual redemption premium on the early redemption of such senior subordinated notes.

Gain/Loss on the Sale of Fixed Assets. During the ten months ended July 31, 1998, the Company recorded a loss on the sale of fixed assets of $1.7 million. This loss was primarily attributable to the removal and write-off of a fixed grip chairlift at Keystone Mountain. The lift is being replaced with a new high-speed quad chairlift consistent with the Company's initiative to increase uphill skier capacity and overall guest service. Additionally, the Company wrote off certain retail software systems which will not be used by its new retail joint venture in fiscal 1999.

Fiscal Year Ended September 30, 1997 ("Fiscal 1997") Compared to Fiscal Year Ended September 30, 1996 ("Fiscal 1996")

Resort Revenue. Resort Revenue for fiscal 1997 was $259.0 million, an increase of $118.8 million, or 84.6%, compared to fiscal 1996. The increase was attributable primarily to (i) the inclusion of the results of the Acquired Resorts from January 4, 1997 ($104.8 million) and (ii) increases in lift ticket, ski school, food service, retail and rental, hospitality and other revenues.

Resort Operating Expense. Resort Operating Expense was $172.7 million for fiscal 1997, representing an increase of $82.8 million, or 92.1%, as compared to fiscal 1996. The increase in Resort Operating Expense is primarily attributable to (i) the inclusion of the results of the Acquired Resorts from January 4, 1997 ($69.1 million), (ii) increased variable expenses resulting from the increased level of Vail/Beaver Creek Resort Revenue and skier days in fiscal 1997, (iii) expenses associated with new Vail/Beaver Creek food service and retail/rental operations and (iv) a one-time reorganization charge of $2.2 million in the third quarter of fiscal 1997.

Real Estate Revenue. Revenue from real estate operations for fiscal 1997 was $71.5 million, an increase of $22.8 million, compared to fiscal 1996. Revenue for fiscal 1997 consisted primarily of the sales of 65 single-family homesites in the Bachelor Gulch Village development which totaled $47.5 million, two luxury residential condominiums at the Golden Peak base area of Vail Mountain totaling $8.0 million, various condominiums in Beaver Creek Village totaling $4.2 million and Arrowhead Village land sales of approximately $5.1 million. Revenue for fiscal 1996 consisted primarily of the sales of 30 single-family homesites in the Strawberry Park development at Beaver Creek Resort which totaled $30.9 million.

Real Estate Operating Expense. Real estate operating expense for fiscal 1997 was $66.3 million, an increase of $25.5 million, compared to fiscal 1996. Real estate cost of sales for fiscal 1997 consisted primarily of the cost of sales and real estate commissions associated with the sales of 65 single-family homesites in the

Bachelor Gulch Village development, two luxury residential condominiums at the Golden Peak base area of Vail Mountain, various condominiums in Beaver Creek Village, and Arrowhead Village land sales. Real estate cost of sales for fiscal 1996 consisted primarily of the cost of sales and real estate commissions associated with the sale of 30 single-family homesites in the Strawberry Park development at Beaver Creek Resort.

Corporate Expense. Corporate expense was $4.7 million for fiscal 1997, a decrease of $8.0 million as compared to fiscal 1996. For periods prior to fiscal 1997, corporate expense included the costs associated with the Company's holding company structure and overseeing multiple lines of business, including the discontinued operations. In fiscal 1997, corporate expense includes certain personnel, tax, legal, directors' and officers' insurance and other consulting fees relating solely to the Company's resort and real estate operations. Corporate expense for fiscal 1996 includes the following nonrecurring charges: (i) $2.1 million related to the termination of an employment agreement with the Company's former Chairman and Chief Executive Officer, (ii) $4.5 million related to nonrecurring payments to certain holders of employee stock options, and (iii) $1.9 million of compensation expense related to the exercise of stock options by the Company's former Chairman and Chief Executive Officer. Excluding the effect of those items, corporate expense increased by approximately $400,000.

Depreciation and Amortization. Depreciation and amortization expense was $34.0 million for fiscal 1997, an increase of $15.9 million, as compared to fiscal 1996. The increase was primarily attributable to the inclusion of the results of Keystone and Breckenridge from January 4, 1997 ($14.1 million) and Vail/Beaver Creek capital expenditures made in fiscal 1996 and the first quarter of fiscal 1997.

Interest Expense. During fiscal 1997 and fiscal 1996, the Company recorded interest expense of $20.3 million and $14.9 million, respectively, which relates primarily to the Company's then outstanding senior subordinated notes, the Industrial Development Bonds, and the Company's credit facility. The increase in interest expense from fiscal 1996 to fiscal 1997 is attributable to the interest incurred on the $165 million in debt assumed in the acquisition of Keystone and Breckenridge and the contractual redemption premium incurred in the early redemption of the 12 1/4% senior subordinated notes due 2004, partially offset by interest reductions due to redemptions totaling $54.5 million in principal amount of senior subordinated notes in the first half of fiscal 1996.

Pro Forma Results of Operations--Ten Months Ended July 31, 1998 Compared to Ten Months Ended July 31, 1997

The following unaudited pro forma results of operations of the Company for the ten months ended July 31, 1997 assume the acquisition of Keystone and Breckenridge occurred on October 1, 1996. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations. The unaudited pro forma financial information below excludes the results of Arapahoe Basin, which the Company divested in September 1997. The audited summarized information for the ten months ended July 31, 1998 are provided for comparative purposes.

	Ten Months Ended July 31, 1998	(Pro Forma) Ten Months Ended July 31, 1997	Increase	Percentage Increase
		(unaudited) (dollars in thousands)		
Resort Revenue.....	$336,547	$280,949	$55,598	19.8%
Resort Operating Expense.....	217,764	183,086	34,678	18.9%

Resort Revenue. Pro forma Resort Revenue for the ten months ended July 31, 1998 and 1997 are presented by category as follows:

	Ten Months Ended July 31, 1998	(Pro Forma) Ten Months Ended July 31, 1997	Increase (Decrease)	Percentage Increase (Decrease)
	(dollars in thousands)			
Lift Tickets	$147,128	$135,827	$11,301	8.3%
Ski School	38,647	34,462	4,185	12.1
Dining	48,246	39,580	8,666	21.9
Retail/Rental	19,975	17,400	2,575	14.8
Hospitality	43,127	29,967	13,160	43.9
Other	39,424	23,713	15,711	66.3
Total Resort Revenue	$336,547	$280,949	$55,598	19.8%
Total Skier Days	4,717	4,890	(173)	(3.5%)
ETP	$ 31.19	$ 27.78	$ 3.41	12.3%

Lift ticket revenue increased due to a 12.3% increase in ETP partially offset by a 3.5% decline in the number of total skier days. The increase in ETP is primarily due to increases in lead ticket prices at each resort, a less aggressive ticket discounting strategy, and improvement in the proportion of destination skier days to total skier days. The increase in lead ticket prices and less aggressive discounting is consistent with the Company's strategy to provide a high quality guest experience at a premium price. The improvement in the proportion of destination skier days was driven by an increase in destination skier days and a decline in local and Colorado Front Range (Denver/Colorado Springs) skier days (non-destination skier days). The Company attributes the increase in destination guests to the Company's new and innovative marketing and loyalty programs and continuous commitment to guest service. The decline in local and Front Range skier days is primarily attributable to unusual weather patterns and below average snowfall for much of the season at the Company's resorts.

Ski school revenue increased primarily due to price increases and an increase in the number of ski and snowboard lessons sold. The number of lessons increased due to an increase in the number of destination skiers who have a greater tendency to purchase lessons than do local and Front Range guests. Additionally, the Beaver Creek children's program has continued its success due to a number of initiatives designed to increase participation. Demand continued to be strong for snowboarding and private lessons driven by the popularity of snowboarding and the increase in destination guests.

Dining revenue increased as a result of strong performance from existing operations, the addition of several new dining operations, and dining operations acquired in three hotel acquisitions. Five dining operations were new to Vail Mountain in fiscal 1998, including the addition of two fine dining facilities from The Lodge at Vail acquisition, and two facilities in the newly-renovated and expanded Golden Peak base facility, resulting in an overall seating capacity increase of 10%. Beaver Creek opened seven new operations, six of which are located in the recently completed Beaver Creek Village core, thereby increasing seating capacity by 29%. Four dining operations were new to Breckenridge and Keystone resorts during fiscal 1998 including the operations acquired in the acquisitions of the Great Divide Lodge (formerly Breckenridge Hilton) and the Inn at Keystone, and two new, on-mountain operations.

Retail and rental revenues increased due to strong performance from existing operations and the addition of three new operations. Increases in existing operations were led by the completion of the Beaver Creek Village core which provided a complementary balance of retailers in Beaver Creek Village, making it an

attractive retail shopping destination, and the newly renovated and expanded Golden Peak facility at the base of Vail Mountain. Two new rental operations were opened in Beaver Creek Village and one new retail/rental operation was opened in a strategic location at the base of Peak 8 in Breckenridge, where the Company formerly had no presence in the retail/rental market. The Company's retail and rental business also benefited from continuing improvements in inventory management and store product mix.

Hospitality revenue increased due to an increasing base of property management services, growth in the travel and reservations businesses, and the acquisitions of The Lodge at Vail, the Great Divide Lodge (f/k/a Breckenridge Hilton), and the Inn at Keystone. Property management services contributed toward the growth over fiscal 1997 due to an increase in occupancy and average daily rate (defined as revenue divided by room nights) at Beaver Creek Resort driven by the increase in skier visits and number of rooms under management.

Other revenue increased as a result of the increased popularity of the Adventure Ridge activities center at the top of Vail Mountain, expanded contract services for Beaver Creek, Bachelor Gulch and Arrowhead Villages, the expansion of the Beaver Creek Club, licensing and sponsorship revenue growth, and increases in brokerage and commercial leasing revenue.

Resort Operating Expense. Resort Operating Expense was $217.8 million for the ten months ended July 31, 1998, compared to $183.1 million for the ten months ended July 31, 1997. As a percentage of Resort Revenue, Resort Operating Expense decreased from 65.2% to 64.7% in the ten months ended July 31, 1998. The overall increase in Resort Operating Expense is attributable to increased variable operating expenses resulting from the increased level of Resort Revenue derived from non-lift businesses such as dining, retail/rental, hospitality and other operations.

Pro Forma Results of Operations--Twelve Months Ended July 31, 1998 Compared to Twelve Months Ended July 31, 1997

The following unaudited pro forma results of operations of the Company for the twelve months ended July 31, 1997 assume the acquisition of the Keystone and Breckenridge occurred on August 1, 1996. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations. The unaudited pro forma financial information below excludes the results of Arapahoe Basin, which the Company divested in September 1997. The unaudited summarized information for the twelve-months ended July 31, 1998 are provided for comparative purposes.

	Twelve Months Ended July 31, 1998	(Pro Forma) Twelve Months Ended July 31, 1997	Increase	Percentage Increase
		(unaudited) (dollars in thousands)		
Resort Revenue	$350,498	$292,127	$58,371	20.0%
Resort Operating Expense	238,889	200,488	38,401	19.2%

Resort Revenue. Pro forma Resort Revenue for the twelve-months ended July 31, 1998 and 1997 is presented by category as follows:

	Twelve Months Ended July 31, 1998	(Pro Forma) Twelve Months Ended July 31, 1997	Increase (Decrease)	Percentage Increase (Decrease)
		(unaudited) (dollars in thousands)		
Lift Tickets	$147,128	$135,827	$11,301	8.3%
Ski School	38,647	34,462	4,185	12.1
Dining	52,371	43,099	9,272	21.5
Retail/Rental	20,799	17,165	3,634	21.2
Hospitality	47,128	34,065	13,063	38.3
Other	44,425	27,509	16,916	61.5
Total Resort Revenue	$350,498	$292,127	$58,371	20.0%
Total Skier Days	4,717	4,890	(173)	(3.5%)
ETP	$ 31.19	$ 27.78	$ 3.41	12.3%

Lift ticket revenue increased due to a 12.3% increase in ETP partially offset by a 3.5% decline in the number of total skier days. The increase in ETP is primarily due to increases in lead ticket prices at each resort, a less aggressive ticket discounting strategy, and improvement in the proportion of destination skier days to total skier days. The increase in lead ticket prices and less aggressive discounting is consistent with the Company's strategy to provide a high quality guest experience at a premium price. The improvement in the proportion of destination skier days was driven by an increase in destination skier days and a decline in local and Colorado Front Range (Denver/Colorado Springs) skier days (non-destination skier days). The Company attributes the increase in destination guests to the Company's new and innovative marketing and loyalty programs and continuous commitment to guest service. The decline in local and Front Range skier days is primarily attributable to unusual weather patterns and below average snowfall for much of the season at the Company's resorts.

Ski school revenue increased primarily due to price increases and an increase in the number of ski and snowboard lessons sold. The number of lessons increased due to an increase in the number of destination skiers who have a greater tendency to purchase lessons than do local and Front Range guests. Additionally, the Beaver Creek children's program has continued its success due to a number of initiatives designed to increase participation. Demand continued to be strong for snowboarding and private lessons driven by the popularity of snowboarding and the increase in destination guests.

Dining revenue increased as a result of strong performance from existing operations, the addition of several new dining operations, and dining operations acquired in three hotel acquisitions. Five dining operations were new to Vail Mountain in fiscal 1998, including the addition of two fine dining facilities from The Lodge at Vail acquisition, and two facilities in the newly-renovated and expanded Golden Peak base facility, resulting in an overall seating capacity increase of 10%. Beaver Creek opened seven new operations, six of which are located in the recently completed Beaver Creek Village core, thereby increasing seating capacity by 29%. Four dining operations were new to Breckenridge and Keystone resorts during fiscal 1998 including the operations acquired in the acquisitions of the Great Divide Lodge (formerly Breckenridge Hilton) and the Inn at Keystone, and two new, on-mountain operations.

Retail and rental revenues increased due to strong performance from existing operations and the addition of three new operations. Increases in existing operations were led by the completion of the Beaver Creek Village core which provided a complementary balance of retailers in Beaver Creek Village making it an attractive retail shopping destination, and the newly renovated and expanded Golden Peak facility at the base of

Vail Mountain. Two new rental operations were opened in Beaver Creek Village and one new retail/rental operation was opened in a strategic location at the base of Peak 8 in Breckenridge where the company formerly had no presence in the retail/rental market. The Company's retail and rental business also benefited from continuing improvements in inventory management and store product mix.

Hospitality revenue increased due to an increasing base of property management services, growth in the travel and reservations businesses, and the acquisitions of The Lodge at Vail, the Great Divide Lodge (f/k/a Breckenridge Hilton), and the Inn at Keystone. Property management services contributed toward the growth over fiscal 1997 due to an increase in occupancy and average daily rate (defined as revenue divided by room nights) at Beaver Creek Resort driven by the increase in skier days and number of rooms under management.

Other revenue increased as a result of the increased popularity of the Adventure Ridge activities center at the top of Vail Mountain, expanded contract services for Beaver Creek, Bachelor Gulch, and Arrowhead Villages, the expansion of the Beaver Creek Club, licensing and sponsorship revenue growth, and increases in brokerage and commercial leasing revenue.

Resort Operating Expense. Resort Operating Expense was $238.9 million for the twelve months ended July 31, 1998, compared to $200.5 million for the twelve months ended July 31, 1997. As a percentage of Resort Revenue, Resort Operating Expense was 68.2% and 68.6% for the twelve months ended July 31, 1998 and 1997, respectively. The overall increase in Resort Operating Expense is attributable to increased variable expenses resulting from the increased level of Resort Revenue derived from non-lift businesses such as dining, retail/rental, hospitality and other operations.

Liquidity and Capital Resources

We have historically provided funds 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.

Our cash flows from investing activities have historically consisted of payments for acquisitions, resort capital expenditures, and investments in real estate.

During the ten months ended July 31, 1998, we acquired three hotel properties: the Great Divide Lodge (f/k/a Breckenridge Hilton), The Lodge at Vail, The Inn at Keystone and certain other assets, for an aggregate purchase price of $54.3 million (net of cash acquired in the transactions). We have since incurred approximately $7.3 million during the ten months ended July 31, 1998 to substantially complete a new wing of The Lodge at Vail. We sold a penthouse condominium acquired as part of the acquisition in January 1999 for a total purchase price of $3.3 million.

On August 1, 1998, we entered into a joint venture with one of the largest retailers of ski- and golf-related sporting goods in Colorado. We contributed our retail and rental operations to the joint venture for a 51.9% ownership interest in SSI Venture. Specialty Sports, Inc. contributed 30 stores located in Denver, Boulder, Aspen, Telluride, Vail and Breckenridge to the joint venture and holds a 48.1% share in SSI Venture.

Resort capital expenditures for the ten months ended July 31, 1998 were $80.5 million, of which management estimates approximately $15 million represented maintenance capital expenditures. Investments in real estate for that period were $15.7 million, which included $3.1 million of mountain improvements, including ski lifts and snowmaking equipment, which are related to real estate development but which also benefit resort operations. The primary projects included in resort capital expenditures were (i) trail and infrastructure improvements at Keystone Mountain, (ii) terrain and facilities improvements at Breckenridge, (iii) expansion of the grooming fleet at Vail and Beaver Creek Mountains, (iv) retail/rental and restaurant additions in Beaver Creek Village, (v) new high-speed quad chairlifts at Breckenridge and Keystone, (vi) upgrades to office and front-line information systems, and (vii) the addition of a new wing at The Lodge at Vail. The primary projects included in investments in real estate were (i) continuing infrastructure related to Beaver Creek, Bachelor Gulch and Arrowhead Villages, (ii) golf course development, and (iii) investments in developable land at strategic locations at all four mountain resorts.

During the six months ended January 31, 1999, we acquired one hotel property, The Village at Breckenridge, and certain other related assets for a total purchase price of $33.8 million. We simultaneously entered into a contract to sell certain of the acquired assets for $10 million which closed in April 1999.

Resort capital expenditures for the six months ended January 31, 1999 were $44.3 million, of which management estimates approximately $10.0 million represents maintenance capital expenditures. Investments in real estate for that period were $14.4 million. The primary projects included in resort capital expenditures were (i) trail and infrastructure improvements and a new high-speed quad chairlift at Keystone Mountain, (ii) upgrades to the snowmaking system at Keystone, (iii) terrain and facilities improvements and a new on-mountain restaurant at Breckenridge, (iv) expansion of the children's ski school at Beaver Creek, (v) expansion of Adventure Ridge at Vail, (vi) development of Adventure Point at Keystone, (vii) expansion of the grooming fleet at all four resorts, (viii) upgrades to office and frontline information systems, and (ix) significant renovations of the Great Divide Lodge as well as minor renovations of our other hotels. The primary projects included in investments in real estate were (i) continuing infrastructure related to Beaver Creek, Bachelor Gulch and Arrowhead Villages, (ii) continuing construction of the Arrowhead Alpine Club, (iii) development of the Red Sky Ranch residential golf resort, and (iv) investments in developable land at all four mountain resorts.

The seasonal nature of our construction activity results in the concentration of capital expenditures in the May-December periods. Consequently, we categorize capital expenditures on a calendar rather than fiscal year basis. For calendar 1999, we anticipate spending between $45 and $55 million for resort capital expenditures and between $30 and $40 million for real estate capital expenditures. Management estimates that for calendar 1999, approximately $15 million to $20 million of resort capital expenditures will be categorized as resort maintenance capital expenditures for mountain, lodging, dining and other operations including information systems, with the remainder of resort capital expenditures being used to fund strategic projects such as the Category III expansion on Vail Mountain, a new high-speed six-passenger chairlift at Breckenridge, and trail, hospitality and infrastructure improvements across all four resorts. Primary real estate projects for calendar 1999 include construction of condominiums at Arrowhead, the Arrowhead Alpine Club and Bachelor Gulch Club and further development of the Red Sky Ranch residential golf resort. We plan to fund resort and real estate capital expenditures with cash flow from operations and borrowings under our revolving credit facility.

During the ten months ended July 31, 1998, we generated $21.2 million in cash flow from our financing activities consisting of net borrowings under our revolving credit facility and other debt of $15.7 million, $8 million received from the exercise of employee stock options and the refund of a bond reserve fund of $3.3 million, less the payment of $5.7 million due under a rights distribution to certain option holders. During the six months ended January 31, 1999, we generated $48.0 million in cash from our financing activities consisting of net long-term debt borrowings of $47.5 million and $0.5 million received from the exercise of employee stock options.

At January 31, 1998 we had $41.2 million of outstanding Industrial Development Bonds issued by Eagle County, Colorado. Interest accrues at 6.95% per annum and the principal amount matures on August 1, 2019. Interest is payable semi-annually on February 1 and August 1. The bonds are secured by the Vail and Beaver Creek Mountain United States Forest Service permits.

We currently have a $450.0 million revolving credit facility maturing on December 19, 2002. At January 31, 1999, after giving effect to the offering and the application of the net proceeds, we would have had $60.3 million outstanding, $61.7 million of letters of credit issued thereunder and remaining availability of $328.0 million, of which $220.0 million could have been borrowed under the most restrictive of the financial covenants contained in the credit facility. Upon the consummation of the offering of outstanding Notes on May 11, 1999, borrowings under our credit facility bear interest annually at our option at the rate of (i) LIBOR (the London interbank offered rate for a given interest period) plus a margin (ranging from .75% to 2.25%) or (ii) the Base Rate (defined as the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 0.5%, or the agent's prime lending rate) plus a margin up to .75%. In addition, we must pay a

fee on the face amount of each letter of credit outstanding at a rate ranging from .75% to 2.25%. We will pay a quarterly unused commitment fee ranging from 0.20% to 0.50%. The interest margins and commitment fee fluctuate based upon the ratio of Funded Debt to our Resort EBITDA (as defined in our credit facility). See "Description of Certain Indebtedness--Revolving Credit Facility."

At January 31, 1999, SSI Venture had $12.5 million outstanding under the $20.0 million SSI Venture credit facility, all of which was guaranteed by one of our subsidiaries. See "Description of Certain Indebtedness--SSI Venture Credit Facility."

During the ten months ended July 31, 1998, 1,043,271 employee stock options were exercised at exercise prices ranging from $6.85 to $24.00. Additionally, 8,260 shares were issued to management under the restricted stock plan. During the six months ended January 31, 1999, 51,260 employee stock options were exercised at exercise prices ranging from $10.00 to $10.75. Additionally, 8,751 shares were issued to management under our restricted stock plan during the six months ended January 31, 1999.

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

Seasonality

The Company's ski and resort operations are extremely seasonal in nature. In particular, revenues and profits are substantially lower, historically resulting in losses, in the first and fourth quarters due to the closure of its ski operations. Based on the Company's fiscal year ended July 31, 1998, 87% of total resort revenues were earned during the second and third fiscal quarters.

Inflation

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

General

Vail Resorts is one of the leading resort operators in North America. Through our four premier properties we provide a comprehensive resort experience throughout the year to a diverse clientele with an attractive demographic profile. Our major resorts currently include:

- Vail Mountain--the largest and most popular single ski mountain complex in North America ("Vail");
- Beaver Creek Resort--one of the world's premier family-oriented mountain resorts ("Beaver Creek");
- Breckenridge Mountain--an attractive destination resort with numerous apres ski activities and an extensive bed base ("Breckenridge"); and
- Keystone Resort--a year-round family vacation destination ("Keystone").

We are one of the most profitable mountain resort operators due to the following competitive strengths:

- ownership of premium resorts,
- attractive guest demographics,
- strong brand franchise,
- scope, diversity and quality of our complementary activities and guest services, and
- proximity of our ski resorts to both Denver International Airport and Vail/Eagle County Airport.

We had an 8.7% share of skier days in the United States for the 1997-98 ski season and are uniquely positioned to attract a broad range of guests due to our diverse ski terrain, varied price points and numerous activities and services. Our ski resorts are located within 50 miles of each other, which enables us to offer guests the opportunity to visit each ski resort during one vacation stay and participate in common loyalty programs. We also own substantial real estate from which we derive significant strategic benefits and cash flow. We expect to develop and expand our non-mountain operations in the coming years.

Industry

There are approximately 800 ski areas in North America, which generated a total of approximately 70 million skier days during the 1997-98 ski season. There are approximately 521 ski areas in the U.S., which generated approximately 54 million skier days during the 1997-98 ski season. These resorts range from small ski resort operations, which cater primarily to day skiers from nearby population centers, to larger resorts which, given the scope of their operations and their accessibility, are able to attract both day skiers and destination resort guests who are seeking a comprehensive vacation experience. While the day skier tends to focus primarily on lift ticket price and round-trip travel time, destination travelers tend to make their choices based on the number of amenities and activities offered, as well as the perceived overall quality of the vacation experience. As a result, destination guests generate significantly higher Resort Revenue per skier day than day skiers. We believe we are one of a relatively small number of ski areas in North America able to attract both the day skier and the destination guest and provide a comprehensive vacation experience.

Within the United States, regional distribution of skier days during the 1997-98 ski season is estimated to have been as follows: Northeast (12.7 million); Southeast (4.3 million); Midwest (6.7 million); Rocky Mountain (19.1 million); and Pacific West (11.2 million). The 27 ski areas located in Colorado currently account for 22% of total skier days in the United States, up from approximately 18% in 1985-86. While total skier days generated by all United States resorts have increased by a total of 4% since the 1985-86 ski season, skier days generated by Colorado ski areas have grown by approximately 31% during the same period. During the same time period, skier days at our resorts have increased by 39%. We believe that the primary reasons for

Colorado's growth relative to the rest of the United States include the quality of the ski areas located in the state, the accessibility of its resorts from major transportation centers and the relatively favorable climate of the Rocky Mountains.

We believe that we benefit from certain trends and developments which favorably impact the North American ski industry, including (1) advances in ski equipment technology ("fat" skis and specially shaped skis) which facilitate learning and make the sport easier to enjoy, thereby increasing an individual's days skied per year and overall years of skiing, (2) the rapid growth of snowboarding, which is increasing youth participation in "on-snow" sports, (3) a greater focus on leisure and fitness and (4) a growing interest among affluent families in purchasing second homes in mountain resort communities. There can be no assurance, however, that such trends and developments will have a favorable impact on the ski industry.

Snowboarding has energized interest in "on-snow" sports, primarily among males between the ages of 13 and 24. According to the National Sporting Goods Association (the "NSGA"), the number of snowboarders in the U.S. has increased from 1.46 million in 1990 to 2.52 million in 1997, an increase of 73%. U.S. skier days attributable to snowboarders have increased an average of 21% per year over the past four years and snowboarders are currently estimated to represent 21% of all U.S. skier days. With international markets believed to be experiencing similar growth rates, snowboarding is among the fastest growing sports in the world. Snowboarding was inaugurated as the newest Olympic sport at the 1998 Winter Olympic Games in Nagano, Japan. Management believes that the growth in snowboarding has had a positive impact on the ski industry and will continue to be an important source of our lift ticket, ski school, retail and rental revenue growth. We believe that the growth in snowboarding among children and teens, who influence family vacation decisions, allows us to attract additional family-oriented destination guests. Consequently, we are an industry leader in the creation of snowboard attractions, programs and events.

The mountain resort industry is in a period of consolidation as the cost of the infrastructure required to maintain competitiveness has increased, thereby enhancing the position of larger and better capitalized resort owners. The number of U.S. ski resorts has declined from approximately 709 in 1986 to 521 in 1998 and, based on industry estimates, the number of mountain resorts is expected to decline further, as the majority of mountain resorts lack the infrastructure, capital and management capability to compete in this multi-dimensional and service-intensive industry. At the same time, the high cost of mountain resort development and environmental restrictions have prevented new resorts from being created. Since Beaver Creek opened in 1980, only one other major ski facility has opened in the United States. Despite this consolidation, the ski industry remains highly fragmented and we expect that no one resort operator will account for more than 10% of the United States' 54 million skier days for the 1997-98 ski season. We believe that the consolidation trend in the mountain resort industry will continue, and we intend to selectively pursue acquisition opportunities which we believe will provide attractive investment returns.

Resorts

Vail

Opened in 1962, Vail is the largest and most popular single ski mountain complex in North America, offering over 4,600 acres of unique and varied ski terrain, spanning approximately 20 square miles. Included in this complex is the largest network of high speed lifts in the world, a top-rated ski school and a wide variety of dining and retailing establishments. Vail is ideally suited for all levels of skiers as it has a balanced distribution of beginner, intermediate and advanced terrain. Perhaps no single physical attribute defines Vail better than the Back Bowls. More than seven miles wide, the Back Bowls are one of the most distinctive terrain features found at any ski mountain in North America and offer some of the finest skiing in the world. Vail typically receives "dry" snowfall due to its central Rocky Mountain location and, by the end of this, our 36th season, we expect to have attracted approximately 1.33 million skier days. For the last ten years, Vail has been rated the number one ski resort in the United States by the Mountain Sports and Living (f/k/a Snow Country) magazine survey.

While Vail provides the largest and most varied ski terrain of any North American mountain resort, we have received approval (subject to a pending appeal) from the Forest Service for infrastructure development of bowl skiing terrain within its current permit area known as Category III. Category III will add 850 acres of new trails to the Back Bowls, increasing the ski terrain in the Back Bowls by over 30%. With between 40% and 50% of the guests at Vail Mountain classified as intermediate skiers, Category III represents a significant expansion in non-expert bowl skiing for these skiers. The terrain's high, north facing location typically yields extremely reliable snow conditions and should allow for earlier and later ski season operations than Vail's existing Back Bowls which face south. Although we believe that the completion of this terrain expansion will significantly increase the number of skier days at Vail, particularly in the early and late season non-peak periods, there can be no assurance that such an increase will be achieved. See "Risk Factors--We rely on government permits."

We have also consistently improved and expanded guest amenities at Vail to increase Resort Revenue and Resort EBITDA. We currently own and operate 26 dining venues on the mountain and in the base villages and over 55,000 square feet of retail, restaurant and commercial space located throughout the mountain and at the three primary access points--Golden Peak, Vail Village and Lionshead. Significant projects already completed include:

- The Golden Peak redevelopment, which replaced the entire base facility at one of Vail Mountain's primary access points with a new 83,000 square foot facility. Included in the new base lodge are three dining venues, a retail and rental outlet and skier services facilities.

- A new high-speed quad chairlift at the Golden Peak base area and a new 12 passenger gondola at the Lionshead base area, which improved access to the mountain.

- Adventure Ridge, a non-ski activity center on the top of Vail Mountain, which offers sledding and tubing, ice skating, snowmobile tours, snow-biking, laser tag and a snowboard park in addition to substantial day and evening retail and dining operations.

We are currently planning several additional resort attractions, including:

- The Category III expansion which, subject to final government approval, will increase the number of ski trails on Vail's renowned Back Bowls by 850 acres. See "Risk Factors--We rely on government permits."

- The redevelopment of our owned property in Lionshead, which will create significant additional resort lodging and retail and restaurant space. See "--Real Estate."

Beaver Creek

Beaver Creek, located ten miles west of Vail, consists of the Beaver Creek, Arrowhead and Bachelor Gulch ski areas, and includes over 1,600 acres of ski terrain. We acquired Beaver Creek in 1972 and opened the ski facilities during the 1980-81 ski season. In 1993, we expanded Beaver Creek by acquiring significant privately owned ski terrain and development property at Arrowhead and Bachelor Gulch. This purchase allowed us to (1) develop a European style village-to-village ski experience which interconnects, through ski lifts and ski trails, the three distinct ski areas, (2) add significant intermediate terrain, (3) improve skier distribution patterns across Beaver Creek and (4) add mountain infrastructure capable of supporting anticipated skier growth. Like Vail, Beaver Creek benefits from "dry" dependable snowfall in addition to excellent snowmaking capabilities. Since its opening, Beaver Creek has increased its skier days from 111,746 in 1980-81 to approximately 610,000 in the 1998-99 ski season, making it one of the fastest growing mountain resorts in North America. Management believes that the success of Beaver Creek has resulted from its unique combination of ambiance, architecture and a variety of groomed and natural terrain providing world-class skiing which appeals to Beaver Creek's family-oriented destination guests. Beaver Creek operates 14 lifts, including six high speed quads. We also own and operate 19 restaurants on-mountain and in the base areas, as

well as over 130,000 square feet of retail, restaurant and commercial space strategically located on and at the base of Beaver Creek. See "--Resort Operations--Dining."

We have implemented a number of capital improvements at Beaver Creek, including the build-out of the Beaver Creek Village core with a final series of additions to fully integrate Beaver Creek Mountain with the European-style village at its base. These additions included two residential and retail multi-use complexes, a series of outdoor escalators to move guests through the village to the mountain, the 527-seat Vilar Center for the Arts at Beaver Creek as well as a year-round, outdoor ice-skating area.

One of the primary factors in the growth of Beaver Creek has been an increase in resort lodging. In addition to the significant growth taking place at Beaver Creek, there has been substantial development in the surrounding communities of Avon, Edwards, Eagle and Gypsum, providing additional, moderately-priced, resort lodging. We anticipate the substantial resort lodging growth to continue from the buildout of the Bachelor Gulch Village and Arrowhead Village resort communities, both of which offer unique slopeside development opportunities due to our fee simple ownership of the mountain land, and from the significant development taking place in the surrounding communities. See "--Real Estate."

Breckenridge

Breckenridge is located approximately 85 miles west of Denver and 40 miles east of Vail. We estimate that Breckenridge's skier days will approximate 1.37 million for the 1998-99 season. Breckenridge offers over 2,000 acres of skiing on four different mountain peaks, including open bowl skiing and excellent beginner and intermediate ski terrain. Breckenridge's mountains are interconnected by a network of 23 lifts, including six high-speed quad chairlifts. Breckenridge currently operates 15 dining venues, both on- and off-mountain, and over 17,000 square feet of on-mountain retail, restaurant and commercial space.

Breckenridge benefits significantly from its location adjacent to the Town of Breckenridge, a restored 140 year old Victorian mining town which has over 20,000 beds, over 70 restaurants and bars and over 130 shops. Significant apres ski activities and extensive bed base have made Breckenridge an attractive destination to national and international destination guests. We anticipate significant additional resort lodging growth will be fueled by third party developers as well as by the development of our owned properties. See "--Real Estate."

Since our acquisition of Breckenridge in January 1997, we have made substantial capital improvements to the resort which we believe have enhanced all aspects of the overall guest experience. We added two new high-speed quad chairlifts, increased snowmaking capacity by 50% and opened the first new on-mountain restaurant at Breckenridge in over 10 years. We also acquired and completely renovated the Great Divide Lodge and upgraded the Bergenhof Lodge and Vista Haus restaurant.

Future plans at Breckenridge include substantial upgrades to the newly-acquired Village at Breckenridge, a primary port of entry to the mountain, skiing terrain expansion on Peak 7, and residential and commercial development of the Company's land at the Peak 8 base area and in the Town of Breckenridge.

Keystone

Keystone is located approximately 70 miles west of Denver and 15 miles from Breckenridge. We estimate that Keystone's skier days will approximate 1.24 million for the 1998-99 ski season. Comprised of three mountains and interconnected by a network of 20 lifts, including two high speed gondolas and five high-speed quad chairlifts, Keystone provides over 1,800 skiable acres suited to a wide variety of skier ability levels. Keystone has the largest and most advanced snowmaking capability of any Colorado mountain resort with snowmaking coverage extending over nearly 50% of Keystone's skiable acreage. As a result, Keystone is typically among the first mountain resorts in the nation to open each season and is one of the last to close.

Keystone also provides the largest single-mountain night skiing experience in North America. With 17 lighted trails covering 2,340 vertical feet from the summit to the base, Keystone offers a 12 1/2 hour ski day which allows day guests to customize their ski day and destination guests the opportunity to ski on arrival days. Keystone is a planned family-oriented community which offers a variety of year round activities, the majority of which we operate, including 24 on-mountain and in-valley restaurants and over 94,000 square feet of on-mountain and in-valley retail, restaurant and commercial space.

In addition, the Keystone JV is developing a significant portion of the Keystone resort and has master plan approvals to add up to 3,400 residential and lodging units and up to 318,000 square feet of retail and restaurant space over the next 20 years. We believe that the build-out of this real estate will result in increased skier days and Resort Revenue per skier day and will significantly increase the number of higher revenue destination guests at Keystone. See "--Real Estate."

Since our purchase of Keystone in January 1997, we have added two new high-speed quad chairlifts, created Area 51, Colorado's newest snowboard park, and opened Adventure Point, an on-mountain day and night recreation area. In addition, a new restaurant was added at the North Peak base area. The Keystone Lodge, which already carries the AAA Four Diamond rating, has also undergone an extensive two-phase renovation.

Our continuing plans for Keystone include the installation of Keystone's sixth high-speed quad chairlift, on-going expansion of Adventure Point, increased ski terrain and an expansion of the Keystone Conference Center.

Accessibility

Given their close proximity to Vail/Eagle County Airport ("Vail/Eagle Airport") and the recently-completed Denver International Airport ("DIA"), all of our ski resorts are easily accessible to national and international destination resort guests, as well as to day travelers from the Denver metropolitan area. The Vail/Eagle Airport is located within 25 miles of Beaver Creek and can accommodate large jet aircraft from major metropolitan areas. Nearly 45% of the destination guests who traveled by air to ski at Vail and Beaver Creek during the 1997-98 ski season arrived through Vail/Eagle Airport, up from only 9% in 1990. We estimate that approximately 55% of the destination guests flying to Vail and Beaver Creek and a similar percentage of the destination guests traveling to Breckenridge and Keystone arrive through DIA.

Over the last seven years, we have worked closely with the nation's major airlines to significantly improve accessibility to our resorts through Vail/Eagle Airport. As a result of these efforts, the number of daily non-stop flights, total seats, major airlines and cities served by Vail/Eagle Airport have increased significantly. Vail/Eagle Airport currently provides direct flight access from 13 major cities and we expect that Vail/Eagle Airport will continue to expand its operations and offer more direct flights from more North American cities. Furthermore, we continue to work with the major airlines to increase both direct and connecting international flights into Vail/Eagle Airport. Presently, guests from major cities located in Europe, South America, Mexico, New Zealand, Australia and the Pacific Rim can conveniently fly to the Vail Valley with only a single stopover or connection through a major U.S. city. We believe that the proximity of our ski resorts to Vail/Eagle Airport provides us with a significant competitive advantage relative to other North American destination ski resorts. In order to induce major air carriers to offer flights from selected new cities to the Vail/Eagle Airport, we have entered into agreements guaranteeing the carriers minimum seasonal revenue associated with such flights. Payments to date under these agreements have not been material.

Weather, Snowmaking and Grooming

Given their location in the Colorado Rocky Mountains, our ski resorts receive some of the most reliable snowfall experienced anywhere in the world, averaging between 20 and 30 feet of annual snowfall over the last 20 years, which is significantly in excess of the average for all ski resorts in the Rocky Mountains for such period.

Despite the natural snowfall typically received by our mountain resorts, we continue to invest in the latest technology in snowmaking systems and actively acquire additional water rights to allow for future snowmaking expansion. Additionally, we have invested significantly in the most extensive fleet of snowgrooming equipment in the world. The use of our snowmaking systems in the early-season and snowgrooming equipment throughout the season, help us to provide top-to-bottom skiing at all of our mountain resorts in both early- and late-season, as well as during periods of lower than average snowfall.

For the current 1998-1999 ski season, however, we experienced highly aberrant weather conditions, which negatively impacted our financial performance. See "Offering Memorandum Summary--Recent Results." Snowfall through New Year's Day was the second lowest in forty years at Vail Mountain. This resulted in only 38% of our total skiable terrain across our four resorts being open to our guests on Christmas Day. These weather conditions continued throughout the winter as snowfall in February and March was the third lowest and temperatures in March were the second warmest since Vail opened.

Resort Operations

We derive Resort Revenue from a wide variety of sources, including lift ticket sales, dining, ski school, equipment rental, retail stores, travel reservation services, lodging, property, club and conference management, real estate brokerage, licensing and sponsorship activities, recreational activities (including golf and tennis facilities) and property, club and conference management. Our ability to appeal to a broad spectrum of guests and offer a wide selection of activities and services has enabled us to generate Resort Revenue per skier day that is among the highest in the industry.

Lift Ticket Revenue. Lift ticket revenue represents our single largest revenue source. Our favorable demographics and world-class resort facilities have enabled us to achieve premium ticket pricing. The lead ticket price, which for the 1998-99 ski season was $61 a day for Vail and Beaver Creek Mountains and $52 a day for Breckenridge and Keystone, is among the highest in the industry. To maximize skier volume during non-peak periods and attract certain segments of the market, we also offer a wide variety of incentive ticket programs, including season passes, student rates, group discounts and senior discounts. We engage in yield management analysis to maximize our effective ticket price (defined as total lift ticket revenue divided by total skier days). During the 1997-98 ski season, we introduced interchangeable lift tickets which were valid across all four of our resorts and Arapahoe Basin ski area. This allowed guests to ski and snowboard at any of our resorts with one lift ticket. We also introduced Peaks at Vail Resorts, a loyalty program similar to an airline frequent flier program. The program rewards guests who frequent the resorts with a system of points that can be accumulated and redeemed for rewards during subsequent visits.

Dining. Dining is a key component in providing a satisfying guest experience and has been an important source of revenue growth. We believe that by owning and operating both on-mountain and base area restaurants, we can better ensure the quality of products and services offered to our guests, as well as capture a greater percentage of the guest's vacation expenditures. Our strategies with respect to our dining operations include (1) focusing growth in venues which allow for dining throughout the day and throughout the year, including breakfast, lunch, apres ski, dinner, evening entertainment, group functions and summer/non-ski season operations, (2) creating unique themed environments to maximize guest enjoyment and revenue opportunities, (3) further expanding on-mountain seating, (4) offering affordable family lunchtime and evening dining and entertainment and (5) continuing affiliations with institutions such as Johnson and Wales University, one of the largest culinary and restaurant management schools in the world. The large number of dining facilities we operate allow us to improve margins through large quantity purchasing agreements and sponsorship relationships.

Our existing restaurant operations offer a wide variety of cuisine and range from top-rated, full service sit-down restaurants to trailside express food outlets. We operate 26 on-mountain and base restaurants in Vail, 19 restaurants in Beaver Creek, 15 restaurants in Breckenridge and 24 restaurants in Keystone.

On October 19, 1998, fires on Vail mountain destroyed certain of our facilities including the ski patrol headquarters, a day skier shelter, the Two Elk Lodge restaurant and the chairlift drive housing for the High Noon Life (Chair #5). The fires have been determined to have been deliberately set and are under investigation by federal, state and local law enforcement officials. All of the facilities damaged are fully covered by our property insurance policy. The incident is also covered under our business interruption insurance policy. Although we are unable to estimate the total amount which will be recovered through insurance proceeds, we do not believe the incident will have a material impact on our ongoing financial results.

Hospitality. Our hospitality operations are designed to offer guests a full complement of quality resort services and provide additional sources of revenue and profitability. These operations include reservations, tour and travel operations and hotel, property, club and conference center management.

We operate a consolidated central reservation center servicing our guests in (1) Vail, Beaver Creek and the surrounding communities, (2) Keystone and (3) Greater Summit County including Breckenridge and the communities surrounding both Breckenridge and Keystone. The central reservation center is capable of booking and selling airline and ground transportation, lodging, lift tickets, ski school and most other activities at our resorts, earning commissions on each third party sale. The center historically has handled over 150,000 calls per year for Vail, Beaver Creek and the surrounding communities, over 300,000 calls per year for Keystone and approximately 60,000 calls per year for Greater Summit County.

We have significantly improved our central reservation operations by (1) creating preferred relationships with major travel companies, (2) increasing purchases of bulk air and large blocks of room nights, (3) capitalizing on the growth of our customer database, (4) expanding the variety of activities and services offered and (5) improving cross-selling of our activities and services, particularly prior to the guest's arrival at the resort.

We have also entered into preferred relationships with travel agent consortiums representing approximately 9,000 North American travel agents. These travel agents have agreed to emphasize our resorts as resorts of choice to their clientele and in return receive certain commission overrides.

We believe there are significant advantages to continuing to grow and increase the scope of our hotel and property management operations. Our hotel and property management operations enable us to (1) leverage and enhance our central reservations operations (2) ensure quality of the guest experience, (3) offer full service vacation packages to our guests, affording us a competitive advantage and (4) leverage the existing property management operation for increased financial performance.

With the recent acquisitions of the Lodge at Vail, the Great Divide Lodge, the Inn at Keystone and the Village at Breckenridge, we have taken the first steps toward applying our hotel and property management strategy, already in place at Keystone and Beaver Creek, to Vail and Breckenridge. We intend to continue to expand our property management operations in Vail, Breckenridge and Beaver Creek by securing new management contracts or through acquisitions. Additionally, in Keystone, the Company expects to secure contracts on additional condominiums and homes developed by the Keystone JV and third party developers. See "--Real Estate."

Including the recent acquisitions mentioned above we currently own seven hotels totaling approximately 730 rooms and suites, manage an additional hotel with 42 rooms and suites and manage approximately 1,800 condominium units across all four of our resorts.

Additionally, we own and operate the Keystone Conference Center, which is the largest convention center in the Colorado Rocky Mountains. With meeting facilities totaling 32,500 square feet and capable of accommodating groups of up to 1,800, the Keystone Conference Center draws groups throughout the year and is typically sold-out during the non-ski season.

Ski and Snowboard School. We operate the world's largest ski and snowboard school operation with over 2,000 instructors across the four ski resorts. We estimate that it has one of the highest guest participation rates in the industry. The success of the ski and snowboard school comes from:

- personalizing and enhancing the guest vacation experience,
- creating new teaching and learning systems (many of which we have historically developed and sold to the Professional Ski Instructors of America),
- introducing innovative teaching methods for children, including separate children's centers, mountain-wide attractions and educational programs like SKE-cology, themed entertainment and teaching systems geared toward specific age groups, and
- continually creating new techniques to react to technological advances in ski and snowboard equipment.

In addition, we have adopted a pay incentive program to reward instructors based on guest satisfaction and repeat clientele. Future growth in ski school revenue is expected to stem from significant growth in the sport of snowboarding, for which we have qualified instructors, as well as teaching opportunities resulting from the technological advances continuously taking place in alpine skiing equipment.

Retail/Rental Operations. Prior to entering into the SSI Venture joint venture, our retail division owned and operated all on-mountain locations and selected base area locations. We operated approximately 40 retail and rental outlets across our four resorts for the 1997-98 ski season. The on-mountain retail locations offer ski accessories (i.e., hats, gloves, sunglasses, goggles, handwarmers) and selected logo merchandise, all in locations which are conveniently located for skiers. Off-mountain, we operated both ski and snowboard equipment rental and full service retail locations. Among other merchandise, our retail operations typically feature resort-related logo merchandise and products of our sponsors. Our rental operations offer a wide variety of ski and snowboard equipment for daily and weekly use.

On August 1, 1998, we entered into the SSI Venture joint venture with one of the largest retailers of ski- and golf-related sporting goods in Colorado. We contributed 36 of our 40 retail and rental locations in Vail, Breckenridge, Keystone and Beaver Creek in exchange for a 51.9% interest in SSI Venture. Our joint venture partners, Specialty Sports, Inc., contributed an additional 30 stores located in Denver, Boulder, Aspen, Telluride, Vail and Breckenridge. SSI Venture currently owns and operates approximately 70 retail and rental locations across Colorado. The owners and operators of Specialty Sports, Inc., the Gart family, have been operating in the sporting goods industry in Colorado since 1929. Vail Resorts participates in the strategic and financial management of the joint venture. We feel the new joint venture will greatly enhance our guests' experience through increased focus on quality guest service and retail product selection.

Other Resort Operations

Adventure Ridge(TM) and Adventure Point(TM). Vail completed the first ever mountaintop activities center, known as Adventure Ridge(TM), during the 1996-97 season. Adventure Ridge(TM) offers terrain parks and half-pipes for skiers and snowboarders, as well as activities for non-skiers such as an ice-skating rink, tubing runs, snow-biking, snowmobile tours, and four dining operations. Consistent with our strategy to expand our offering of on-mountain activities, and given the success of Adventure Ridge(TM) at Vail, we are developing Adventure Point(TM) at Keystone, which currently features a tubing hill and a variety of children's attractions. These non-traditional attractions play a large role in the expansion of activities for our guests and create a competitive advantage for our resorts.

Commercial Leasing Operations. We own significant base area restaurant, retail and other commercial space. The strategy of our leasing operation is to secure the commercial locations adjacent to our resorts for retail, restaurant and entertainment venues and then to carefully select the appropriate tenant mix for these locations to provide a high quality and diverse selection of retailers and restauranteurs. Our total leasable commercial space is currently over 240,000 square feet. For the 1998-99 ski season, approximately 30% of our

commercial space will be used for retail space, 38% for restaurant operations, and the remaining 32% will be leased for office space and other uses.

Licensing and Sponsorship. An important part of our business strategy is to leverage our brand name by entering into sponsorship relationships and strategic alliances with world-class business partners, building our logo and licensing business and gaining national and international exposure by hosting special events. Our leading industry position, coupled with the demographics of our customer base makes us an attractive partner. Our sponsors include America West, American Airlines, Atlas Snowshoes, Avis Rent-A-Car, Bailey's Irish Cream, Bolle America, Chevrolet, Coca-Cola, Coors Brewing Company, Compaq Computers, Continental Airlines, Delta Air Lines, Evian, FILA, Hertz, Kendall-Jackson, MCI WorldCom, Microsoft, Northwest Airlines, Pepsi-Cola, Sprint Communications, TAG Heuer, THOR.LO, United Airlines and Yahoo!. Examples of the types of relationships we have with our partners include Chevy Trucks, which provides us with mountain vehicles and national marketing exposure, and Pepsi-Cola, which, among other things, provides substantial marketing benefits. Our sponsorship arrangements typically have three to five year terms and provide benefits in the form of cash payments, expense reductions, capital improvements and/or marketing exposure. We have licensed the use of our trademarks to over one hundred companies for a variety of products such as apparel and sunglasses. While terms of each license agreement vary, such agreements generally are for a two year term and provide for the payment by the licensee of quarterly royalty payments ranging from 6% to 8% of the gross wholesale price of the licensed goods.

Private Membership Clubs. We are also active in the creation and management of private membership clubs, which allows us to provide high-end services and amenities to our upper-income guests, as well as evening dining options and other services and activities to our overall guest population. Our current clubs include (1) the Beaver Creek Club, which offers members luncheon privileges at Beano's Cabin (which is open to the general public for dinner) and certain golf, tennis and skiing amenities, (2) Game Creek Club, which offers members luncheon privileges and is open to the general public for dinner and (3) the Passport Clubhouse at Golden Peak, which provides members with a reserved parking space, concierge services, a private dining facility and locker and club facilities at the base of Vail Mountain. In addition, construction is currently underway on the Arrowhead Alpine Club and the Bachelor Gulch Club. We have pre-sold a significant number of memberships for both of these clubs.

Promotions and Special Events. Our four resorts are frequently the sites of special events and promotions. In addition to hosting annual World Cup alpine skiing and World Cup mountain biking events, Vail Mountain and Beaver Creek Mountain hosted the 1997 World Cup Skiing Finals and the 1999 World Alpine Ski Championships. Vail previously hosted the World Championships in 1989 and is the first North American host site to have been selected by the World Cup governing body twice. These events give us significant international exposure. Television viewership for the 1999 World Alpine Ski Championships was estimated to have been in excess of 500 million viewers worldwide.

Brokerage. Our real estate brokerage operations are conducted through a joint venture in which we have a 50% interest. The joint venture was created in June 1994 to facilitate the merger of our brokerage operations, Vail Associates Real Estate, Inc., with the brokerage operations of Slifer, Smith & Frampton, which combined the two largest brokerage operations in the Vail Valley. The joint venture has a large share of both first-time developer sales and resales throughout the Vail Valley, creating both a significant source of profitability and a valuable source of information in planning and marketing our real estate projects. In addition to profit distributions from the joint venture, we will directly receive certain override payments on all brokerage revenue from sales of our own property. Brokerage activities at Keystone are conducted by the Keystone JV.

Other Revenue Sources. In addition to the revenue sources listed above, we provide security and other village services to the Beaver Creek, Bachelor Gulch and Arrowhead Villages. We also derive revenue during the non-ski season by offering guests a variety of activities and services, including (1) golf and tennis, (2) gondola and chair-lift rides for mountain-biking and sight-seeing, (3) on-mountain and base area bike

rentals, (4) on-mountain lunch operations, (5) wedding and group functions at mountain and village restaurants, (6) white water rafting and (7) horseback riding.

Marketing and Sales

The primary objectives of our marketing efforts include (1) building demand during both peak and non-peak periods, (2) increasing overall sales through targeted promotional programs in national and international markets, and (3) continuing to increase the recognition and goodwill associated with the Company's brand names and trademarks.

Our primary marketing method is direct print media advertising in ski industry publications such as SKI and Mountain Sports and Living (f/k/a Snow Country) and lifestyle publications such as Conde Nast Traveler and Bon Appetit, whose readership reflects the demographic profile of our clientele. Additionally we market directly to many of our guests through our website which provides information regarding our guest services and amenities, live video of on-mountain conditions and comprehensive on-line reservation capability. Our website receives over 2 million visits annually. (Nothing contained on the website shall be deemed to be incorporated herein.)

We are also very active in a number of promotional programs such as discount programs offered through local retailers designed to attract day skiers from local population centers, and loyalty programs which allow guests to build points for lift ticket usage and participation in other related activities, throughout each of our four ski resorts. In an effort to target destination guests, a newspaper and radio advertising campaign is used in markets which have direct air service to the Vail/Eagle Airport.

In addition to advertisements directed at the vacation guest, an important part of our marketing activities also focus on attracting ski groups, corporate meetings and convention business.

Real Estate

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

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

VRDC's principal activities include (1) the sale of single family homesites to individual purchasers, (2) the sale of certain land parcels to third-party developers for condominium, townhome, cluster home, lodge and mixed use developments, (3) the zoning, planning and marketing of new resort communities (such as

Beaver Creek, Bachelor Gulch Village and Arrowhead), (4) arranging for the construction of the necessary roads, utilities and mountain infrastructure for new resort communities, (5) the development of certain mixed-use condominium projects which are integral to resort operations (such as properties located at a main base facility) and (6) the purchase of selected strategic land parcels, which we believe can augment our existing land holdings or resort operations.

Our current development activities are focused on (1) the completion of three of our resort communities, Beaver Creek, Bachelor Gulch Village and Arrowhead, (2) preparing for the redevelopment of the Lionshead base area and adjacent land holdings located within the town of Vail, (3) preparing for the development of our real estate holdings in the Town of Breckenridge, (4) participation with our joint venture partner in the development of our base area land holdings at Keystone, and (5) the planning of our significant real estate holdings in and around Avon and at the entrance to Beaver Creek.

Beaver Creek

Beaver Creek, which opened in 1980, has emerged as one of the world's preeminent resort communities. Beaver Creek Village offers a wide array of shopping, dining, lodging and entertainment options in addition to being the primary skiing access point to Beaver Creek Mountain.

The Beaver Creek Village core is substantially complete, and our remaining land holdings in Beaver Creek Resort consist of zoned multi-family sites (requiring limited additional infrastructure expenditures) expected to contain approximately 200 multi-family residences located at the entrances to Beaver Creek Resort and 30 townhome units at the base of Beaver Creek Mountain. We expect to sell these remaining land holdings over the next five years.

Bachelor Gulch Village

The Bachelor Gulch Village development, which will be the newest village on Beaver Creek Mountain, is comprised of 1,410 acres of company-owned land located in a valley between Arrowhead and Beaver Creek. A private residential resort community zoned for 672 residential units, Bachelor Gulch Village is an intimate mountain village architecturally modeled after the grand lodges of the U.S. National Parks. It consists of private, upscale real estate enclaves, and most of the homesites have ski-in/ski-out access. The village is a skiing gateway to Beaver Creek Mountain, and plans incorporate approximately 68,000 square feet of retail, restaurant and commercial space.

Infrastructure development at Bachelor Gulch Village commenced in 1994 and was substantially completed in 1998. Through January 31, 1999, we have sold 103 single-family and 51 multi-family homesites, respectively. Our current unsold inventory in Bachelor Gulch Village consists of one single-family homesite, 12 cluster homesites, and development parcels zoned for 474 condominium, timeshare and lodge units. We expect to complete the sale of substantially all of these parcels over the next five years.

Arrowhead

Arrowhead, known as "Vail's Private Address," is comprised of over 1,500 acres of company-owned land and is recognized for its country club approach to residential and resort amenities. Home of the Country Club of the Rockies, a private golf club designed by Jack Nicklaus, Arrowhead is already a well-established private resort consisting of 500 residential units and features amenities such as swimming, clay tennis courts, hiking, mountain biking and private fly-fishing on the Eagle River, and privacy gates that assure controlled access 24 hours a day. Arrowhead contains the westernmost skiing access point to Beaver Creek Mountain.

Through January 31, 1999, we have sold 26 single-family lots and 188 multi-family units. Our current development activities are focused on the development of Arrowhead Village, consisting of a 207 unit staged development centered around a private alpine club. The current unsold inventory in Arrowhead Village includes land zoned for 26 single-family homesites, 25 cluster homesites, four duplex homesites and 50 multi-family units.

Lionshead

We are currently planning the redevelopment of our owned property in Lionshead, together with related properties owned by third parties. Current plans contemplate luxury hotel rooms, a significant number of condominiums and timeshare units, significant additions to restaurant and retail space, an employee housing complex and an office facility (intended to be used for Vail Mountain's administrative and operations functions). The redevelopment of Lionshead will require certain approvals from, and a cooperative partnership with, the Town of Vail. There can be no assurance that we will receive such approvals or cooperation, although we have recently received approval from the Town of Vail on zoning entitlements.

Keystone

In 1994, over 500 acres of developable land at Keystone was contributed to the Keystone JV. A master development plan has been approved which contemplates continued development over the next 20 years. The plan calls for the creation of six separate neighborhoods, each featuring distinctive amenities and architecture based on the area's mining, ranching and railroad history. At full buildout, there will be an estimated 4,600 residential homes and lodging units and 382,000 square feet of commercial space as well as more than 300 acres of open space at Keystone. A network of pedestrian trails and a shuttle bus system are planned to link the neighborhoods and amenities.

As residential and commercial projects are completed, we have a priority right to receive payments of up to $22.6 million for land contributed to the Keystone JV, of which we have received payments of $2.0 million. An additional $7.5 million is currently due. We also receive approximately 40% to 50% of the profits generated by the Keystone JV and will have the opportunity to lease commercial space created by the Keystone JV. The Keystone JV is involved in a wide range of real estate development activities, including the planning, infrastructure improvement, construction and marketing of all real property improvements on its land. The Keystone JV seeks to minimize its exposure to development and construction risks by pre-selling a significant portion of the residential and lodging units prior to the commencement of construction of a project and by individually financing each project through a secured construction loan and equity investment.

As of January 31, 1999, the Keystone JV had constructed and sold 444 condominium and townhome units and 55 single-family homesites. Additionally, there are 92 condominium and townhome units currently under construction and scheduled for completion in 1999 of which 60 units have already been sold. Commercial space developed through January 1999 includes 84,000 square feet completed and an additional 32,000 square feet scheduled for completion in 1999. During the next five years, the Keystone JV expects to develop more than 700 new residential and lodging units and 124,000 square feet of commercial space. In addition, Keystone's second championship golf course is currently under construction with an opening planned for Summer 2000.

Breckenridge

We own approximately 270 acres of development land at one of the primary base portals to Breckenridge plus 30 acres of development land near the center of the Town of Breckenridge. VRDC is engaged in development planning for a new base village, which is currently envisioned to include approximately 850 residential units, restaurant and retail space, a conference facility, and other recreational amenities. Residential offerings will include ski-in/ski-out single family homesites, multi-family condominium units, and townhouse units.

Avon

We own and are currently formulating plans for the development of two key commercial sites in the Town of Avon. Avon is located at the entrance to Beaver Creek Mountain and serves as a lodging base for resort guests. Our plans currently include the construction of two mixed-use complexes which incorporate lodging, dining, commercial space and a parking facility. The Town of Avon runs a free shuttle bus service that

transports guests throughout the town and up to Beaver Creek Village, thus making the town an attractive and convenient source for lodging and dining options. We expect to complete development of these sites over the next five years.

Red Sky Ranch

We are in the planning stages for the Red Sky Ranch residential golf resort development on a 700-acre parcel of land we own located approximately 10 miles west of Beaver Creek. Although this land is proximate to our Vail and Beaver Creek resorts, it sits at a substantially lower elevation and has a relatively moderate year-round climate, allowing for a longer golf season. We anticipate the opening of this resort development in Summer 2003.

Employees

We currently employ approximately 6,200 year-round and 6,000 seasonal employees. Approximately 90 of the seasonal employees are unionized. We consider our employee relations to be good.

Regulation and Legislation

We have been granted the right to use federal land as the site for ski lifts and trails and related activities, under the terms of the permits with the Forest Service. The Forest Service has the right to review and approve the location, design and construction of improvements in the permit area and many operational matters. While virtually all of the skiable terrain on Vail Mountain, Breckenridge, and Keystone is located on Forest Service land, a significant portion of the skiable terrain on Beaver Creek Mountain, primarily in the Bachelor Gulch and Arrowhead Mountain areas, is located on Company-owned land. We have received approval from the Forest Service for infrastructure development of bowl skiing terrain in Category III which is located within the current Vail Mountain permit area. Certain opponents of the Category III expansion filed a lawsuit against the Forest Service seeking to overturn this approval and enjoin the project, and we intervened as an additional defendant in the lawsuit. The federal district court denied the opponents' request for an injunction, entered judgment for defendants, and dismissed the case. The opponents' subsequent request for an injunction pending appeal was denied without prejudice to the ultimate determination of their appeal. Their appeal was briefed and argued on an expedited basis and is currently awaiting a decision by the court.

We also received the approval of the Forest Service to develop a chairlift, other skier facilities and associated skiing terrain on Peak 7 and a teaching chairlift, two new ski trails and additional snowmaking on Peak 9, all located at the Breckenridge. As part of that process, certain federal agencies expressed concern about the analysis of potential future development on private land that the Company owns below Peak 7. In response to an administrative appeal of the Forest Service approval decision by certain individuals and groups, the Regional Forester upheld the approval of these projects in November 1998. We have subsequently advised the Forest Service that we will postpone the Peak 7 improvements, which will allow the Town of Breckenridge time to review a development plan for the private land in question. Based upon the Town's actions, the Forest Service will consider whether to conduct further environmental review of the Peak 7 improvements. We have applied to the U.S. Army Corps of Engineers for a wetlands permit for the Peak 7 improvements, but the Corps has not yet issued a final decision on this application.

We have also sought approval from the Forest Service and other agencies to develop chairlifts, associated skiing terrain, and snowmaking in Jones Gulch, which is located within the current Keystone permit area. The Forest Service has advised us that this development will be the subject of an environmental impact statement, and work on this statement is currently underway. Other agencies will conduct related reviews. The initial issues include the potential effect of the expansion on wildlife and wetlands, and it is possible that the future resolution of these issues could affect whether, in what form, and under what conditions the project is approved. In December 1998, the Corps of Engineers notified Keystone that it had preliminarily determined that the wetlands permit for Keystone's snowmaking diversion limits such diversions to 550 acre-feet annually. We disagree that the permit limits diversions, and discussions with the Corps of Engineers are ongoing. We were authorized to divert additional water to meet our snowmaking needs during 1998 and we believe that we will be authorized by the Corps of Engineers to continue to divert sufficient water to meet our snowmaking needs during 1999 and subsequent years.

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

The permits originally granted by the Forest Service were (1) Term Special Use Permits granted for 30-year terms, but which may be terminated upon 30 days written notice by the Forest Service if it determines that the public interest requires such termination, and (2) Special Use Permits that are terminable at will by the Forest Service. In November 1986, a new law was enacted providing that Term Special Use Permits and Special Use Permits may be combined into a unified single Term Special Use Permit that can be issued for up to 40 years. Vail Mountain operates under a unified permit for the use of 12,950 acres that expires October 31, 2031. Breckenridge operates under a Term Special Use Permit for the use of 3,156 acres that expires on December 31, 2029. Keystone operates under a Term Special Use Permit for the use of 5,571 acres that expires on December 31, 2032. The Beaver Creek property is covered by a Term Special Use Permit covering 80 acres and a Special Use Permit covering the remaining 2,695 acres, both expiring in 2006. We have exercised our statutory right to convert our dual permits for the Beaver Creek Mountain Resort into a unified permit for the maximum period of 40 years and we are currently in the process of negotiating the final terms of the unified permit. The Forest Service can terminate most of these permits if it determines that termination is required in the public interest. In addition, a large part of the Beaver Creek property under permit is terminable at will. However, to our knowledge, no recreational Special Use Permit or Term Special Use Permit for any major ski resort then in operation has ever been terminated by the Forest Service over the opposition of the permitee.

For use of our permits, we pay a fee to the Forest Service. Under recently enacted legislation, retroactively effective to fiscal 1996, we pay a fee to the Forest Service ranging from 1.5% to 4.25% of sales occurring on Forest Service land. However, through fiscal 1998, we must pay the greater of (1) the fee due under the new legislation or (2) the fees actually paid for fiscal 1995 that were calculated under the former fee calculation method. Included in the calculation are sales from, among other things, lift tickets, ski school lessons, food and beverages, rental equipment and retail merchandise sales.

Legal Proceedings

The athletic nature of our ski operations subjects us to litigation in the ordinary course of business, including claims for personal injury and wrongful death. We are currently defending 14 such lawsuits, all of which are covered by extensive liability insurance subject to applicable self-insured retentions. We are defending seven of such lawsuits under the Colorado Ski Safety Act (the "Act"), a comprehensive assumption-of-risk statute. The Act delineates the responsibilities of both ski resort operators and skiers. As long as the ski resort operator complies with the Act's mandates, which consist of markings in relation to ski lifts and man made obstructions, signage in relation to closed areas and ski trails and their difficulty, designation of the ski resort boundaries, closed trails and "danger areas" and flagging and lighting certain maintenance equipment such as snowmobiles, the operator is presumed to be not negligent in accidents involving injury to one of its guests. The Act further provides that a skier injured through one of the "inherent dangers and risks of skiing," which include weather and snow conditions and collisions with manmade and natural objects and other skiers, is barred from suing the mountain resort. Consequently, if we are successful in asserting that a claim brought against us is covered by the Act, we will face no liability for such claim (although there may be other claims not covered by the Act that arise out of the same incident).

Other than the matters discussed in the preceding paragraphs and other matters with respect to which we believe we have no material liability or as to which we are adequately insured, we are not currently a defendant in any material litigation and there are no material legal proceedings pending against us or to which any of our property is subject and, to the knowledge of management, no such proceedings have been threatened against us.

Directors and Executive Officers

The following table sets forth information with respect to the directors and executive officers of Vail Resorts.

Name	Age	Position
Adam M. Aron	44	Chairman of the Board of Directors and Chief Executive Officer of the Company
Frank J. Biondi, Jr.	54	Director
Leon D. Black	47	Director
Craig M. Cogut	45	Director
Stephen C. Hilbert	53	Director
Robert A. Katz	32	Director
Thomas H. Lee	55	Director
William L. Mack	59	Director
Joe R. Micheletto	62	Director
Antony P. Ressler	38	Director
Marc J. Rowan	36	Director
John J. Ryan III	71	Director
John F. Sorte	51	Director
Bruce H. Spector	56	Director
William P. Stiritz	64	Director
James S. Tisch	46	Director
Andrew P. Daly	53	President and Director of the Company
James P. Donohue	58	Senior Vice President and Chief Financial Officer of the Company
John McD. Garnsey	49	Senior Vice President and Chief Operating Officer for Beaver Creek
James S. Mandel	48	Senior Vice President, Vail Resorts Development Company
Paul A. Testwuide	58	Senior Vice President of Resort Projects for Vail
James P. Thompson	55	President, Vail Resorts Development Company
Martha Dugan Rehm	48	Senior Vice President, General Counsel and Secretary of the Company
Bruce Mainzer	46	Senior Vice President of Marketing and Sales for the Company
John W. Rutter	47	Senior Vice President and Chief Operating Officer for Keystone
William A. Jensen	46	Senior Vice President and Chief Operating Officer for Vail and Acting Chief Operating Officer for Breckenridge
Porter Wharton III	49	Senior Vice President of Public Affairs

Pursuant to the Restated Certificate of Incorporation and Restated Bylaws of Vail Resorts, the Board is divided into two classes of Directors, denoted as Class 1 and Class 2, each serving one-year terms. Class 1 directors are elected by a majority vote of the holders of the Class A Common Stock and Class 2 directors are elected by a majority vote of the holders of the Common Stock. The Class 1 directors are Messrs. Black, Cogut, Daly, Katz, Mack, Ressler, Rowan, Ryan and Spector, and the Class 2 directors are Messrs. Aron, Biondi, Hilbert, Lee, Micheletto, Sorte, Stiritz and Tisch.

Adam M. Aron was appointed the Chairman of the Board and Chief Executive Officer of the Company in July 1996. Prior to joining the Company, Mr. Aron served as President and Chief Executive Officer of Norwegian Cruise Line Ltd. from July 1993 until July 1996. From November 1990 until July 1993, Mr. Aron served as Senior Vice President of Marketing for United Airlines. From 1987 to 1990, Mr. Aron served as Senior Vice President of Marketing for the Hyatt Hotels Corporation. Mr. Aron is also a director of Sunterra Corporation, Florsheim Group, Inc., and Crestline Capital Corporation.

Frank J. Biondi, Jr. was appointed a director of the Company in July 1996. Mr. Biondi is Chairman of Biondi Reiss Capital Management. Mr. Biondi previously served as Chairman and Chief Executive Officer of Universal Studios Inc. from April 1996 through November 1998. Mr. Biondi served as President and Chief Executive Officer of Viacom, Inc. from July 1987 to January 1996. He has also held executive positions with The Coca-Cola Company, Home Box Office Inc. and Time Inc. Mr. Biondi currently is a director of Leake and Watts Services, The Museum of Television and Radio, The Bank of New York and MiningCo.com, Inc.

Leon D. Black was appointed a director of the Company in October 1992. Mr. Black is one of the founding principals of Apollo Advisors, L.P. ("Apollo Advisors"), which was established in August 1990, and which, together with an affiliate, acts as managing general partner of Apollo Investment Fund, L.P. ("Apollo Fund"), AIF II, L.P. and Apollo Investment Fund III, L.P., private securities investment funds, of Apollo Real Estate Advisors, L.P. ("AREA") which, together with an affiliate, acts as managing general partner of the Apollo real estate investment funds and of Lion Advisors, L.P. ("Lion Advisors"), which acts as financial advisor to and representative for certain institutional investors with respect to securities investments. Mr. Black is also a director of Converse, Inc., Samsonite Corporation and Telemundo Group, Inc. Mr. Black is Mr. Ressler's brother-in-law.

Craig M. Cogut was appointed a director of the Company in October 1992. Mr. Cogut is currently a senior principal of Pegasus Investors, L.P., which acts as a managing general partner of private securities investment funds. Prior thereto he was one of the founding principals of Apollo Advisors and of Lion Advisors.

Stephen C. Hilbert was appointed a director of the Company in December 1995. Mr. Hilbert founded Conseco, Inc. in 1979 and serves as its Chairman, President and Chief Executive Officer. Conseco, Inc. is a financial services holding company based in Carmel, Indiana, which owns and operates life insurance companies and provides investment management, administrative and other fee-based services. Mr. Hilbert serves as a director of the Indiana State University Foundation and the Indianapolis Convention and Visitor's Association. He also serves on the Board of Trustees of both the Indianapolis Parks Foundation and the U.S. Ski Team Foundation, as a Trustee of the Central Indiana Council on Aging Foundation, and as a director of both the Indianapolis Zoo and the St. Vincent Hospital Foundation.

Robert A. Katz was appointed a director of the Company in June 1996. Mr. Katz is a principal of Apollo Advisors and Lion Advisors, with which he has been associated since 1990. Mr. Katz is also a director of MTL, Inc., Aris Industries, Inc. and Alliance Imaging, Inc.

Thomas H. Lee was appointed a director of the Company in January 1993. Mr. Lee founded the Thomas H. Lee Company in 1974 and since that time has served as its President. The Thomas H. Lee Company and the funds which it advises invest in friendly leveraged acquisitions and recapitalizations. From 1966 through 1974, Mr. Lee was with First National Bank of Boston where he directed the bank's high technology lending group from 1968 to 1974 and became a Vice President in 1973. Prior to 1966, Mr. Lee was a Securities Analyst in the institutional research department of L.F. Rothschild in New York. Mr. Lee serves as a director of Atlantic Holding Corporation, Finlay Enterprises, Inc., First Security Services Corporation, Livent Inc. and Miller Import Corporation.

William L. Mack was appointed a director of the Company in January 1993. Since 1963, Mr. Mack has been the President and Managing Partner of The Mack Organization, an owner and developer of and investor in office and industrial buildings and other commercial properties principally in the New York/New Jersey metropolitan area as well as throughout the United States. Mr. Mack is a founding principal of AREA. He has been Director of the Urban Development Corporation for the State of New York since 1983. Mr. Mack is Chairman Emeritus and Trustee of the Long Island Jewish Medical Center. Mr. Mack also serves as a director of Bear Stearns Companies, Inc., the Mack-Cali Realty Corp. and Metropolis Realty Trust, Inc.

Joe R. Micheletto was appointed a director of the Company in February 1997. Mr. Micheletto has been Chief Executive Officer and President of Ralcorp Holdings, Inc. ("Ralcorp") since September 1996 and was Co-Chief Executive Officer and Chief Financial Officer of Ralcorp from January 1994 to September 1996.

From 1985 to 1994, he served as Vice President and Controller of Ralston Purina Company. From 1991 to 1997, Mr. Micheletto served as Chief Executive Officer of Ralston Resorts, Inc. Mr. Micheletto also serves as a director of Agribrands International, Inc. and Ralcorp.

Antony P. Ressler was appointed a director of the Company in October 1992. Mr. Ressler is one of the founding principals of Apollo Advisors, L.P., Lion Advisors, L.P. and Ares Management, L.P. Mr. Ressler is also a director of Allied Waste Industries, Inc., Berlitz International, Inc., Prandium, Inc., United International Holdings, Inc. and United Pan-Europe Communications N.V. Mr. Ressler is Mr. Black's brother-in-law.

Marc J. Rowan was appointed a director of the Company in October 1992. Mr. Rowan is one of the founding principals of Apollo Advisors and of Lion Advisors. Mr. Rowan is also a director of NRT, Inc. and Samsonite Corporation.

John J. Ryan III was appointed a director of the Company in January 1995. Mr. Ryan has been a financial advisor based in Geneva, Switzerland since 1972. Mr. Ryan is a director of Artemis S.A. and Financiere Pinault S.A., private holding companies in Paris, France, and he is also a director of Converse, Inc. He is a Director of Evergreen Resources Inc., a publicly held oil and gas exploration company. Mr. Ryan is President of J.J. Ryan & Sons, a closely held textile trading corporation in Greenville, South Carolina.

John F. Sorte was appointed a director of the Company in January 1993. Mr. Sorte has been President of New Street Advisors L.P., a merchant bank, and of New Street Investments L.P., its broker-dealer affiliate, since he co-founded both companies in March 1994. From 1992 to March 1994, Mr. Sorte was President and Chief Executive Officer of New Street Capital Corporation, a merchant banking firm. Mr. Sorte is also a director of WestPoint Stevens Inc. and serves as Chairman of the Board of Directors of The New York Media Group, Inc.

Bruce H. Spector was appointed a director of the Company in January 1995. Mr. Spector has been a consultant to Apollo Advisors since 1992 and since 1995 has been a principal in Apollo Advisors. Prior to October 1992, Mr. Spector, a reorganization attorney, was a member of the Los Angeles law firm of Stutman Triester and Glatt. Mr. Spector is also a director of Telemundo Station Group, Inc., United International Holdings, Inc. and Metropolis Realty Trust, Inc.

William P. Stiritz was appointed a director of the Company in February 1997. Mr. Stiritz became Chairman, CEO and President of Agribrands International, Inc. in April 1998. Since 1982 he has served as Chairman of Ralston Purina Company. Mr. Stiritz also serves separately as Chairman of Ralcorp. Mr. Stiritz also is a director of the following companies: Angelica Corporation, Ball Corporation, May Department Stores Company and Reinsurance Group of America, Incorporated.

James S. Tisch was appointed a director of the Company in January 1995. Mr. Tisch is President and Chief Operating Officer of Loews Corporation. He has been with Loews Corporation since 1977. Prior to 1977, Mr. Tisch was with CNA Financial Corporation. Mr. Tisch is Chairman of the Board of Directors of Diamond Off-shore Drilling, Inc. and is a member of the Board of Directors of CNA Financial Corporation and Loews Corporation. He is also Chairman of the Federation Employment and Guidance Service, a member of the Board of Directors of UJA-Federation of New York, and a Trustee of The Mount Sinai Medical Center.

Andrew P. Daly was appointed a director of the Company in June 1996. Mr. Daly became President of Vail Associates, Inc. ("Vail Associates") in 1992 and President of the Company in 1996. He joined Vail Associates in 1989 as Executive Vice President and President of Beaver Creek Resort Company. Prior to joining Vail Associates, Mr. Daly owned and was President of Lake Eldora Ski Corporation, which operated the Eldora Mountain Resort ski area. From 1982 to 1987, Mr. Daly was Chief Executive Officer of Copper Mountain Resort, where he held several positions from 1972 to 1982.

James P. Donohue became Senior Vice President and Chief Financial Officer of the Company in October 1996. From 1991 to October 1996, Mr. Donohue served as Senior Vice President and Chief Financial Officer of Fibreboard Corporation, a manufacturer and distributor of building products, which also owned and operated three ski resorts located in California. Prior to 1991, Mr. Donohue was an Executive Vice President of Continental Illinois Bank., N.A.

John McD. Garnsey joined the Company in May 1999 as Senior Vice President and Chief Operating Officer for Beaver Creek. Mr. Garnsey served as President of the Vail Valley Foundation from 1991 through April 1999 and as Vice President from 1983 to 1991. Mr. Garnsey is also a director of the Vail Valley Foundation, Bravo!Colorado, the Vilar Center for the Performing Arts at Beaver Creek, Vail Valley Tourism and Convention Bureau and Ski Club Vail. In addition, Mr. Garnsey was President of the Organizing Committee for the 1999 World Alpine Ski Championships.

William A. Jensen joined Breckenridge as Senior Vice President and Chief Operating Officer in May 1997. Mr. Jensen was President of the Fibreboard Resort Group from 1991 to 1996. He was Vice President of Sunday River Ski Resort from 1989 to 1991 and from 1983 to 1989 Mr. Jensen was Vice President of Kassbohrer of North America, a grooming vehicle manufacturer.

Bruce W. Mainzer joined the Company in June 1997 as Senior Vice President of Marketing and was named Senior Vice President of Marketing and Sales in August 1998. From 1996 to 1997, Mr. Mainzer was the Executive Vice President of Marketing and Planning at Carnival Airlines in Miami. From 1994 to 1996, Mr. Mainzer was Vice President of Marketing for Norwegian Cruise Line Ltd. From 1985 to 1994, Mr. Mainzer served in a variety of key marketing positions at United Airlines including heading the departments of yield management, market research and brand marketing.

James S. Mandel has served as Senior Vice President of Commercial Development for Vail Resorts Development Company since April 1, 1999. From 1994 to December 1998, Mr. Mandel was the Senior Vice President and General Counsel, and served as Secretary of the Company from 1995 to 1998. From January 1999 through March 1999, Mr. Mandel practiced law and was an advisor to and part-time employee of the Company. From 1978 until joining the Company, Mr. Mandel was a partner with Brownstein Hyatt Farber & Strickland, P.C., a Denver law firm, and specialized in real estate development and corporate finance.

Martha Dugan Rehm became Senior Vice President, General Counsel and Secretary of the Company in May 1999. Prior to joining the Company, Ms. Rehm served since mid 1998 as Vice President and General Counsel of Corporate Express. Inc., a supplier of office products and computer supplies to corporations. Prior to 1998, she was a partner for many years with Holme Roberts & Owen, LLP, a Denver-based law firm, where her practice included general corporate law emphasizing corporate finance and securities transactions. Ms. Rehm began practicing law with that firm in 1983.

John W. Rutter was appointed Senior Vice President and Chief Operating Officer of Keystone Resort in May 1997. From 1991 to 1997, he was Executive Vice President of Ski Operations for Ralston Resorts, Inc. From 1980 to 1991, he was Vice President of Ski Operations for Keystone Resort and Arapahoe Basin. Mr. Rutter also serves on the Management Committee of Keystone/Intrawest LLC. Mr. Rutter is Chairman of the Board of Directors of the National Ski Areas Association and serves on its Public Lands Committee.

Paul A. Testwuide became Senior Vice President and Chief Operating Officer for Vail and Beaver Creek in 1998. From 1992 to 1998, he was Vice President of Mountain Operations for Vail Associates. Mr. Testwuide was Managing Director of Vail Mountain Operations from 1989 to 1992, Director of Mountain Operations from 1976 to 1989 and served as the Director of Ski Patrol from 1971 to 1976. Mr. Testwuide has held various management positions in mountain operations since joining Vail Associates in 1963.

James P. Thompson joined Vail Resorts Development Company in 1993 in connection with Vail Associates' acquisition of the Arrowhead at Vail development. He joined Arrowhead at Vail in 1989, and served as its President. Prior to joining Arrowhead at Vail, Mr. Thompson served as Vice President of Moore and Company in Denver for 14 years, leading their land acquisitions, syndications and development activities.

Porter Wharton III joined the Company in January 1999 as Senior Vice President of Public Affairs. From 1985 to January 1999, Mr. Wharton was Chairman and Chief Executive Officer of The Wharton Group, a Denver-based national government relations and issues management consulting firm. He also has served as a consultant to the Company since 1995.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding ownership of the Common Stock and Class A Common Stock as of March 15, 1999 by (i) each person or entity who owns of record or beneficially five percent or more of any class of capital stock, (ii) each director and named executive officer of the Company and (iii) all directors and executive officers as a group. To our knowledge, each of such stockholders has sole voting and investment power as to the shares shown unless otherwise noted.

	Common Stock Beneficially Owned		Class A Common Stock Beneficially Owned		Percent of Class A Common Stock and Common Stock Beneficially Owned
Name of Beneficial Owner	Shares	Percent of Class	Shares	Percent of Class	
Apollo Ski Partners, L.P. (1)(2).....	--	--	7,439,542	99.9%	21.5%
Ralcorp Holdings, Inc. (3).....	7,554,406	27.9%	--	--	21.9%
Ronald Baron (4).....	11,906,200	44.0%	--	--	34.4%
Capital Research and Management Company (5).....	1,519,600	5.6%	--	--	4.4%
All directors and officers as a group, 14 persons (6).....	868,654	3.2%	--	--	2.5%

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(1) Apollo Ski Partners was organized principally for the purpose of holding Common Stock and Class A Common Stock of the Company. The general partner of Apollo Ski Partners is Apollo Fund, a Delaware limited partnership and a private securities investment fund. The managing general partner of Apollo Fund is Apollo Advisors, a Delaware limited partnership, the general partner of which is Apollo Capital Management, Inc. ("Apollo Capital"), a Delaware corporation. Mr. Black, a director of the Company, is a director of Apollo Capital. All officers, directors and shareholders of Apollo Capital, including Messrs. Black, Katz, Mack, Ressler, Rowan and Spector (directors of the Company), disclaim any beneficial ownership of the Common Stock and Class A Common Stock of the Company owned by Apollo Ski Partners. The address for Apollo Ski Partners is 2 Manhattanville Road, Purchase, NY 10577.

(2) The Class A Common Stock is convertible into Common Stock (i) at the option of the holder, (ii) automatically, upon transfer to a non-affiliate of such holder and (iii) automatically, if less than 5,000,000 shares (as such number shall be adjusted by reason of any stock split, reclassification or other similar transaction) of Class A Common Stock are outstanding.

(3) As reported by Ralcorp on Schedule 13D filed with the Securities and Exchange Commission on February 13, 1997. The address for Ralcorp is 800 Market Street, Suite 1600, St. Louis, MO 63101.

(4) As reported by Ronald Baron and related entities on Schedule 13D/A filed with the Securities and Exchange Commission on May 21, 1999. The address for Ronald Baron is 767 Fifth Avenue, 24th Floor, New York, NY 10153.

(5) As reported by Capital Research and Management Company on Schedule 13G filed with the Securities and Exchange Commission on February 11, 1999. The address for Capital Research and Management Company is 333 South Hope Street, Los Angeles, CA 90071.

(6) With the exception of 26,000 shares of Common Stock owned by Mr. Ressler, no directors or officers of the Company directly own shares of Common Stock (other than options to purchase Common Stock granted to officers of the Company and as otherwise described in this prospectus).

DESCRIPTION OF CERTAIN INDEBTEDNESS

Revolving Credit Facility

Our revolving credit facility (as amended, the "Credit Facility") with our subsidiary, The Vail Corporation, as borrower, NationsBank, N.A., as agent (the "Agent"), certain other financial institutions, as lenders, and NationsBanc Montgomery Securities LLC provides for debt financing up to an aggregate principal amount of $450.0 million. The proceeds of the loans made under the Credit Facility may be used to fund our working capital needs, capital expenditures and other general corporate purposes, including the issuance of letters of credit.

Borrowings under the Credit Facility bear interest annually at the borrower's option at the rate of (i) LIBOR (the London interbank offered rate for a given interest period) plus a margin (ranging from .75% to 2.25%) or (ii) the Base Rate (defined as the higher of the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 0.5%, or the Agent's prime lending rate) plus a margin up to .75%. In addition, the borrower must pay a fee on the face amount of each letter of credit outstanding at a rate ranging from .75% to 2.25%. The borrower must also pay a quarterly unused commitment fee ranging from .20% to .50%. The interest margins and fees described in this paragraph fluctuate based upon the ratio of Funded Debt (as defined) to Resort EBITDA (as defined). The Credit Facility matures on December 19, 2002.

The Vail Corporation's obligations under the Credit Facility are unsecured and are guaranteed by us and certain of our subsidiaries.

The Credit Facility contains various covenants that limit, among other things, subject to certain exceptions, indebtedness, liens, transactions with affiliates, restricted payments and investments, mergers, consolidations and dissolutions, sales of assets, dividends and distributions and certain other business activities. The Credit Facility also contains certain financial covenants, including a Funded Debt to Resort EBITDA, Senior Debt to Resort EBITDA, Minimum Fixed Charge Coverage Ratio and Interest Coverage Ratio (each as described in the Credit Facility).

At January 31, 1999, the borrower had various letters of credit outstanding in the aggregate amount of $61.7 million, including letters of credit in the amount of $47.2 million to secure metro district bonds issued in connection with infrastructure and other costs at Bachelor Gulch Village. See Note 11 to our Consolidated Financial Statements.

Industrial Revenue Bonds

Pursuant to an indenture (the "IRB Indenture") dated as of April 1, 1998, between Eagle County, Colorado, as issuer (the "IRB Issuer"), and U.S. Bank National Association, as trustee (the "IRB Trustee"), $41.2 million aggregate principal amount of industrial revenue bonds (the "IRBs") were issued for the purpose of providing funds to The Vail Corporation d/b/a Vail Associates, Inc. ("VAI") to refinance certain existing industrial revenue bonds. Pursuant to a financing agreement (the "IRB Agreement") dated as of April 1, 1998, among the IRB Issuer and VAI, the IRB Issuer loaned to VAI the proceeds of the issuance of the IRBs and VAI agreed to make payments in the aggregate amount, bearing interest at rates and payable at times, corresponding to the principal amount of, interest rates on and due dates under the IRBs. The obligations of VAI under the IRB Indenture, the IRB Agreement and the IRBs are secured by certain multi-party agreements between VAI, the IRB Trustee and the U.S. Forest Service (the "Permit Agreements") relating to the Vail Mountain and Beaver Creek Mountain Forest Service Permits (the "Permits"). The Permit Agreements provide that the U.S. Forest Service will cooperate with the IRB Trustee in obtaining a new holder of the Permits (acceptable to the U.S. Forest Service in its sole discretion) in the event of a default by VAI with respect to its obligations under the IRBs. However, the Permit Agreements expressly provide that no security interest is created in or collateral assignment made with respect to the Permits.

The IRBs mature, subject to prior redemption, on August 1, 2019. The IRBs bear interest at the rate of 6.95% per annum, with interest payable semi-annually on February 1 and August 1. The IRBs are subject to re-demption at the option of VAI, at any time and from time to time on or after August 1, 2008, and are subject to mandatory redemption if interest payments on the IRBs lose their tax exempt status. Furthermore, in the event that VAI or one of its affiliates incurs additional indebtedness with (1) senior or superior rights to the Permits or (2) equivalent rights with respect to the Permits above an aggregate principal amount of $250,000,000 (including the unpaid principal amount of the IRBs) the IRBs will bear an interest rate of 7.45% per annum or, under certain limited circumstances, may be subject to mandatory redemption.

We also have indebtedness in connection with $22.0 million of outstanding industrial revenue bonds which we assumed in connection with our acquisition of Keystone and Breckenridge. These IRBs consist of two series of refunding bonds which were originally issued to finance the cost of sports and recreational facilities at Keystone. The Series 1990 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of $19.0 million. The principal matures in installments in 2006 and 2008. These bonds bear interest at a rate of 7.75% for bonds maturing in 2006 and 7.875% for bonds maturing in 2008. The Series 1991 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of $3 million and bear interest at 7.125% for bonds maturing in 2002 and 7.375% for bonds maturing in 2010.

SSI Venture Credit Facility

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

THE EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

Exchange Offer Registration Statement. We issued the outstanding Notes on May 11, 1999. The Initial Purchasers have advised us that they subsequently resold the outstanding Notes to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act. As a condition to the offering of the outstanding Notes, we entered into a registration rights agreement dated May 11, 1999, pursuant to which we agreed for the benefit of all holders of the outstanding Notes, at our own expense, to do the following:

(1) to file the registration statement of which this prospectus is a part with the SEC on or prior to 60 days after the closing date of the outstanding Notes,

(2) to use our best commericially reasonable efforts to cause the registration statement to be declared effective under the Securities Act on or prior to 180 days after the closing date of the outstanding Notes,

(3) to use our commercially reasonable best efforts to keep the registration statement effective until the closing of the exchange offer, and

(4) to use our commerically reasonable best efforts to issue, on or prior to 60 business days after the date on which the exchange offer registration statement was declared effective.

We also agreed that promptly upon the registration statement being declared effective, we would offer to all holders of the outstanding Notes an opportunity to exchange the outstanding Notes for the exchange notes. Further, we agreed to keep the exchange offer open for acceptance for not less than the minimum period required under applicable Federal and state securities laws. For each outstanding Note validly tendered pursuant to the exchange offer and not withdrawn, the holder of the outstanding Note will receive an exchange note having a principal amount equal to that of the tendered outstanding Note. Interest on each exchange note will accrue from the last date on which interest was paid on the tendered outstanding Note in exchange therefor or, if no interest was paid on such outstanding Note, from the issue date.

The following is a summary of the registration rights agreement. It does not purport to be complete and it does not contain all of the information you might find useful. For further information you should read the registration rights agreement, a copy of which has been filed as an exhibit to the registration statement. The exchange offer is intended to satisfy certain of our obligations under the registration rights agreement.

Transferability. We issued the outstanding notes on May 11, 1999 in a transaction exempt from the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the outstanding notes may not be offered or sold in the United States unless registered or pursuant to an applicable exemption under the Securities Act and applicable state securities laws. Based on no-action letters issued by the staff of the Commission with respect to similar transactions, we believe that the exchange notes issued pursuant to the exchange offer in exchange for outstanding Notes may be offered for resale, resold and otherwise transferred by holders of notes who are not our affiliates without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

(1) any exchange notes to be received by the holder were acquired in the ordinary course of the holder's business;

(2) at the time of the commencement of the exchange offer the holder has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes; and

(3) the holder is not an "affiliate" of the Company, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

However, we have not sought a no-action letter with respect to the exchange offer and we cannot assure you that the staff of the Commission would make a similar determination with respect to the exchange offer. Any holder who tenders his outstanding Notes in the exchange offer with any intention of participating in a distribution of exchange notes (1) cannot rely on the interpretation by the staff of the Commission, (2) will not be able to validly tender outstanding Notes in the exchange offer and (3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transactions.

In addition, each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is acting in the capacity of an "underwriter" within the meaning of Section 2(11) of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Pursuant to the registration rights agreement, we agreed to make this prospectus available to any such broker-dealer for use in connection with any such resale.

Shelf Registration Statement. We will, at our cost, (a) as soon as practicable, file with the SEC a shelf registration statement covering resales of the outstanding Notes, but in any event, on or prior to the 60th day after the date we become obligated to file the shelf registration statement, (b) use our commercially reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act on or prior to the 180th day after the date we become obligated to file the shelf registration statement and (c) use our commercially reasonable best efforts to keep the shelf registration statement continually effective, supplemented and amended to the extent necessary to ensure that it is available for resales of Notes by the Holders of Transfer Restricted Securities 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), if:

(1) we are 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 or

(2) any Initial Purchaser that is a Holder of Transfer Restricted Securities notifies us 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.

We will, in the event of the filing of the shelf registration statement, provide to each holder of the outstanding Notes copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the outstanding Notes has become effective and take certain other action as are required to permit unrestricted resales of the outstanding Notes. A Holder of outstanding Notes who sells such outstanding Notes pursuant to the shelf registration statement generally will (1) be required to be named as a selling security holder in the related prospectus, (2) be required to deliver the prospectus to purchasers, (3) be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and (4) be bound by the provisions of the registration rights agreement which are applicable to the Holder (including certain indemnification obligations). In addition, each Holder of the outstanding Notes will be required to deliver information to be used in connection with the shelf registration

statement and to provide comments on the shelf registration statement within the time periods set forth in the registration rights agreement in order to have their outstanding Notes included in the shelf registration statement and to benefit from the provisions regarding the increase in interest rate set forth in the following paragraph.

Terms of the Exchange Offer

Upon satisfaction or waiver of all the conditions of the exchange offer, we will accept, any and all outstanding Notes properly tendered and not withdrawn prior to the expiration date and will issue the exchange notes promptly after acceptance of the outstanding Notes. See "--Conditions to the Exchange Offer" and "Procedures for Tendering Private Notes." We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding Notes accepted in the exchange offer. As of the date of this prospectus, $200,000,000 aggregate principal amount of the outstanding Notes are outstanding. Holders may tender some or all of their outstanding Notes pursuant to the exchange offer. However, outstanding Notes may be tendered only in integral multiples of $1,000.

The exchange notes are identical to the outstanding Notes except for the elimination of certain transfer restrictions, registration rights, restrictions on holding notes in certificated form and liquidated damages provisions. The outstanding Notes will evidence the same debt as the outstanding Notes and will be issued pursuant to, and entitled to the benefits of, the indenture pursuant to which the outstanding Notes were issued and will be deemed one issue of notes, together with the outstanding Notes.

This prospectus, together with the letter of transmittal, is being sent to all registered holders and to others believed to have beneficial interests in the outstanding Notes. Holders of outstanding Notes do not have any appraisal or dissenters' rights under the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the Commission promulgated thereunder.

For purposes of the exchange offer, we will be deemed to have accepted validly tendered private notes when, and as if we have given oral or written notice thereof to the exchange agent. The exchange agent will act as our agent for the purpose of distributing the exchange notes from us to the tendering holders. If we do not accept any tendered outstanding Notes because of an invalid tender, the occurrence of certain other events set forth in this prospectus or otherwise, we will return the unaccepted outstanding Notes, without expense, to the tendering holder thereof as promptly as practicable after the expiration date.

Holders who tender private notes in the exchange offer will not be required to pay brokerage commissions or fees or, except as set forth below under "--Transfer Taxes," transfer taxes with respect to the exchange of outstanding Notes pursuant to the exchange offer. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See "--Fees and Expenses."

Expiration Date; Extensions; Amendments

The term "expiration date" shall mean 5:00 p.m., New York City time, on , 1999, unless we, in our sole discretion, extend the exchange offer, in which case the term "expiration date" shall mean the latest date and time to which the exchange offer is extended. In order to extend the exchange offer, we will notify the exchange agent by oral or written notice and each registered holder by means of press release or other public announcement of any extension, in each case, prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. We reserve the right, in our sole discretion, (1) to delay accepting any outstanding Notes, (2) to extend the exchange offer, (3) to terminate the exchange offer if the conditions set forth below under "--Conditions" shall not have been satisfied, or (4) to amend the terms of the exchange offer in any manner. We will notify the exchange agent of any delay, extension, termination or amendment by oral or written notice. We will additionally notify each registered holder of any amendment. We will give to the exchange agent written confirmation of any oral notice.

Exchange Date

As soon as practicable after the close of the exchange offer we will accept for exchange all outstanding Notes properly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date in accordance with the terms of this prospectus and the letters of transmittal.

Conditions to the Exchange Offer

Notwithstanding any other provisions of the exchange offer, and subject to our obligations under the registration rights agreement, we (1) shall not be required to accept any outstanding Notes for exchange, (2) shall not be required to issue exchange notes in exchange for any outstanding Notes and (3) may terminate or amend the exchange offer, if at any time before the acceptance of such exchange notes for exchange, any of the following events shall occur:

(1)any injunction, order or decree shall have been issued by any court or any governmental agency that would prohibit, prevent or otherwise materially impair our ability to proceed with the exchange offer;

(2) any change, or any development involving a prospective change, in our business or financial affairs or any of our subsidiaries has occurred which, in our sole judgment, might materially impair our ability to proceed with the exchange offer or materially impair the contemplated benefits of the exchange offer to us;

(3) any law, statute, rule or regulation is proposed, adopted or enacted, which, in our sole judgment, might materially impair our ability to proceed with the exchange offer or materially impair the contemplated benefits of the exchange offer to us;

(4) any governmental approval has not been obtained, which approval we shall, in our sole discretion, deem necessary for the consummation of the exchange offer as contemplated hereby; or

(5) the exchange offer will violate any applicable law or any applicable interpretation of the staff of the Commission.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any such condition or may be waived by us in whole or in part at any time and from time to time in our sole discretion. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

In addition, we will not accept for exchange any outstanding Notes tendered, and no exchange notes will be issued in exchange for any such outstanding Notes, if at such time any stop order shall be threatened by the Commission or be in effect with respect to the registration statement of which this prospectus is a part or the qualification of the indenture under the Trust Indenture Act of 1939, as amended.

The exchange offer is not conditioned on any minimum aggregate principal amount of outstanding Notes being tendered for exchange.

Consequences of Failure to Exchange

Any outstanding Notes not tendered pursuant to the exchange offer will remain outstanding and continue to accrue interest. The outstanding Notes will remain "restricted securities" within the meaning of the Securities Act. Accordingly, prior to the date that is one year after the later of the issue date and the last date on which we or any of our affiliates was the owner of the outstanding Notes, the outstanding Notes may be resold only (1) to us, (2) to a person whom the seller reasonably believes is a "qualified institutional buyer" purchasing for its own account or for the account of another "qualified institutional buyer" in compliance with

the resale limitations of Rule 144A, (3) to an Institutional Accredited Investor that, prior to the transfer, furnishes to the trustee a written certification containing certain representations and agreements relating to the restrictions on transfer of the Notes (the form of this letter can be obtained from the trustee), (4) pursuant to the limitations on resale provided by Rule 144 under the Securities Act, (5) pursuant to the resale provisions of Rule 904 of Regulation S under the Securities Act, (6) pursuant to an effective registration statement under the Securities Act, or (7) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to compliance with applicable state securities laws. As a result, the liquidity of the market for non-tendered outstanding Notes could be adversely affected upon completion of the exchange offer. The foregoing restrictions on resale will no longer apply after the first anniversary of the issue date of the outstanding Note or the purchase of the outstanding Notes from us or an affiliate.

Fees and Expenses

We will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. The principal solicitation is being made by mail; however, additional solicitations may be made in person or by telephone by our officers and employees.

Expenses incurred in connection with the exchange offer will be paid by us and are estimated in the aggregate to be approximately $[ ] which includes the fees and expenses of the trustee and the exchange agent, accounting and legal fees and other miscellaneous fees and expenses.

Accounting Treatment

We will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize the expenses of the exchange offer over the term of the exchange notes.

Procedures for Tendering Outstanding Notes

The tender of outstanding Notes pursuant to any of the procedures set forth in this prospectus and in the letter of transmittal will constitute a binding agreement between the tendering holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. The tender of outstanding Notes will constitute an agreement to deliver good and marketable title to all tendered outstanding Notes prior to the expiration date free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind.

Except as provided in "--Guaranteed Delivery Procedures," unless the outstanding Notes being tendered are deposited by you with the exchange agent prior to the expiration date and are accompanied by a properly completed and duly executed letter of transmittal, we may, at our option, reject the tender. Issuance of exchange notes will be made only against deposit of tendered outstanding notes and delivery of all other required documents. Notwithstanding the foregoing, DTC participants tendering through its Automated Tender Offer Program ("ATOP") will be deemed to have made valid delivery where the exchange agent receives an agent's message prior to the expiration date.

Accordingly, to properly tender outstanding notes, the following procedures must be followed:

Notes held through a Custodian. Each beneficial owner holding outstanding Notes through a DTC participant must instruct the DTC participant to cause its outstanding Notes to be tendered in accordance with the procedures set forth in this prospectus.

Notes held through DTC. Pursuant to an authorization given by DTC to the DTC participants, each DTC participant holding outstanding Notes through DTC must (1) electronically transmit its acceptance through ATOP, and DTC will then edit and verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC and send an agent's message to the exchange agent for its acceptance, or (2)

comply with the guaranteed delivery procedures set forth below and in a notice of guaranteed delivery. See "--Guaranteed Delivery Procedures--Notes held through DTC."

The exchange agent will (promptly after the date of this prospectus) establish accounts at DTC for purposes of the exchange offer with respect to outstanding notes held through DTC. Any financial institution that is a DTC participant may make book-entry delivery of interests in outstanding Notes into the exchange agent's account through ATOP. However, although delivery of interests in the outstanding Notes may be effected through book-entry transfer into the exchange agent's account through ATOP, an agent's message in connection with such book-entry transfer, and any other required documents, must be, in any case, transmitted to and received by the exchange agent at its address set forth under "--Exchange Agent," or the guaranteed delivery procedures set forth below must be complied with, in each case, prior to the expiration date. Delivery of documents to DTC does not constitute delivery to the exchange agent. The confirmation of a book-entry transfer into the exchange agent's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

The term "agent's message" means a message transmitted by DTC to, and received by, the exchange agent and forming a part of the book-entry confirmation, which states that DTC has received an express acknowledgement from each DTC participant tendering through ATOP that such DTC participants have received a letter of transmittal and agree to the bound by the terms of the letter of transmittal and that we may enforce such agreement against such DTC participants.

Cede & Co., as the holder of the global note, will tender a portion of the global note equal to the aggregate principal amount due at the stated maturity for which instructions to tender are given by DTC participants.

By tendering, each holder and each DTC participant will represent to us that, among other things, (1) it is not our affiliate, (2) it is not a broker-dealer tendering outstanding Notes acquired directly from us for its own account, (3) the exchange notes acquired pursuant to the exchange offer are being obtained in the ordinary course of business of such holder and (4) it has no understandings with any person to participate in the exchange offer for the purpose of distributing the exchange notes.

We will not accept any alternative, conditional, irregular or contingent tenders (unless waived by us). By executing a letter of transmittal or transmitting an acceptance though ATOP, as the case may be, each tendering holder waives any right to receive any notice of the acceptance for purchase of its outstanding Notes.

We will resolve all questions as to the validity, form, eligibility (including time of receipt) and acceptance of tendered outstanding Notes, and such determination will be final and binding. We reserve the absolute right to reject any or all tenders that are not in proper form or the acceptance of which may, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any condition to the exchange offer and any irregularities or conditions of tender as to particular outstanding Notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding. Unless waived, any irregularities in connection with tenders must be cured within such time as we shall determine. We, along with the exchange agent, shall be under no duty to give notification of defects in such tenders and shall not incur liabilities for failure to give such notification. Tenders of outstanding Notes will not be deemed to have been made until such irregularities have been cured or waived. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

LETTERS OF TRANSMITTAL AND OUTSTANDING NOTES MUST BE SENT ONLY TO THE EXCHANGE AGENT. DO NOT SEND LETTERS OF TRANSMITTAL OR OUTSTANDING NOTES TO US OR DTC.

The method of delivery of outstanding Notes, letters of transmittal, any required signature guaranties and all other required documents, including delivery through DTC and any acceptance through ATOP, is at the election and risk of the persons tendering and delivering acceptances or letters of transmittal and, except as otherwise provided in the applicable letter of transmittal, delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, it is suggested that the holder use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the expiration date to permit delivery to the exchange agent prior to the expiration date.

Guaranteed Delivery Procedures

Notes held through DTC. DTC participants holding outstanding Notes through DTC who wish to cause their outstanding Notes to be tendered, but who cannot transmit their acceptances through ATOP prior to the expiration date, may cause a tender to be effected if:

(1) guaranteed delivery is made by or through a firm or other entity identified in Rule 17Ad-15 under the Exchange Act, including:

- a bank;
- a broker, dealer, municipal securities dealer, municipal securities broker, government securities dealer or government securities broker;
- a credit union;
- a national securities exchange, registered securities association or clearing agency; or
- a savings institution that is a participant in a Securities Transfer Association recognized program;

(2) prior to the expiration date, the exchange agent receives from any of the above institutions a properly completed and duly executed notice of guaranteed delivery (by mail, hand delivery, facsimile transmission or overnight courier) substantially in the form provided with this prospectus; and

(3) book-entry confirmation and an agent's message in connection therewith are received by the exchange agent within three NYSE trading days after the date of the execution of the notice of guaranteed delivery.

Notes held by Holders. Holders who wish to tender their outstanding Notes but (1) whose outstanding Notes are not immediately available and will not be available for tendering prior to the expiration date, or (2) who cannot deliver their outstanding Notes, the letter of transmittal, or any other required documents to the exchange agent prior to the expiration date, may effect a tender if:

- the tender is made by or through any of the above-listed institutions;
- prior to the expiration date, the exchange agent receives from any above-listed institution a properly completed and duly executed notice of guaranteed delivery, whether by mail, hand delivery, facsimile transmission or overnight courier, substantially in the form provided with this prospectus; and
- a properly completed and executed letter of transmittal, as well as the certificate(s) representing all tendered outstanding Notes in proper form for transfer, and all other documents required by the letter of transmittal, are received by the exchange agent within three NYSE trading days after the date of the execution of the notice of guaranteed delivery.

Withdrawal Rights

You may withdraw tenders of outstanding Notes, or any portion of your outstanding Notes in integral multiples of $1,000 principal amount due at the stated maturity, at any time prior to 5:00 p.m., New York City

time, on the expiration date. Any outstanding Notes properly withdrawn will be deemed to be not validly tendered for purposes of the exchange offer.

Notes held through DTC. DTC participants holding outstanding Notes who have transmitted their acceptances through ATOP may, prior to 5:00 p.m., New York City time, on the expiration date, withdraw the instruction given thereby by delivering to the exchange agent, at its address set forth under "--Exchange Agent," a written, telegraphic or facsimile notice of withdrawal of such instruction. Such notice of withdrawal must contain the name and number of the DTC participant, the principal amount due at the stated maturity of outstanding Notes to which such withdrawal related and the signature of the DTC participant. Receipt of such written notice of withdrawal by the exchange agent effectuates a withdrawal.

Notes held by Holders. Holders may withdraw their tender of outstanding Notes, prior to 5:00 p.m., New York City time, on the expiration date, by delivering to the exchange agent, at its address set forth under "--Exchange Agent," a written, telegraphic or facsimile notice of withdrawal. Any such notice of withdrawal must (1) specify the name of the person who tendered the outstanding notes to be withdrawn, (2) contain a description of the outstanding Notes to be withdrawn and identify the certificate number or numbers shown on the particular certificates evidencing such outstanding notes and the aggregate principal amount due at the stated maturity represented by such outstanding notes and (3) be signed by the holder of such outstanding Notes in the same manner as the original signature on the letter of transmittal by which such outstanding Notes were tendered (including any required signature guaranties), or be accompanied by (x) documents of transfer in a form acceptable to us, in our sole discretion and (y) a properly completed irrevocable proxy that authorized such person to effect such revocation on behalf of such holder. If the outstanding Notes to be withdrawn have been delivered or otherwise identified to the exchange agent, a signed notice of withdrawal is effective immediately upon written, telegraphic or facsimile notice of withdrawal even if physical release is not yet effected.

All signatures on a notice of withdrawal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program; provided, however, that signatures on the notice of withdrawal need not be guaranteed if the outstanding Notes being withdrawn are held for the account of any of the institutions listed above under "--Guaranteed Delivery Procedures."

A withdrawal of an instruction or a withdrawal of a tender must be executed by a DTC participant or a holder of outstanding Notes, as the case may be, in the same manner as the person's name appears on its transmission through ATOP or letter of transmittal, as the case may be, to which such withdrawal relates. If a notice of withdrawal is signed by a trustee, partner, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person must so indicate when signing and must submit with the revocation appropriate evidence of authority to execute the notice of withdrawal. A DTC participant or a holder may withdraw an instruction or a tender, as the case may be, only if such withdrawal complies with the provisions of this prospectus.

A withdrawal of a tender of outstanding Notes by a DTC participant or a holder, as the case may be, may be rescinded only by a new transmission of an acceptance through ATOP or execution and delivery of a new letter of transmittal, as the case may be, in accordance with the procedures described herein.

Exchange Agent

United States Trust Company of New York has been appointed as exchange agent for the exchange offer. Questions, requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

By Registered or Certified Mail:
United States Trust Company of New York
as Exchange Agent
P.O. Box 843 Cooper Station
New York, New York 10276
Attention: Corporate Trust Services

By Hand before 4:30 p.m.:
United States Trust Company of New York
111 Broadway
New York, New York 10006
Attention: Lower Level Corporate Trust Window

By Hand after 4:30 p.m. or By Overnight Courier:
United States Trust Company of New York
770 Broadway, 13th Floor
New York, New York 10003

Facsimile: By Telephone:

(212) 780-0592 (212) 548-6565
Attention: Customer Service

The exchange agent also acts as trustee under the Indenture.

Transfer Taxes

Holders of outstanding Notes who tender their outstanding Notes for exchange notes will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct us to register exchange notes in the name of, or request that outstanding Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax thereon.

DESCRIPTION OF NOTES

General

The outstanding Notes were and the exchange notes will be, issued pursuant to an Indenture (the "Indenture"), dated as of May 11, 1999, among the Company, as Issuer, The Vail Corporation, Vail Holdings, Inc. and each of the other Guarantors, as guarantors, and United States Trust Company of New York, as trustee (the "Trustee"). The terms of the exchange notes are identical in all material respects to the outstanding Notes, except that the exchange notes have been registered under the Securities Act and, therefore, will not bear legends restricting their transfer and will not contain certain provisions providing for liquidated damages under certain circumstances described in the Registration Rights Agreement, the provisions of which will terminate upon the consummation of the exchange offer. The following summary of certain provisions of the Indenture and the Notes does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the Indenture (including the definitions of certain terms therein and those terms made a part thereof by the Trust Indenture Act of 1939, as amended) and the Notes. Copies of the proposed form of Indenture and Registration Rights Agreement can be requested by prospective investors from the Company at the address and telephone number set forth under "Where You Can Find More Information." The definitions of certain terms used in the following summary are set forth below under "Certain Definitions." For purposes of this "Description of Notes," the term "Company" refers only to Vail Resorts, Inc. and not to any of its Subsidiaries and the term "Notes" refers to both the outstanding Notes and the exchange notes.

The Notes are general unsecured obligations of the Company and are subordinated in right of payment to all existing and future Senior Debt of the Company. As of January 31, 1999, after giving pro forma effect to the Offering and the application of the net proceeds therefrom, the Company and the Guarantors would have had consolidated Senior Debt of approximately $141.1 million outstanding. The Indenture, subject to certain limitations, permits the incurrence of additional Senior Debt in the future. As of the date of the Indenture, all of the Company's consolidated Subsidiaries are Restricted Subsidiaries, other than SSI Venture, LLC and Vail Associates Investments, Inc. However, under certain circumstances, the Company will be able to designate current or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to many of the restrictive covenants set forth in the Indenture.

The obligations of the Company under the Notes are guaranteed, jointly and severally on a senior subordinated basis, by the Guarantors. The Subsidiary Guarantee of each Guarantor will be subordinated in right of payment to all existing and future Senior Debt of such Guarantor. See "--Subsidiary Guarantees."

Principal, Maturity and Interest

The Notes are limited in aggregate principal amount to $300.0 million (of which $200.0 million is being issued in the Offering) and will mature on May 15, 2009. Interest on the Notes will accrue at the rate of 8 3/4% per annum and will be payable semi-annually in arrears on May 15 and November 15 of each year, commencing on November 15, 1999, to Holders of record on the immediately preceding May 1 and November 1, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal of and premium, if any, interest and Liquidated Damages, if any, on the Notes will be payable at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders of Notes; provided that all payments of principal, premium, if any, interest and Liquidated Damages, if any, with respect to Notes the Holders of which have given wire transfer instructions to the Company will be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof. Until otherwise designated by the Company, the Company's office or agency will be the office of the Trustee maintained for such purpose. The Notes will be issued in denominations of $1,000 and integral multiples thereof.

Subordination

The payment (by set-off, redemption, repurchase or otherwise) of principal of and premium, if any, interest and Liquidated Damages, if any, on the Notes (including with respect to any repurchases of the Notes) is subordinated in right of payment, as set forth in the Indenture, to the prior payment in full in cash or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, of all Obligations in respect of Senior Debt of the Company, whether outstanding on the date of the Indenture or thereafter incurred.

Upon any distribution to creditors of the Company upon any liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, whether voluntary or involuntary, an assignment for the benefit of creditors or any marshalling of the Company's assets and liabilities, the holders of Senior Debt of the Company are entitled to receive payment in full in cash or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, of all Obligations due or to become due in respect of such Senior Debt (including interest after the commencement of any such proceeding, at the rate specified in the applicable Senior Debt) before the Holders of Notes are entitled to receive any payment of principal of, or premium, if any, interest or Liquidated Damages, if any, on the Notes, and until all Obligations with respect to Senior Debt of the Company are paid in full in cash or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, any distribution of any kind or character to which the Holders of Notes would be entitled shall be made to the holders of Senior Debt of the Company (except that Holders of Notes may receive Permitted Junior Securities and payments made from the trust described under "--Legal Defeasance and Covenant Defeasance" or "--Satisfaction and Discharge of Indenture").

The Company also shall not, directly or indirectly, (1) make, any payment of principal of, or premium, if any, interest or Liquidated Damages, if any, on the Notes (except in Permitted Junior Securities or from the trust described under "--Legal Defeasance and Covenant Defeasance" or "--Satisfaction and Discharge of Indenture," if no default of the kind referred to in clause (a) below had occurred and was continuing, and no Payment Blockage Notice (as defined below) was in effect, at the time amounts were deposited with the Trustee as described therein) or (2) acquire any of the Notes for cash or property or otherwise or make any other distribution with respect to the Notes if

(a) any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, or premium, if any, or interest on, any Designated Senior Debt of the Company or

(b) any other default occurs and is continuing with respect to Designated Senior Debt of the Company that permits holders of the Designated Senior Debt of the Company as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the holders of such Designated Senior Debt of the Company.

Payments on the Notes may and shall be resumed (1) in the case of a payment default, upon the date on which such default is cured or waived or otherwise has ceased to exist and (2) in the case of a nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or otherwise has ceased to exist or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt of the Company has been accelerated and such acceleration remains in full force and effect. No new period of payment blockage may be commenced unless and until 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such nonpayment default shall have been waived for a period of not less than 90 days. Each Holder by such Holder's acceptance of a Note irrevocably agrees that if any payment or payments shall be made pursuant to the Indenture and the amount or total amount of such payment or payments exceeds the amount, if any, that such Holder would be entitled to receive upon the proper application of the subordination provisions of the Indenture, then such Holder will be obliged to pay over the amount of such excess payment to the holders of Senior Debt of the Person that made

such payment or payments or their representative or representatives, as instructed in a written notice of such excess payment, within ten days of receiving such notice.

The Indenture further requires that the Company promptly notify holders of Senior Debt of the Company and the Guarantors if payment of the Notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a liquidation or insolvency, Holders of Notes may recover less ratably than creditors of the Company who are holders of Senior Debt. On a pro forma basis, after giving effect to the Offering and the application of the net proceeds therefrom, the principal amount of consolidated Senior Debt of the Company and Guarantors outstanding at January 31, 1999 would have been approximately $141.1 million. The Indenture limits, through certain financial tests, the amount of additional Indebtedness, including Senior Debt, that the Company and its Restricted Subsidiaries can incur. See "--Certain Covenants--Incurrence of Indebtedness and Issuance of Preferred Stock."

"Designated Senior Debt" of any Person means (i) any Indebtedness of such Person outstanding under the Credit Agreement and (ii) any other Senior Debt of such Person, the principal amount of which is $25 million or more and that has been designated by the Company as "Designated Senior Debt" of such Person.

"Permitted Junior Securities" means Equity Interests (other than Disqualified Stock) in the Company or debt securities that are subordinated to all Senior Debt of the issuer of such debt securities (and any debt securities issued in exchange for Senior Debt of the issuer of such debt securities) to substantially the same extent as, or to a greater extent than, the Notes are subordinated to Senior Debt.

"Senior Debt" of any Person means (i) the Obligations of such Person under the Credit Agreement, including, without limitation, Hedging Obligations and reimbursement obligations in respect of letters of credit and bankers acceptances, and (ii) any other Indebtedness of such Person, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes. Notwithstanding anything to the contrary in the foregoing, Senior Debt of a Person will not include (v) any obligation to, in respect of or imposed by any environmental, landfill, waste management or other regulatory governmental agency, statute, law or court order, (w) any liability for federal, state, local or other taxes, (x) any Indebtedness of such Person to any of its Subsidiaries or other Affiliates, (y) any trade payables or (z) any Indebtedness that is incurred by such Person in violation of the Indenture (except to the extent that the original holder thereof relied in good faith after being provided with a copy of the Indenture upon an Officer's Certificate of such Person to the effect that the incurrence of such Indebtedness did not violate the Indenture).

Subsidiary Guarantees

The Company's payment obligations under the Notes are jointly and severally guaranteed (the "Subsidiary Guarantees") by all of the Company's consolidated Subsidiaries existing on the Closing Date, other than SSI Venture, LLC and Vail Associates Investment, Inc. See Note 3 to "Selected Consolidated Financial and Operating Data." The Subsidiary Guarantee of each Guarantor are subordinated in right of payment to the same extent as the obligations of the Company in respect of the Notes, as set forth in the Indenture, to the prior payment in full in cash or, at the option of the holders of Senior Debt of such Guarantor, in Cash Equivalents, of all Senior Debt of such Guarantor, which would include any Guarantee issued by such Guarantor that constitutes Senior Debt of such Guarantor, including Guarantees of Indebtedness under the Credit Agreement. The Indenture provides that if the Company or any of its Restricted Subsidiaries shall acquire or create another Restricted Subsidiary after the Closing Date, or any Unrestricted Subsidiary shall cease to be an Unrestricted Subsidiary and shall become a Restricted Subsidiary, then, unless such Subsidiary is not required to guarantee and has not guaranteed the Company's Obligations under the Credit Agreement and has not guaranteed any other Indebtedness of the Company or any Restricted Subsidiary, such Subsidiary shall become a Guarantor in accordance with the terms of the Indenture. A Subsidiary shall, without limitation, be

deemed to have guaranteed Indebtedness of another Person if such Subsidiary has Indebtedness of the kind described in clause (ii) or clause (iii) of the definition of the term "Indebtedness." The obligations of each Guarantor under its Subsidiary Guarantee will be limited to the maximum amount that would not result in the obligations of such Guarantor under its Subsidiary Guarantee constituting a fraudulent conveyance under applicable law.

The Indenture provides that no Guarantor may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, whether or not affiliated with such Guarantor, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to another Person, unless (1) the Person formed by or surviving such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized and existing under the laws of the United States of America, any state thereof, or the District of Columbia and expressly assumes all the obligations of such Guarantor, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, under the Notes and the Indenture and (2) immediately after giving effect to such transaction, no Default or Event of Default exists. The provisions of clause (i) of the preceding sentence shall not apply if the Person formed by or surviving the relevant consolidation or merger or to which the relevant sale, assignment, transfer, lease, conveyance or other disposition shall have been made is the Company, a Guarantor or a Person that is not, after giving effect to such transaction, a Restricted Subsidiary of the Company.

The Indenture provides that in the event of (1) a merger or consolidation to which a Guarantor is a party, then the Person formed by or surviving such merger or consolidation (if, after giving effect to such transaction, other than the Company or a Restricted Subsidiary of the Company) shall be released and discharged from the obligations of such Guarantor under its Subsidiary Guarantee, (2) a sale or other disposition (whether by merger, consolidation or otherwise) of all of the Equity Interests of a Guarantor at the time owned by the Company and its Restricted Subsidiaries to any Person that, after giving effect to such transaction, is neither the Company nor a Restricted Subsidiary of the Company, or (3) the release and discharge of a Guarantor from all obligations under Guarantees of (a) Obligations under the Credit Agreement and (b) any other Indebtedness of the Company or any of its Restricted Subsidiaries, then in each such case such Guarantor shall be released and discharged from its obligations under its Subsidiary Guarantee; provided that, in the case of each of clauses (1) and (2), (i) the relevant transaction is in compliance with the Indenture, and (ii) the Person being released and discharged shall have been released and discharged from all obligations it might otherwise have under Guarantees of Indebtedness of the Company or any of its Restricted Subsidiaries and, in the case of each of clauses (1), (2) and (3), immediately after giving effect to such transaction, no Default or Event of Default shall exist.

Optional Redemption

Except as described below, the Notes are not redeemable at the Company's option prior to May 15, 2004. Thereafter, the Notes are subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Percentage
2004	104.375%
2005	102.916%
2006	101.458%
2007 and thereafter	100.000%

Notwithstanding the foregoing, at any time on or prior to May 15, 2002, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes theretofore issued under the

Indenture at a redemption price equal to 108.75% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that (1) at least 65% of the original aggregate principal amount of Notes remain outstanding immediately following each such redemption and (2) such redemption shall occur within 60 days of the closing of any such Equity Offering.

In addition, upon the occurrence of a Change of Control (as defined below) at any time prior to May 15, 2004, the Notes will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice given within 30 days following such Change of Control, at the Make-Whole Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided that no Notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at its registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest shall cease to accrue on Notes or portions of Notes called for redemption.

Mandatory Redemption

Except as set forth below under "--Repurchase at the Option of Holders," the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

Upon the occurrence of a Change of Control, unless notice of redemption of the Notes in whole has been given pursuant to the provisions of the Indenture described above under "Optional Redemption", the Company is obligated to make an offer (a "Change of Control Offer") to each Holder of Notes to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase (the "Change of Control Payment"). Within 30 days following a Change of Control, the Company will mail a notice to each Holder with a copy to the Trustee describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by the Indenture and described in such notice. In addition, the Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control.

On the Change of Control Payment Date, the Company will, to the extent lawful, (i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions

thereof so tendered and (iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent will promptly mail or deliver to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of $1,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company is not required to make a Change of Control Offer following a Change of Control if a third party makes such a Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn pursuant to such Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. However, restrictions in the Indenture described herein on the ability of the Company and its Restricted Subsidiaries to incur additional Indebtedness, to grant Liens on their respective properties, to make Restricted Payments and to make Asset Sales may also make more difficult or discourage a takeover of the Company, whether favored or opposed by the management of the Company. Consummation of any such transaction in certain circumstances may require repurchase of the Notes, and there can be no assurance that the Company or the acquiring party will have sufficient financial resources to effect such repurchase. Such restrictions and the restrictions on transactions with Affiliates may, in certain circumstances, make more difficult or discourage any leveraged buyout of the Company or any of its Subsidiaries by their management. While such restrictions cover a wide variety of arrangements which have traditionally been used to effect highly leveraged transactions, the Indenture may not afford the Holders of Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The Credit Agreement prohibits the Company from repurchasing any Notes without the prior written consent of lenders holding a majority of the commitments under the Credit Agreement. Any other credit agreements or other agreements governing indebtedness to which the Company becomes a party may contain similar restrictions and provisions and may provide that certain change of control events with respect to the Company would constitute events of default thereunder. In the event a Change of Control occurs at a time when the Company is prohibited from repurchasing Notes, the Company could seek the consent of its lenders to the repurchase of Notes or could attempt to refinance or repay the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from repurchasing Notes. In such case, the Company's failure to repurchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under the Credit Agreement. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the Holders of the Notes.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Sales

The Indenture provides that the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (1) the Company (or such Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a Board Resolution) of the assets or Equity Interests issued or sold or otherwise disposed of and (2) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of (x) cash or Cash Equivalents or (y) a controlling interest in another business or fixed or other long-term assets, in each case, in a Similar Business; provided that the amount of (a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee thereof) that are assumed by the transferee of any such assets or Equity Interests such that the Company or such Restricted Subsidiary are released from further liability and (b) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 90 days or are guaranteed (by means of a letter of credit or otherwise) by an institution specified in the definition of "Cash Equivalents" (to the extent of the cash received or the obligations so guaranteed) shall be deemed to be cash or Cash Equivalents for purposes of this provision, subject to application as provided in the following paragraph.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company, at its option, may (1) apply such Net Proceeds to permanently prepay, repay or reduce any Senior Debt of the Company (and to correspondingly reduce commitments with respect thereto in the case of revolving borrowings) or (2) apply such Net Proceeds to the acquisition of a controlling interest in another business, the making of a capital expenditure or the acquisition of other long-term assets, in each case, in a Similar Business, or determine to retain such Net Proceeds to the extent such Net Proceeds constitute such a controlling interest or long-term asset in a Similar Business. Pending the final application of any such Net Proceeds, the Company may invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this paragraph will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $10 million, the Company will be required to make an offer to all Holders of Notes (and holders of other Indebtedness of the Company to the extent required by the terms of such other Indebtedness) (an "Asset Sale Offer") to purchase the maximum principal amount of Notes (and such other Indebtedness) that does not exceed the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate principal amount of Notes (and such other Indebtedness) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes (and such other Indebtedness) tendered exceeds the amount of Excess Proceeds, the Notes (and such other Indebtedness) to be purchased will be selected on a pro rata basis. Upon completion of an Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. The Asset Sale Offer must be commenced within 60 days following the date on which the aggregate amount of Excess Proceeds exceeds $10 million and remain open for at least 30 and not more than 40 days (unless otherwise required by applicable law). The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to an Asset Sale Offer.

The Credit Agreement prohibits the Company from repurchasing any Notes without the prior written consent of lenders holding a majority of the commitments under the Credit Agreement. Any other credit agreements or other agreements governing indebtedness to which the Company becomes a party may contain similar restrictions and provisions. In the event the Company is required to make an Asset Sale Offer at a time when the Company is prohibited from repurchasing Notes, the Company could seek the consent of its lenders to the repurchase of Notes or could attempt to refinance or repay the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited

from repurchasing Notes. In such case, the Company's failure to repurchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under the Credit Agreement. In such circumstances, the subordination provisions in the Indenture would likely restrict payments to the Holders of the Notes.

Any other credit agreements or other agreements governing indebtedness to which the Company becomes a party may require that the Company and its Subsidiaries apply all proceeds from certain asset sales to repay in full outstanding obligations thereunder prior to the application of such proceeds to repurchase outstanding Notes.

Certain Covenants

Restricted Payments

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, (1) declare or pay any dividend or make any other payment or distribution on account of the Company's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company) or to any direct or indirect holders of the Company's Equity Interests in their capacity as such (other than dividends or distributions (a) payable in Equity Interests (other than Disqualified Stock) of the Company, (b) payable in Capital Stock or assets of an Unrestricted Subsidiary of the Company or (c) payable to the Company or any Restricted Subsidiary of the Company); (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company, or any Equity Interests of any of its Restricted Subsidiaries held by any Affiliate of the Company (other than any such Equity Interests owned by the Company or any Restricted Subsidiary of the Company, any Equity Interests then being issued by the Company or a Restricted Subsidiary of the Company or any Investment in a Person that, after giving effect to such Investment, is a Restricted Subsidiary of the Company); (3) make any payment on or with respect to, or purchase, redeem, repay, defease or otherwise acquire or retire for value, any Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Notes or any Guarantee thereof, except a regularly scheduled payment of interest or principal or sinking fund payment (other than the purchase or other acquisition of such subordinated Indebtedness made in anticipation of satisfying any sinking fund payment due within one year from the date of acquisition); or (4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by the Company and its Restricted Subsidiaries after the Closing Date (without duplication and excluding Restricted Payments permitted by clauses (2) and (3) of the following paragraph), is less than the sum of

- 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of the Indenture to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

- 100% of the aggregate net cash proceeds and the fair market value of any assets or property (as determined in good faith by the Board of Directors of the Company) received by the Company from the issue or sale since the Closing Date of Equity Interests of the Company (other than Disqualified Stock), or of Disqualified Stock or debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests or Disqualified Stock or convertible debt securities sold to a Subsidiary of the Company and other than Disqualified Stock or convertible debt securities that have been converted into Disqualified Stock); plus

- with respect to Restricted Investments made after the Closing Date, the net reduction of such Restricted Investments as a result of (x) any disposition of any such Restricted Investments sold or otherwise liquidated or repaid, to the extent of the net cash proceeds and the fair market value of any assets or property (as determined in good faith by the Board of Directors of the Company) received, (y) dividends, repayment of loans or advances or other transfers of assets to the Company or any Restricted Subsidiary of the Company or (z) the portion (proportionate to the Company's interest in the equity of a Person) of the fair market value of the net assets of an Unrestricted Subsidiary or other Person immediately prior to the time such Unrestricted Subsidiary or other Person is designated or becomes a Restricted Subsidiary of the Company (but only to the extent not included in the first subclause of this clause (c)); provided that the sum of items (x), (y) and (z) of this subclause shall not exceed, in the aggregate, the aggregate amount of such Restricted Investments made after the Closing Date.

The foregoing provisions will not prohibit (1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture, (2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness or Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than any Disqualified Stock, except to the extent that such Disqualified Stock is issued in exchange for other Disqualified Stock or the net cash proceeds of such Disqualified Stock is used to redeem, repurchase, retire or otherwise acquire other Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from the second clause of clause (c) of the preceding paragraph; (3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness in exchange for, or out of the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness; (4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any employees, officers or directors of the Company or any of its Restricted Subsidiaries or, upon the death, disability or termination of employment of such officers, directors and employees, their authorized representatives in an aggregate amount not to exceed in any twelve month period, $2.0 million plus the aggregate net cash proceeds from any issuance during such period of Equity Interests by the Company to such employees, officers, directors, or representatives plus the aggregate net cash proceeds from any payments on life insurance policies in which the Company or its Restricted Subsidiaries is the beneficiary with respect to such employees, officers or directors the proceeds of which are used to repurchase, redeem or acquire Equity Interests of the Company held by such employees, officers, directors or representative; (5) the repurchase of Equity Interests of the Company deemed to occur upon the exercise of stock options or similar arrangement if such Equity Interests represents a portion of the exercise price thereof; or (6) additional Restricted Payments in an amount not to exceed $15 million; provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (4) or (6) no Default or Event of Default shall have occurred and be continuing.

In the case of any Restricted Payments made other than in cash, the amount thereof shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any such asset(s) or securities shall be determined in good faith by the Board of Directors of the Company. Where the amount of any Investment made other than in cash is otherwise required to be determined for purposes of the Indenture, then unless otherwise specified such amount shall be the fair market value thereof on the date of such Investment, and fair market value shall be determined in good faith by the Board of Directors of the Company.

Designation of Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such determination, all outstanding Investments (including without limitation any direct or indirect obligation to subscribe for additional Equity Interests or maintain or preserve such subsidiary's financial condition or to cause such person to achieve any specified level of operating results) by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Investments at the time of such designation and, except to the extent, if any, that such Investments are Permitted Investments at such time, will reduce the amount otherwise available for Restricted Payments. All such outstanding Investments will be deemed to constitute Investments in an amount equal to the fair market value of such Investments at the time of such designation. Such designation will only be permitted if such Investment would be permitted at such time and if such Restricted Subsidiary otherwise meets (or would meet concurrently with the effectiveness of such designation) the definition of an Unrestricted Subsidiary.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such designation. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock," and (2) no Default or Event of Default would be in existence following such designation.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt) and that the Company's Restricted Subsidiaries will not issue any shares of Preferred Stock (other than to the Company or a Restricted Subsidiary of the Company); provided, however, that the Company and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) if the Consolidated Interest Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been equal to or greater than 2 to 1, determined on a pro forma basis, as if the additional Indebtedness had been incurred at the beginning of such four-quarter period and no Event of Default shall have occurred and be continuing after giving effect on a pro forma basis to such incurrence.

The provisions of the first paragraph of this covenant will not apply to the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness under the Credit Agreement in an aggregate amount outstanding (with letters of credit being deemed for all purposes of the Indenture to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries in respect thereof) at any time not to exceed the greater of (x) $450 million and (y) 3.5 times Consolidated Resort

EBITDA for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is being incurred less, in each case, the aggregate amount of such Indebtedness permanently repaid with the Net Proceeds of any Asset Sale;

(ii) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness represented by the Notes (including the Exchange Notes), the Guarantees thereof and the Indenture in the principal amount of Notes originally issued on the Closing Date;

(iii) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(iv) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness (other than Hedging Obligations) in an aggregate principal amount not to exceed $50 million at any time outstanding;

(v) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in connection with the acquisition of assets or a new Restricted Subsidiary (including Indebtedness that was incurred by the prior owner of such assets or by such Restricted Subsidiary prior to such acquisition by the Company and its Restricted Subsidiaries); provided that the aggregate principal amount of Indebtedness incurred pursuant to this clause (v) does not exceed $20 million at any time outstanding;

(vi) the incurrence by the Company and its Restricted Subsidiaries of Permitted Refinancing Indebtedness;

(vii) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and its Restricted Subsidiaries; provided, however, that any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company, and any sale or other transfer of any such Indebtedness to a Person that is not the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(viii) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations incurred for the purpose of hedging against fluctuations in currency values or for the purpose of fixing or hedging interest rate risk with respect to any floating rate Indebtedness of the Company or any of its Restricted Subsidiaries permitted by the Indenture; provided that the notional principal amount of any Hedging Obligations does not significantly exceed the principal amount of Indebtedness to which such agreement relates;

(ix) the Guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company permitted by the Indenture;

(x) the incurrence of Indebtedness arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, in each case incurred in connection with the acquisition or disposition of any business or assets or subsidiaries of the Company permitted by the Indenture; and

(xi) the Indebtedness incurred from time to time under a revolving credit facility of SSI Venture in an aggregate amount outstanding at any time not to exceed $10 million, so long as SSI Venture remains a Restricted Subsidiary of the Company.

For purposes of determining the amount of any Indebtedness of any Person under this covenant, (a) the principal amount of any Indebtedness of such Person arising by reason of such Person having granted or assumed a Lien on its property to secure Indebtedness of another Person shall be the lower of the fair market

value of such property and the principal amount of such Indebtedness outstanding (or committed to be advanced) at the time of determination; (b) the amount of any Indebtedness of such Person arising by reason of such Person having Guaranteed Indebtedness of another Person where the amount of such Guarantee is limited to an amount less than the principal amount of the Indebtedness so Guaranteed shall be such amount as so limited; and (c) Indebtedness shall not include a non-recourse pledge by the Company or any of its Restricted Subsidiaries of Investments in any Person that is not a Restricted Subsidiary of the Company to secure the Indebtedness of such Person.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xii) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, either (a) shall classify (and may later reclassify) such item of Indebtedness in one of such categories in any manner that complies with this covenant or (b) shall divide and classify (and may later redivide and reclassify) such item of Indebtedness into more than one of such categories pursuant to such first paragraph.

Liens

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, create, incur, assume or suffer to exist any Lien securing Indebtedness on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) (a) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any indebtedness or other obligations owed to the Company or any of its Restricted Subsidiaries, (ii) make loans or advances to the Company or any of its Restricted Subsidiaries, (iii) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries or (iv) guarantee the Notes or any renewals or refinancings thereof, in each case except for such encumbrances or restrictions (other than encumbrances and restrictions in respect of clause (iv) of this sentence) existing under or by reason of (a) Existing Indebtedness as in effect on the Closing Date, (b) the Credit Agreement as in effect as of the Closing Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive with respect to such dividend and other payment restrictions than those contained in the Credit Agreement as in effect on the Closing Date, (c) the Notes, any Guarantee thereof and the Indenture, (d) applicable law, (e) any instrument governing Indebtedness or Equity Interests of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Equity Interests were incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the Equity Interests, properties or assets of any Person, other than the Person, or the Equity Interests, property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the Indenture, (f) by reason of customary nonassignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (g) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iii) above on the property so acquired or proceeds therefrom, (h) customary restrictions in asset or stock sale agreements limiting transfer of such assets or stock pending the closing of such sale, (i) customary non-assignment provisions in contracts entered into in the ordinary course of business, or (j) Permitted Refinancing Indebtedness; provided

that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

Merger, Consolidation or Sale of Assets

The Indenture provides that the Company may not consolidate or merge with or into (whether or not the Company is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another Person unless (i) the Company is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes and the Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and (iv) except in the case of a merger of the Company with or into a Restricted Subsidiary of the Company, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, (A) will have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company, immediately preceding the transaction and (B) will, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock."

Nothing contained in the foregoing paragraph shall prohibit (i) any Restricted Subsidiary from consolidating with, merging with or into, or transferring all or part of its properties and assets to the Company or (ii) the Company from merging with an Affiliate for the purpose of reincorporating the Company in another jurisdiction to realize tax or other benefits; provided, however, that in connection with any such merger, consolidation or asset transfer no consideration, other than common stock (that is not Disqualified Stock) in the surviving Person or the Company shall be issued or distributed.

Transactions with Affiliates

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person and (ii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $5.0 million, a Board Resolution authorizing and determining the fairness of such Affiliate Transaction approved by a majority of the independent members of the Board of Directors of the Company and (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $15.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The foregoing provisions will not prohibit (i) reasonable fees and compensation paid to and indemnity provided on behalf of officers, directors, employees, agents or consultants of the Company or any Restricted Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior

management including, without limitation, any issuance of Equity Interests of the Company pursuant to stock option, stock ownership or similar plans; (ii) transactions between or among the Company and/or its Restricted Subsidiaries; (iii) any agreement or arrangement as in effect on the Closing Date and publicly disclosed or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement or arrangement thereto so long as any such amendment or replacement agreement or arrangement is not more disadvantageous to the Company or its Restricted Subsidiaries, as the case may be, in any material respect than the original agreement as in effect on the Closing Date; (iv) loans or advances to employees and officers of the Company and its Restricted Subsidiaries not in excess of $5 million at any time outstanding; and (v) any Permitted Investment or any Restricted Payment that is permitted by the provisions of the Indenture described above under the caption "Restricted Payments".

Limitation on Layering Debt

The Indenture provides that (A) the Company will not, directly or indirectly, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is by its terms subordinate or junior in right of payment to any Senior Debt of the Company and senior in any respect in right of payment to the Notes and (B) no Guarantor will, directly or indirectly, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is by its terms subordinate or junior in right of payment to any Senior Debt of such Guarantor and senior in any respect in right of payment to the Subsidiary Guarantee of such Guarantor.

Additional Subsidiary Guarantees

The Indenture provides that if any Restricted Subsidiary of the Company after the date of the Indenture shall become or be required to become a guarantor under the Credit Agreement, or shall become a guarantor of any other Indebtedness of the Company or any Restricted Subsidiary, then such Restricted Subsidiary shall become a Guarantor, in accordance with the terms or the Indenture; provided that if such Restricted Subsidiary is released and discharged from all obligations under such guarantees, it shall be released and discharged from its obligations under its Subsidiary Guarantee as described under "--Subsidiary Guarantees" above.

Payments for Consent

The Indenture provides that neither the Company nor any of its Restricted Subsidiaries will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Reports

The Indenture provides that, whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes (i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such forms and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the Commission, the Company will file a copy of all such information and reports with the Commission for public availability (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, the Company and its Restricted Subsidiaries will agree that, for so long as any Notes remain outstanding, they will furnish to the Holders and to securities analysts and

prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Act.

Events of Default and Remedies

The Indenture provides that each of the following constitutes an Event of Default: (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 the subordination provisions of the Indenture); (ii) 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 the subordination provisions of the Indenture); (iii) failure by the Company or any of its Restricted Subsidiaries to comply with the provisions described under the caption "Merger, Consolidation or Sale of Assets"; (iv) failure by the Company to comply with the provisions described under the captions "Change of Control" or "Asset Sale" (whether or not prohibited by the subordination provisions of the Indenture) (other than a failure to purchase Notes pursuant to an offer commenced under such provisions, which shall be subject to clause (ii) above) for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes; (v) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in the Indenture or the Notes other than those referred to in clauses (i), (ii), (iii) or (iv) above; (vi) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Closing Date, which default (a) is caused by a failure to pay principal after final maturity of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10 million or more without such Indebtedness being discharged or such acceleration having been cured, waived or rescinded within 30 days of acceleration; (vii) failure by the Company or any of its Significant Subsidiaries to pay final judgments aggregating in excess of $10 million and either (a) any creditor commences enforcement proceedings upon any such judgment or (b) such judgments are not paid, discharged or stayed for a period of 60 days; (viii) except as permitted by the Indenture, any Guarantee of the Notes by a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or any Guarantor which is a Significant Subsidiary or any Person acting on behalf of any such Guarantor, shall deny or disaffirm its obligations under its Guarantee of the Notes; and (ix) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

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 immediately. 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 of the Notes may not enforce the Indenture or the Notes except as provided 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.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company or any Guarantor with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes

pursuant to the optional redemption provisions of the Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

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, premium, if any, interest or Liquidated Damages, if any, on the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or such Guarantor under the Notes, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes ("Legal Defeasance") except for (i) the rights of Holders of outstanding Notes to receive payments in respect of the principal of and premium, if any, interest and Liquidated Damages, if any, on the Notes when such payments are due from the trust referred to below, (ii) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust, (iii) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's obligations in connection therewith and (iv) the Legal Defeasance provisions of the Indenture. In addition, the Company may, at its option and at any time, elect to have the obligations of the Company released with respect to certain covenants that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance, (i) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of and premium, if any, interest and Liquidated Damages, if any, on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date; (ii) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United States reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Closing Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes, as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; (iii) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an opinion of counsel in the United

States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); (v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound; (vi) the Company shall have delivered to the Trustee an opinion of counsel to the effect that after the 91st day following the deposit, the trust fund will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (vii) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and (viii) the Company must deliver to the Trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions precedent provided for relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Satisfaction and Discharge of the Indenture

The obligations of the Company and the other Guarantors under the Indenture will terminate when (i) either (a) all outstanding Notes have been delivered to the Trustee for cancellation, or (b) all such Notes not theretofore delivered to the Trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Company and the Company has irrevocably deposited or caused to be deposited with the Trustee, in trust, funds in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of (and premium, if any, on) and interest and Liquidated Damages, if any, to the date of maturity or date of redemption, (ii) the Company has paid or caused to be paid all sums payable by the Company under the Indenture, and (iii) the Company has delivered an Officers' Certificate and an Opinion of Counsel relating to compliance with the conditions set forth in the Indenture.

Transfer and Exchange

A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered Holder of a Note will be treated as the owner of it for all purposes.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, or the Notes thereof may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for Notes).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder): (i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver; (ii) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the price to be paid, or the timing of redemption or payment, upon redemption of the Notes or, after the Company has become obligated to make a Change of Control Offer or an Asset Sale Offer, amend, change or modify the obligation of the Company to make or consummate such Change of Control Offer or Asset Sale Offer; (iii) reduce the rate of or change the time for payment of interest or Liquidated Damages, if any, on any Note; (iv) waive a Default or Event of Default in the payment of principal of or premium, interest or Liquidated Damages, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration); (v) make any Note payable in money other than that stated in the Notes; (vi) except pursuant to the terms of the Indenture, release any Guarantor from its Guarantee of the Notes; (vii) make any change in the subordination provisions in the Indenture that adversely affects the rights of any Holder of any Notes in any material respect or any change to any other provision thereof that adversely affects the rights of any Holder of Notes under the subordination provisions of the Indenture in any material respect (it being understood that amendments to the provisions of the Indenture described above under the caption "Certain Covenants--Incurrence of Indebtedness and Issuance of Preferred Stock" which may have the effect of increasing the amount of Senior Debt that the Company and its Restricted Subsidiaries may incur shall not, for purposes of this clause (vii), be deemed to be a change that adversely affects in a material respect the rights of any Holder of Notes under the subordination provisions of the Indenture; or (viii) make any change in the foregoing amendment and waiver provisions.

Notwithstanding the foregoing, without the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's or any Guarantor's obligations to Holders of Notes in the case of a merger, consolidation or sale of assets, to provide security for the Notes, to add a Guarantor, to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect, or to comply with requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

The consent of the Holders of the Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

Concerning the Trustee

The Trustee has been appointed by the Company as Registrar and Paying Agent with respect to the Notes.

The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days and apply to the Commission for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder of Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to the Trustee against any loss, liability or expense.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person, (i) Indebtedness or preferred stock of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness or preferred stock incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Asset Sale" means (i) the sale, lease, conveyance or other disposition (collectively, "dispositions") of any assets or rights (including, without limitation, by way of a Sale and Leaseback Transaction), other than dispositions of inventory or sales or leases of real estate constituting Real Estate Held for Sale in the ordinary course of business, and (ii) the issuance of Equity Interests by any Restricted Subsidiary or the disposition by the Company or a Restricted Subsidiary of Equity Interests in any of the Company's Restricted Subsidiaries (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary of the Company), in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of $3.0 million or (b) for net proceeds in excess of $3.0 million. Notwithstanding the foregoing, the following will be deemed not to be Asset Sales: (i) a transfer of assets by the Company to a Restricted Subsidiary or by a Restricted Subsidiary to the Company or to another Restricted Subsidiary; (ii) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary; (iii) a Permitted Investment or Restricted Payment that is permitted by the covenant described above under the caption "Restricted Payments;" (iv) a disposition of Cash Equivalents solely for cash or other Cash Equivalents; (v) a disposition in the ordinary course of business of used, worn-out, obsolete, damaged or replaced equipment; (vi) the grant of licenses to third parties in respect of intellectual property in the ordinary course of business of the Company or any of its Restricted Subsidiaries, as applicable; (vii) any disposition of properties or assets that is governed by the provisions described under "Change of Control" or "Merger, Consolidation or Sale of Assets;" and (viii) the granting or incurrence of any Permitted Lien.

"Board Resolution" means a duly adopted resolution of the Board of Directors of the Company in full force and effect at the time of determination and certified as such by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (a) marketable obligations issued or unconditionally guaranteed by the U.S. or issued by any of its agencies and backed by the full faith and credit of the U.S., in each case maturing within one year from the date of acquisition; (b) short-term investment grade domestic and eurodollar certificates of deposit or time deposits that are fully insured by the Federal Deposit Insurance Corporation or are issued by commercial banks organized under the laws of the U.S. or any of its states having combined capital, surplus, and undivided profits of not less than $100,000,000 (as shown on its most recently published statement of condition); (c) commercial paper and similar obligations rated "P-1" by Moody's Investors Service, Inc. ("Moody's") or "A-1" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"); (d) readily marketable tax-free municipal bonds of domestic issuer rated "A-2" or better by Moody's or "A" or better by S&P, and maturing within one year from the date of issuance; and (e) mutual funds or money market accounts investing primarily in items described in clauses (a) through (d) above.

"Change of Control" means, with respect to the Company or any successor Person permitted under the covenant "Merger, Consolidation or Sale of Assets," the occurrence of any of the following: (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Apollo and its Affiliates, acquires "beneficial ownership" (as determined in accordance with Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total outstanding shares of Voting Stock (as defined) except to the extent that, and so long as, Apollo and its affiliates hold the right, by voting power, contract or otherwise, to elect or designate, and do so elect or designate, a majority of the Company's Board of Directors; (b) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company and, in the case of any such transaction, the outstanding common stock of the Company is changed or exchanged as a result, unless the shareholders of the Company immediately before such transaction own, directly or indirectly, at least 51% of the outstanding shares of Voting Stock of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction (except to the extent that, and so long as, Apollo and its affiliates hold the right, by voting power or otherwise, to elect or designate, and do so elect or designate, a majority of the Board of Directors of the corporation resulting from such transaction); or (c) the first day on which more than a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"Closing Date" means the date of the closing of the sale of the Notes initially issued pursuant to the Indenture.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, to the extent deducted in computing such Consolidated Net Income, (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale, (ii) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, (iii) Consolidated Interest Expense, and (iv) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income, minus (v) non-cash items increasing such Consolidated Net Income, in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Coverage Ratio" means with respect to any Person for any period, the ratio of the Consolidated Resort EBITDA of such Person for such period to the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, assumes, Guarantees, redeems, repays or otherwise retires any Indebtedness (other than revolving credit borrowings) subsequent to the commencement of the period for which the Consolidated Interest Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Consolidated Interest Coverage Ratio is made (the "Calculation Date"), then the Consolidated Interest

Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, redemption, repayment or retirement of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of making the computation referred to above, (i) (a) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions and (b) other transactions consummated by the Company or any of its Restricted Subsidiaries with respect to which pro forma effect may be given pursuant to Article 11 of Regulation S-X under the Securities Act, in each case during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Resort EBITDA for such reference period shall be calculated without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income, (ii) the Consolidated Resort EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded and (iii) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent (x) that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date, or (without duplication) (y) such Consolidated Interest Expense is less than the Consolidated Resort EBITDA attributable to such discontinued operations for the same period.

"Consolidated Interest Expense" means with respect to any Person for any period the sum, without duplication, of (i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, (iii) any interest expense for such period on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon), in each case, on a consolidated basis and in accordance with GAAP, and (iv) any Preferred Stock dividends paid in cash by the Company or any of its Restricted Subsidiaries to a Person other than the Company or any of its Restricted Subsidiaries, determined, in each case, on a consolidated basis and in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that (i) the net income (but not loss) of any Person that is not a Restricted Subsidiary of such Person or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash by such Person during such period to the referent Person or a Restricted Subsidiary thereof, (ii) the net income (but not loss) of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, and (iv) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person as of any date, the consolidated stockholders' equity of such Person and its consolidated Restricted Subsidiaries as of such date, less (without duplication) amounts attributable to Disqualified Stock of such Person, in each case determined in accordance with GAAP.

"Consolidated Resort EBITDA" means, with respect to any Person for any period, the Consolidated EBITDA of such Person for such period minus consolidated real estate revenue of such Person and its Restricted Subsidiaries for such period plus consolidated real estate operating expenses of such Person and its Restricted Subsidiaries for such period minus any portion of such Consolidated EBITDA attributable to Unrestricted Subsidiaries of such Person for such period, in each case as reported on such Person's consolidated statement of operations and determined on a consolidated basis and in accordance with GAAP.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the Closing Date or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Credit Agreement" means that certain amended and restated credit agreement, dated as of May 1, 1999, by and among the Company, the Lenders named therein, Nationsbank, N.A. as Agent, and NationsBanc Montgomery Securities LLC, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Default" means any event that is or with the passage of time or the giving of notice or both would be an Event of Default.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring on or prior to 91 days after the date on which the Notes mature shall not constitute Disqualified Stock if (1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable in any respect to the holders of such Capital Stock than the terms applicable to the Notes and described under the captions "Repurchase at the Option of Holders--Asset Sales" and "Repurchase at the Option of Holders--Change of Control"; and (2) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means (1) a public or private sale of Capital Stock of the Company and (ii) the sale of other securities convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company; provided, an Equity Offering shall be deemed to occur with respect to all or a portion of such securities only upon the conversion or exchange of such securities into Capital Stock.

"Existing Indebtedness" means Indebtedness of the Company and the Company's Subsidiaries (other than Indebtedness under the Credit Agreement and the Notes) in existence on the Closing Date, until such Indebtedness is repaid.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect in the United States from time to time.

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"Guarantor" means (i) each of the Company's Restricted Subsidiaries that is a party to the Indenture on the date of execution and delivery of the Indenture and (ii) each other Person that becomes a guarantor of the obligations of the Company under the Notes and the Indenture from time to time in accordance with the provisions of the Indenture described under the caption "Certain Covenants--Additional Affiliate Guarantees", and their respective successors and assigns; provided, however, that "Guarantor" shall not include any Person that is released from its Guarantee of the obligations of the Company under the Notes and the Indenture as described under "Subsidiary Guarantees."

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (i) currency exchange or interest rate swap, cap or collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange or interest rates.

"Indebtedness" means, with respect to any Person, without duplication, (i) any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or bankers' acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property (which purchase price is due more than one year after taking title to such property) or services or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP; (ii) all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person the amount of such obligation, to the extent it is without recourse to such Person, being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured); (iii) to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person; provided, however, that (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP; and (2) Indebtedness shall not include any liability for federal, state, local or other taxes; and (iv) with respect to any Restricted Subsidiary of the Company, Preferred Stock of such Person (in an amount equal to the greater of (x) the sum of all obligations of such Person with respect to redemption, repayment or repurchase thereof and (y) the book value of such Preferred Stock as reflected on the most recent financial statements of such Person).

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP, excluding, however, trade accounts receivable and bank deposits made in the ordinary course of business consistent with past practice. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of the covenant described above under the caption "Restricted Payments."

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under

applicable law (including any conditional, sale or other title retention agreement, any lease in the nature thereof, and any option or other agreement to sell or give a Lien).

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of (a) the present value of the remaining principal, premium, if any, and interest (other than accrued interest otherwise payable upon redemption) payments that would be payable with respect to such Note if such Note were redeemed on May 15, 2004, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (b) the principal amount of such Note.

"Make-Whole Average Life" means, with respect to any date of redemption of Notes, the number of years (calculated to the nearest one-twelfth) from such redemption date to May 15, 2004.

"Make-Whole Price" means, with respect to any Note, the greater of (a) the sum of the principal amount of and Make-Whole Amount with respect to such Note, and (b) the redemption price of such Note on May 15, 2004.

"Net Income" means, with respect to any Person, the net income (or loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however, (i) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to Sale and Leaseback Transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and (ii) any extraordinary or nonrecurring gain (or loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (or loss).

"Net Proceeds" means the aggregate cash proceeds or Cash Equivalents proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received, and any proceeds deemed to be cash or Cash Equivalents pursuant to clause (b) of the first paragraph under the caption "Asset Sales"), net of (i) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, (ii) taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), (iii) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale, (iv) all distributions and other payments required to be made to minority interest holders of a Restricted Subsidiary or joint venture as a result of such Asset Sale, and (v) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Obligations" means any principal, interest (including post-petition interest), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Permitted Holder" means Apollo Advisors, L.P., a Delaware limited partnership, or any fund, investment vehicle or account managed, advised or controlled by Apollo Advisors, L.P., or any of its Affiliates.

"Permitted Investments" means (i) any Investment in the Company or a Restricted Subsidiary of the Company; (ii) any Investment in Cash Equivalents; (iii) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (a) such Person becomes a Restricted Subsidiary of the Company and, to the extent required under the Indenture, a Guarantor or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company; (iv) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "Repurchase at the Option of Holders--Asset Sales"; (v) any

acquisition of assets received solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company; (vi) any Investment in a Similar Business (including any Investment made in any Unrestricted Subsidiaries in a Similar Business) if, after giving effect to such Investment, the aggregate amount of all Investments made pursuant to this clause (vi) then constituting Unrestricted Investments Outstanding does not exceed the greater of (x) $75 million and (y) 7.5% of Total Consolidated Assets of the Company at the time of such Investment; (vii) contributions of Real Estate Held for Sale to Real Estate Joint Ventures; provided, in the case of any Investment made pursuant to this clause (vii) or the preceding clause (vi), that after giving effect to such Investment (a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof, and (b) the Company would, at the time of such Investment and after giving pro forma effect thereto as if such Investment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of the covenant described under the caption "Incurrence of Indebtedness and Issuance of Preferred Stock;" and (viii) Investments received in connection with the settlement of any ordinary course obligations owed to the Company or any of its Restricted Subsidiaries.

"Permitted Liens" means (i) Liens in favor of the Company or any of its Restricted Subsidiaries; (ii) Liens securing Senior Debt of the Company or any Restricted Subsidiary of the Company; (iii) Liens on property or Equity Interests of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets or Equity Interests other than those of the Person merged into or consolidated with the Company; (iv) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such acquisition; (v) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits, statutory obligations, bid, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business (other than contracts in respect of borrowed money and other Indebtedness); (vi) Liens existing on the Closing Date; (vii) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefore; (viii) Liens securing the Notes or any Guarantee thereof; (ix) Liens securing Permitted Refinancing Indebtedness to the extent that the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded was permitted to be secured by a Lien; provided that such Liens do not extend to any assets other than those that secured the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (x) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed $5.0 million at any one time outstanding and that (a) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (b) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Company or such Restricted Subsidiary; (xi) Liens securing Capital Lease Obligations; provided that such Liens do not extend to any property or assets which are not leased property subject to such Capitalized Lease Obligation; (xii) judgment liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, degree or order shall not have been finally terminated or the period within such proceedings may be initiated shall not have expired; (xiii) Liens securing obligations of the Company under Hedging Obligations; (xiv) purchase money Liens securing Purchase Money Obligations; provided that the related Indebtedness shall not be secured by any property or assets of the Company or any Restricted Subsidiary other than the property or assets so acquired pursuant to such Purchase Money Obligation; (xv) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods; (xvi) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty

requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off; (xvii) Liens arising from filing Uniform Commercial Code financing statements regarding leases; provided that such Liens do not extend to any property or assets which are not leased property subject to such leases or subleases; and (xviii) Liens created for the benefit of all of the Notes and/or any Guarantees thereof.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness (other than Hedging Obligations and other than Indebtedness permitted to be incurred pursuant to clause (i), clause (iv) or clause (vii) of the second paragraph under "--Incurrence of Indebtedness and Issuance of Preferred Stock") of the Company or any of its Restricted Subsidiaries; provided that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus premium and accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or any Guarantee thereof, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Guarantee on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary that is an obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means an individual, limited or general partnership, corporation, limited liability company, association, unincorporated organization, trust, joint stock company, joint venture or other entity, or a government or any agency or political subdivisions thereof.

"Preferred Stock" of any Person means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Purchase Money Obligations" of any Person means any obligations of such Person or any of its Subsidiaries to any seller or any other person incurred or assumed in connection with the purchase of real or personal property to be used in the business of such person or any of its subsidiaries within 180 days of such purchase.

"Real Estate Held for Sale" means, with respect to any Person, the real estate of such Person and its Restricted Subsidiaries classified for financial reporting purposes as Real Estate Held for Sale on the Closing Date or thereafter acquired as Real Estate Held for Sale.

"Real Estate Joint Venture" means any Person engaged exclusively in the acquisition, development and operation or resale of any real estate asset or group of related real estate assets (and directly related activities).

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Sale and Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such Person.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Similar Business" means any business conducted by the Company or any of its Subsidiaries as of the Closing Date or any other recreation, leisure and/or hospitality business including without limitation ski mountain resort operations, or any business or activity that is reasonably similar thereto or a reasonable extension, development or expansion thereof or is reasonably ancillary thereto.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of at least a majority of the directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"Total Consolidated Assets" means, with respect to any Person as of any date, the book value of the assets of such Person and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of such Person.

"Treasury Rate" means, at any time of computation, the yield to maturity at such time (as compiled by and published in the most recent statistical release (or any successor release) of the Federal Reserve Bank of New York, which has become publicly available at least two business days prior to the date of the redemption notice or, if such statistical release (or successor release) is no longer published, any generally recognized publicly available source of similar market data) of United States Treasury securities with a constant maturity most nearly equal to the Make-Whole Average Life; provided, however, that if the Make-Whole Average Life is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Unrestricted Investments Outstanding" means, at any time of determination, in respect of all Permitted Investments made pursuant to clause (vi) of the definition of the term Permitted Investments, the excess, if any, of (i) the sum of all Permitted Investments theretofore made by the Company or any Restricted Subsidiary on or after the date of the Indenture pursuant to clause (vi) of the definition of Permitted Investments over (ii) the amount of all cash, and the fair market value of any assets or property, distributed as dividends and distributions to the Company or a Restricted Subsidiary of the Company (to the extent that the Company does not elect to include the amount of such dividends and distributions in the computation of Consolidated Net Income pursuant to the parenthetical of clause (i) of the definition thereof at the time of determination), and all repayments of the principal amount of loans or advances, the net cash proceeds, and the fair market value of assets or property, received from sales or transfers, in respect of such Investments to the Company or any of its Restricted Subsidiaries and any other reduction made in cash of such Investments in such Person.

"Unrestricted Subsidiary" means any Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary is not party

to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding comply with the covenant set forth under "Transactions with Affiliates."

"Voting Stock" of any Person as of any date means classes of the Capital Stock of such Person that is at the time entitled to vote in the election of at least a majority of the directors, managers, trustees or other governing body of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding Notes where such outstanding Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that for a period of 30 days after effectiveness of the exchange offer registration statement, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of exchange notes and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. By acceptance of the exchange offer, each broker-dealer that receives exchange notes pursuant to the exchange offer hereby agrees to notify us prior to using this prospectus in connection with the sale or transfer of exchange notes, and acknowledges and agrees that, upon receipt of notice from us of the happening of any event which makes any statement in this prospectus untrue in any material respect or which requires the making of any changes in this prospectus in order to make the statements herein not misleading (which notice we agree to deliver promptly to such broker-dealer), such broker-dealer will suspend use of this prospectus until we have amended or supplemented the prospectus to correct such misstatement or omission and has furnished copies of the amended or supplemented prospectus to such broker-dealer.

For a period of 30 days after effectiveness of the exchange offer registration statement, we will promptly send additional copies of this prospectus and any amendment or supplement thereto to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of any one special counsel for the holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the Notes participating in the exchange offer (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

General

The following is a discussion of certain U.S. federal income tax and estate tax consequences of (i) the exchange of outstanding Notes for exchange notes and (ii) the ownership and disposition of the exchange notes. For purposes of this discussion, a "U.S. Holder" is a Holder that is an individual who is a citizen or resident of the United States, a corporation or a partnership that is organized in or under the laws of the United States or any state thereof, an estate the income of which is includible in gross income for U.S. tax purposes regardless of its source or, a trust the administration of which is subject to the primary supervision of a United States court and as to which one or more United States persons have the authority to control all substantial decisions of the trust. A "Non-U.S. Holder" is a Holder that is not a U.S. Holder. This summary applies only to Notes held as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). It does not discuss all of the tax consequences that may be relevant to a Holder in light of its particular circumstances or to Holders subject to special rules, such as tax-exempt organizations, dealers in securities or foreign currencies, financial institutions, life insurance companies, or regulated investment companies, or to Holders whose functional currency is not the United States dollar or who hold the Notes as part of a synthetic security, conversion transaction, or certain "straddle" or hedging transactions. It also does not deal with holders other than Holders participating in the exchange offer (except where otherwise specifically noted). Persons considering participation in the exchange offer should consult their own tax advisors concerning the application of United States federal income tax laws to their particular situations as well as any consequences of the exchange of outstanding Notes for exchange notes, and the ownership and disposition of the exchange notes arising under the laws of any other taxing jurisdiction.

The U.S. federal income tax and estate tax considerations set forth below are based upon the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those presented below.

Federal Income Tax Consequences of Tendering Outstanding Notes for Exchange Notes

Exchange Offer. The exchange of outstanding Notes for exchange notes pursuant to the exchange offer should not be treated as an exchange or other taxable event for United States federal income tax purposes because under Treasury regulations, the exchange notes should not be considered to differ materially in kind or extent from the outstanding Notes. Rather, the exchange notes received by a holder should be treated as a continuation of the outstanding Notes in the hands of such holder. As a result, there should be no United States federal income tax consequences to holders who exchange outstanding Notes for exchange notes pursuant to the exchange offer and any such holder should have the same tax basis and holding period in the exchange notes as it had in the outstanding Notes immediately before the exchange.

Federal Income Tax Consequences of Owning Exchange Notes

U.S. Holders

Interest. Interest on an exchange note will be taxable to a U.S. Holder as ordinary interest income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange or Redemption of an Exchange Note. A U.S. Holder will recognize gain or loss, if any, on the sale, redemption or other taxable disposition of an exchange note in an amount equal to the difference, if any, between the U.S. Holder's adjusted tax basis in the exchange note and the amount received therefor (other than amounts attributable to accrued and unpaid interest on the exchange notes, which will be treated as interest for U.S. federal income tax purposes). Subject to the market discount rules noted under "--U.S. Holders--Market Discount and Bond Premium" below, gain or loss, if any, recognized on the sale,

redemption or other taxable disposition of a Note generally should be long-term capital gain or loss if the exchange was held as a capital asset and was held for more than one year as of the date of disposition.

Market Discount and Bond Premium. If a U.S. Holder acquires an exchange note subsequent to its original issuance and the exchange note's principal amount exceeds the U.S. Holder's initial tax basis in the exchange note by more than a de minimis amount, the U.S. Holder will be treated as having acquired the exchange note at a "market discount" equal to such excess. In addition, if a U.S. Holder's initial tax basis in an exchange note exceeds the principal amount of the exchange note, the U.S. Holder will generally be treated as having acquired the exchange note with "bond premium" in an amount equal to such excess. U.S. Holders should consult their tax advisers regarding the existence, if any, and the tax consequences of market discount and bond premium.

Backup Withholding and Information Reporting. A U.S. Holder of an exchange note may be subject to information reporting and possible backup withholding. If applicable, backup withholding would apply at a rate of 31% with respect to interest on, or the proceeds of a sale, exchange, redemption, retirement, or other disposition of, such exchange note, unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable backup withholding rules.

Non-U.S. Holders

The Exchange Notes. The payment of interest on an exchange note will generally not be subject to U.S. federal income tax (or to withholding of tax), if (1) the interest is not effectively connected with the conduct of a trade or business within the United States or, if a tax treaty applies, the interest is not attributable to a permanent establishment in the United States, (2) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote, (3) the Non-U.S. Holder is not a controlled foreign corporation that is related to us actually or constructively through stock ownership and (4) either (i) the beneficial owner of the exchange note certifies to us or our agent, under penalties of perjury, that it is not a U.S. Holder and provides its name and address on U.S. Treasury Form W-8 (or on a suitable substitute form) or (ii) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the exchange note certifies under penalties of perjury that such a Form W-8 (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payer with a copy thereof.

Recently adopted Treasury Regulations (the "Final Withholding Regulations") will change the methods for satisfying the certification requirement described in clause (4) above. The Final Withholding Regulations also will require, in the case of Notes held by a foreign partnership that (i) this certification generally be provided by the partners rather than by the foreign partnership and (ii) the partnership provide certain information, including a United States employer identification number. A look-through rule would apply in the case of tiered partnerships. The Final Withholding Regulations will become effective for payments made after December 31, 1999.

A Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized in connection with the sale, exchange, retirement, or other disposition of a Note, unless (i) the gain is effectively connected with a trade for business of the Non-U.S. Holder in the United States (or, if a tax treaty applies, the gain is attributable to a permanent establishment in the United States); (ii) in the case of a Non-U.S. Holder who is an individual and holds the Note as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the disposition and either (a) has a "tax home" for United States federal income tax purposes in the United States or (b) has an office or other fixed place of business in the United States to which the gain is attributable; or (iii) the Non-U.S. Holder is subject to tax pursuant to the provisions of United States federal income tax laws applicable to certain United States expatriates.

An exchange note held directly by an individual who, at the time of death, is not a citizen or resident of the United States should not be includible in such individual's gross estate for U.S. estate tax purposes as a result of such individual's death if the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote and, at the time of the individual's death, if payments with respect to such Note would not have been effectively connected with the conduct by such individual of a trade or business in the United States. Even if the exchange note was includible in the gross estate under the foregoing rules, the Note may be excluded under the provisions of an applicable estate tax treaty.

Backup Withholding and Information Reporting. Interest payments on the exchange notes made by us or any paying agent of ours to certain noncorporate Non-U.S. Holders generally will not be subject to information reporting or "backup withholding" if the certification described under "--Non-U.S. Holders--The exchange note" above is received, provided in each case that the payer does not have actual knowledge that the Holder is a U.S. Holder.

Payment of proceeds from a sale of an exchange note to or through the U.S. office of a broker is subject to information reporting and backup withholding unless the Non-U.S. Holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding. Payment outside the United States of the proceeds of the sale of an exchange note to or through a foreign office of a "broker" (as defined in applicable U.S. Treasury Regulations) should not be subject to information reporting or backup withholding, except that if the broker is a U.S. person, a controlled foreign corporation for U.S. federal income tax purposes or a foreign person 50% or more of whose gross income is from a U.S. trade or business, information reporting should apply to such payment unless the broker has documentary evidence in its records that the beneficial owner is not a U.S. Holder and certain other conditions are met or the beneficial owner otherwise establishes an exemption.

THE U.S. FEDERAL INCOME TAX AND ESTATE TAX DISCUSSION SET FORTH ABOVE IS INTENDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO A PARTICULAR HOLDER'S SITUATION. PERSONS CONSIDERING PARTICIPATING IN THE EXCHANGE OFFER SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES OF EXCHANGING THE OUTSTANDING NOTES AND, OWNING AND DISPOSING OF THE EXCHANGE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL OR FOREIGN LAWS AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES (POSSIBLY INCLUDING RETROACTIVE CHANGES) IN U.S. FEDERAL AND OTHER TAX LAWS.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Cahill Gordon & Reindel (a partnership including a professional corporation), New York, New York.

EXPERTS

The consolidated financial statements of Vail Resorts, Inc. and subsidiaries as of July 31, 1998 and September 30, 1997 and for the ten-month period ended July 31, 1998 and for the years ended September 30, 1997 and 1996, included in this prospectus and elsewhere in the registration statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and included herein in reliance upon the authority of said firm as experts in accounting and auditing.

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VAIL RESORTS, INC.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Vail Resorts, Inc.:

We have audited the accompanying consolidated balance sheets of VAIL RESORTS, INC., formerly known as Gillett Holdings, Inc. (a Delaware corporation), and subsidiaries as of July 31, 1998 and September 30, 1997 and the related consolidated statements of operations, stockholders' equity and cash flows for the ten-month period ended July 31, 1998 and for the years ended September 30, 1997 and 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vail Resorts, Inc. and subsidiaries as of July 31, 1998 and September 30, 1997 and the results of their operations and their cash flows for the ten-month period ended July 31, 1998 and for the years ended September 30, 1997 and 1996.

Arthur Andersen LLP

Denver, Colorado
October 15, 1998

VAIL RESORTS, INC.

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

	July 31, 1998	September 30, 1997
Assets		
Current assets:		
Cash and cash equivalents	$ 13,366	$ 8,142
Restricted cash	6,146	6,561
Trade Receivables, net of allowances of $1,220 and $742, respectively	22,224	17,638
Notes receivable	4,263	4,469
Inventories	8,893	10,789
Deferred income taxes (Note 9)	12,126	24,500
Other current assets	4,708	4,253
Total current assets	71,726	76,352
Property, plant and equipment, net (Note 7)	501,371	411,117
Real estate held for sale	138,916	154,925
Deferred charges and other assets	12,605	12,217
Notes receivable, noncurrent portion	1,372	1,073
Intangible assets, net (Note 7)	186,132	200,265
Total assets	$912,122	$855,949
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	$ 55,012	$ 70,171
Income taxes payable	2,239	325
Rights payable to stockholders	--	5,707
Long-term debt due within one year (Note 6)	1,734	1,715
Total current liabilities	58,985	77,918
Long-term debt (Note 6)	282,280	263,347
Other long-term liabilities	28,886	23,281
Deferred income taxes (Note 9)	79,347	85,737
Commitments and contingencies (Note 11)		
Stockholders' equity (Notes 1 and 14):		
Preferred stock, $.01 par value, 25,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock--		
Class A common stock, $.01 par value, 20,000,000 shares authorized, 7,639,834 and 11,639,834 shares issued and outstanding as of July 31, 1998 and September 30, 1997, respectively	76	116
Common Stock, $.01 par value, 80,000,000 shares authorized, 26,817,346 and 21,765,815 shares issued and outstanding as of July 31, 1998 and September 30, 1997, respectively	269	218
Additional paid-in capital	401,563	385,634
Retained earnings	60,716	19,698
Total stockholders' equity	462,624	405,666
Total liabilities and stockholders' equity	$912,122	$855,949

See accompanying notes to consolidated financial statements.

VAIL RESORTS, INC.

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

	Ten Months Ended July 31, 1998	Year Ended September 30, 1997	Year Ended September 30, 1996
Net revenues:			
Resort	$336,547	$259,038	$140,288
Real estate	73,722	71,485	48,655
Total net revenues	410,269	330,523	188,943
Operating expenses:			
Resort	217,764	172,715	89,890
Real estate	62,619	66,307	40,801
Corporate expense	4,437	4,663	12,698
Depreciation and amortization	36,838	34,044	18,148
Total operating expenses	321,658	277,729	161,537
Income from operations	88,611	52,794	27,406
Other income (expense):			
Investment income	1,784	1,762	586
Interest expense	(17,789)	(20,308)	(14,904)
Loss on disposal of fixed assets	(1,706)	(182)	(2,630)
Other expense	(736)	(383)	(1,500)
Income before income taxes	70,164	33,683	8,958
Provision for income taxes (Note 9)	(29,146)	(13,985)	(4,223)
Net income	$ 41,018	$ 19,698	$ 4,735
Net income per common share (Notes 2 and 4):			
Basic	$ 1.20	$ 0.66	$ 0.23
Diluted	$ 1.18	$ 0.64	$ 0.22

See accompanying notes to consolidated financial statements.

VAIL RESORTS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share amounts)

	Common Stock				Additional Paid-in Capital	Retained Earnings (Deficit)	Total Stockholders' Equity
	Class A	Common	Total	Amount			
Balance, September 30, 1995	12,817,692	6,943,984	19,761,676	$198	$135,561	$31,935	$ 167,694
Net income for the year ended September 30, 1996	--	--	--	--	--	4,735	4,735
Shares issued pursuant to stock grants (Note 13)	--	238,324	238,324	2	1,989	--	1,991
Rights payable to stockholders	--	--	--	--	(13,843)	(36,670)	(50,513)
Shares of Class A Common Stock converted to Common Stock (Note 14)	(391,472)	391,472	--	--	--	--	--
Balance, September 30, 1996	12,426,220	7,573,780	20,000,000	200	123,707	--	123,907
Net income for the year ended September 30, 1997	--	--	--	--	--	19,698	19,698
Issuance of shares pursuant to options exercised (Note 13)	--	744,482	744,482	7	10,212	--	10,219
Issuance of shares in acquisition of resort, net (Note 5)	--	7,554,406	7,554,406	76	151,012	--	151,088
Issuance of shares in initial public offering, net	--	5,000,000	5,000,000	50	98,100	--	98,150
Issuance of shares in acquisitions of retail space, net	--	106,761	106,761	1	2,348	--	2,349
Compensation expense related to employee stock options	--	--	--	--	255	--	255
Shares of Class A Common Stock Converted to Common Stock (Note 14)	(786,386)	786,386	--	--	--	--	--
Balance, September 30, 1997	11,639,834	21,765,815	33,405,649	334	385,634	19,698	405,666
Net income for the ten-month period ended July 31, 1998	--	--	--	--	--	41,018	41,018
Issuance of shares pursuant to options exercised (Note 13)	--	1,043,271	1,043,271	11	7,990	--	8,001
Tax effect of stock option excercises	--	--	--	--	7,669	--	7,669
Restricted stock issue (Note 13)	--	8,260	8,260	--	270	--	270
Shares of Class A Common Stock Converted to Common Stock (Note 14)	(4,000,000)	4,000,000	--	--	--	--	--
Balance, July 31, 1998	7,639,834	26,817,346	34,457,180	$345	$401,563	$60,716	$ 462,624

See accompanying notes to consolidated financial statements.

VAIL RESORTS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Ten Months Ended July 31, 1998	Year Ended September 30, 1997	Year Ended September 30, 1996
Cash flows from operating activities:			
Net income	$ 41,018	$ 19,698	$ 4,735
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	36,838	34,044	18,148
Deferred compensation payments in excess of expense	--	(331)	(814)
Noncash cost of real estate sales	49,112	52,647	32,394
Noncash compensation related to stock grants (Note 13)	285	306	25
Noncash compensation related to stock options	--	255	1,915
Noncash equity income	(2,973)	(701)	--
Deferred financing costs amortized	448	389	247
Loss on disposal of fixed assets	1,706	182	2,630
Deferred income taxes, net (Note 9)	29,146	7,413	2,500
Changes in assets and liabilities:			
Restricted cash	(415)	529	(575)
Accounts receivable, net	(4,358)	2,089	475
Notes receivable, net	(93)	(4,469)	--
Inventories	2,497	(835)	(418)
Accounts payable and accrued expenses	(16,226)	(10,712)	9,551)
Other assets and liabilities	(2,642)	2,867	(4,947)
Net cash provided by operating activities	134,343	103,371	65,866
Cash flows from investing activities:			
Cash paid in resort acquisition, net of cash acquired	--	(146,386)	--
Cash paid in hotel acquisitions, net of cash acquired	(54,250)	--	--
Resort capital expenditures	(80,454)	(51,020)	(13,912)
Investments in real estate	(15,661)	(56,947)	(40,604)
Investments in joint venture	--	2,511	(200)
Net cash used in investing activities	(150,365)	(251,842)	(54,716)
Cash flows from financing activities:			
Proceeds from initial public offering	--	98,150	--
Proceeds from the exercise of stock options	8,001	--	--
Payments under Rights	(5,707)	(42,175)	--
Refund of bond reserve fund	3,297	--	--
Proceeds from borrowings under long-term debt	334,000	235,000	84,000
Payments on long-term debt	(318,345)	(139,984)	(130,547)
Net cash provided by (used in) financing activities	21,246	150,991	(46,547)
Net increase (decrease) in cash and cash equivalents	5,224	2,520	(35,397)
Cash and cash equivalents:			
Beginning of period	8,142	5,622	41,019
End of period	$ 13,366	$ 8,142	$ 5,622
Cash paid for interest	$ 16,336	$ 20,166	$ 21,880
Taxes paid, net of refunds	$ --	$ 1,925	$ 400
Supplemental disclosure of non-cash transactions:			
Issuance of common stock in resort acquisition (Note 5)		$ 151,088	
Assumption of liabilities in resort acquisition (Note 5)		$ 91,480	
Option exercise (Note 13)		$ 2,740	
Issuance of common stock in purchase of retail space		$ 2,349	

See accompanying notes to consolidated financial statements.

1. Basis of Presentation

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 two business segments, mountain resorts and real estate development. Vail Associates, Inc., an indirect wholly-owned subsidiary of Vail Resorts, and its subsidiaries, (collectively, "Vail Associates") operate four of the world's largest skiing facilities on Vail, Breckenridge, Keystone and Beaver Creek mountains in Colorado. The Breckenridge and Keystone mountain resorts (collectively, the "Acquired Resorts"), together with the Arapahoe Basin mountain resort and significant related real estate interests and developable land, were acquired by the Company on January 3, 1997 (the "Acquisition"). The Company divested the Arapahoe Basin mountain resort on September 5, 1997. Vail Resorts Development Company ("VRDC"), a wholly-owned subsidiary of Vail Associates, Inc., conducts the Company's real estate development activities. The Company's mountain resort business, which is primarily composed of ski operations and related amenities, is seasonal in nature with a typical ski season beginning in mid-October and continuing through mid-May.

On September 1, 1997, the Company announced the change of its fiscal year end from September 30 to July 31. Accordingly, the Company's fiscal year 1998 ended on July 31, 1998 and consisted of ten months. For fiscal 1998, the Company filed a transitional interim report for the four months ended January 31, 1998, a quarterly report for the three months ended April 30, 1998 and will file this annual report for the ten-months ended July 31, 1998. This annual report for the ten-months ended July 31, 1998 includes statements of financial position as of July 31, 1998, and September 30, 1997, results of operations and statements of cash flows for the ten-months ended July 31, 1998 and twelve-months ended September 30, 1997 and 1996.

2. Summary of Significant Accounting Policies

Principles of Consolidation--The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Investments in joint ventures are accounted for under the equity method. All significant intercompany transactions have been eliminated.

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

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

Inventories--The Company's inventories consist primarily of purchased retail goods, food, and spare parts. Inventories are stated at the lower of cost, determined using the first-in, first-out (FIFO) method, or market.

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

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

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

Real Estate Held for Sale--The Company capitalizes as land held for sale the original acquisition cost (or appraised value as of the effective date, as defined below), direct construction and development costs, property taxes, interest incurred on costs related to land under development, and other related costs (engineering, surveying, landscaping, etc.) until the property reaches its intended use. The cost of sales for individual parcels of real estate or condominium units within a project is determined using the relative sales value method. Selling expenses are charged against income in the period incurred. Interest capitalized on real estate development projects during fiscal years 1997 and 1996 totaled $0.5 million and $2.2 million, respectively. There was no interest capitalized on real estate development projects during fiscal 1998.

The Company is a partner in the Keystone/Intrawest LLC ("Keystone JV"), which is a joint venture with Intrawest Resorts, Inc. formed to develop land at the base of Keystone Mountain. The Company contributed 500 acres of development land as well as certain other funds to the joint venture. The Company's investment in the Keystone JV including the Company's equity earnings from the inception of the Keystone JV, are reported as real estate held for sale in the accompanying balance sheet as of July 31, 1998. The Company recorded $2.9 million and $0.7 million in equity income for the ten-month period ended July 31, 1998 and fiscal year ended September 30, 1997, respectively.

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

Interest Rate Agreements--Interest rate exchange agreements, defined as swaps, are effective at creating synthetic instruments and thereby modifying the Company's interest rate exposures. The Company enters into interest rate swaps to minimize the impact of interest rate movements on the expense associated with its floating rate debt. Net interest is accrued as either interest receivable or payable with the offset recorded in interest expense. Any premium paid is amortized over the life of the agreement.

Intangible Assets--"Reorganization Value in Excess of Amounts Allocable to Identifiable Assets" ("Excess Reorganization Value") represents the excess of the Company's reorganization value over the amounts allocated to the net tangible and other intangible assets of the Company upon emergence from bankruptcy on October 8, 1992 (the "Effective Date"). The Company has classified as goodwill the cost in excess of fair value of the net assets of companies acquired in purchase transactions. Intangible assets are recorded net of accumulated amortization in the accompanying consolidated balance sheet and amortized using the straight-line method over their estimated useful lives as follows:

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

Long-lived Assets--The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS No. 121"). SFAS No. 121 establishes procedures for the review of recoverability, and measurement of impairment, if necessary, of long-lived assets, goodwill and certain identifiable intangibles held and used by an entity. SFAS No. 121 requires that those assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. SFAS No. 121 also requires that long-lived assets and certain identifiable intangibles to be disposed of be reported at the lower of carrying amount or fair value less estimated selling costs. As of July 31, 1998, management believes that there has not been any impairment of the Company's long-lived assets, goodwill or other identifiable intangibles.

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

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

Advertising Costs--Advertising costs are expensed the first time the advertising takes place. Advertising expense for the ten-month period ended July 31, 1998 and the fiscal years ended September 30, 1997 and 1996 was $8.7 million, $8.8 million and $6.9 million, respectively. At fiscal years ended July 31, 1998 and September 30, 1997, advertising costs of $0.9 million and $1.3 million are reported as current assets in the Company's consolidated balance sheets.

Income Taxes--The Company uses the liability method of accounting for income taxes as prescribed by SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, a deferred tax liability or asset is recognized for the effect of temporary differences between financial reporting and income tax reporting. (See Note 9).

Net Income Per Share--In accordance with SFAS No. 128, "Earnings Per Share", the company computes net income per share on both the basic and diluted basis (See Note 4).

Fair Value of Financial Instruments--The recorded amounts for cash and cash equivalents, receivables, other current assets, and accounts payable and accrued expenses approximate fair value due to the short-term nature of these financial instruments. The fair value of amounts outstanding under the Company's Credit Facilities approximates book value due to the variable nature of the interest rate associated with that debt. The fair values of the Company's Industrial Development Bonds and other long-term debt have been estimated using discounted cash flow analyses based on current borrowing rates for debt with similar maturities and ratings. The estimated fair values of the Industrial Development Bonds and other long-term debt at July 31, 1998 and September 30, 1997 are presented below (in thousands):

	July 31, 1998		September 30, 1997	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Industrial Development Bonds.....	$64,560	$76,935	$61,263	$65,910
Other Long-Term Debt.....	$ 1,370	$ 1,414	$ 1,662	$ 1,615

Stock Compensation--The Company's stock option plans are accounted for in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". The Company has adopted the disclosure requirements of SFAS No.123, "Accounting for Stock-Based Compensation" (See Note 13).

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

Reclassifications--Certain reclassifications have been made to the accompanying consolidated financial statements for the years ended September 30, 1997 and 1996 to conform to the current period presentation.

New Accounting Standards--During fiscal year 1998, the Company adopted the provisions of SFAS No. 128, "Earnings Per Share," which requires that the company discloses both basic earnings per share and diluted earnings per share. The Company adopted the provisions of SFAS No. 128 retroactively for 1997 and 1996, as required.

The Company is required to adopt SFAS No. 130, "Reporting Comprehensive Income", in the first quarter of fiscal 1999. Upon adoption of SFAS No. 130, the Company will report all changes in the Company's stockholders' equity other than transactions with stockholders on the face of the income statement. The Company currently does not have any transactions that would necessitate disclosure of comprehensive income, however the Company will continue to evaluate the impact of the pronouncement.

The Company is required to adopt SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", for fiscal year 1999. SFAS No. 131 will supercede the business segment disclosure requirements currently in effect under SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise". SFAS No. 131, among other things, establishes standards regarding the information a company is required to disclose about its operating segments and provides guidance regarding what constitutes a reportable operating segment. The Company is currently evaluating disclosures under SFAS No. 131 compared to current disclosures.

SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits", will not have an effect on the Company because it does not have a defined benefit pension plan.

The Accounting Standards Executive Committee ("AcSEC") issued Statement of Position ("SOP") 98-1 providing guidance on accounting for the costs of computer software developed or obtained for internal use. The effective date for this pronouncement is for fiscal years beginning after December 15, 1998. The Company is in the process of reviewing its current policies for accounting for costs associated with internal software development projects and how they may be affected by SOP 98-1.

The AcSEC issued SOP 98-5 which requires that all non-governmental entities expense costs of start-up activities as incurred. The effective date for this pronouncement is for fiscal years beginning after December 15, 1998. The Company is in the process of reviewing its current policies for accounting for costs associated with start-up activities and how they may be affected by SOP 98-5.

3. Change in Fiscal Year End

On September 1, 1997, the Company changed its fiscal year end from September 30 to July 31, beginning with fiscal year 1998. Comparative results of operations of the Company for the ten-months ended July 31, 1998 and 1997 are as shown below. Also presented is the Company's 1998 fiscal year restated for the July 31, 1998 year end.

	Ten-Months Ended July 31,		Twelve-Months Ended July 31, 1998
	1998	1997	
	(audited)	(unaudited)	(unaudited)
Net Revenue:			
Resort	$336,547	$248,511	$350,498
Real estate	73,722	61,104	84,177
Net Revenues	410,269	309,615	434,675
Operating Expenses:			
Resort	217,764	153,212	238,889
Real Estate	62,619	54,944	74,057
Corporate expense	4,437	3,557	5,543
Depreciation and amortization	36,838	27,604	42,965
Reorganization charge	--	2,200	--
Total operating expenses	321,658	241,517	361,454
Income from operations	88,611	68,098	73,221
Other income (expense):			
Investment income	1,784	1,372	2,174
Interest expense	(17,789)	(17,236)	(20,891)
Gain (loss) on sale of fixed assets	(1,706)	(100)	(1,788)
Other	(736)	87	(1,217)
Income before income taxes	70,164	52,221	51,499
Credit (provision) for income taxes	(29,146)	(21,781)	(21,426)
Net income	$ 41,018	$ 30,440	$ 30,073
Basic net income per common share	$ 1.20	$ 1.06	$ 0.88
Diluted net income per common share	$ 1.18	$ 1.02	$ 0.87

4. Net Income Per Common Share

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings Per Share" ("EPS"), effective for periods ending after December 15, 1997, including interim periods. SFAS No. 128 establishes standards for computing and presenting earnings per share. SFAS No. 128 requires the dual presentation of basic (replaces primary EPS) and diluted EPS on the face of the income statement and requires a reconciliation of numerators (net income) and denominators (weighted average shares outstanding) for both basic and diluted EPS in the footnotes. Basic EPS excludes dilution and is computed by dividing net income available to common shareholders by the weighted average shares outstanding. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised resulting in the issuance of common shares that would then share in the earnings of the Company. The Company has adopted the requirements of SFAS No. 128 for the ten-month period ended July 31, 1998. Pro forma presentation and disclosure requirements are supplied for prior period comparisons in accordance with the statement.

	Ten Months Ended July 31, 1998		September 30, 1997		September 30, 1996	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net Income Per Common Share						
Net Income	$41,018	$ 41,018	$ 19,698	$ 19,698	$ 4,735	$ 4,735
Weighted average shares outstanding	34,204	34,204	30,067	30,067	20,266	20,266
Effect of dilutive stock options	--	547	--	912	--	1,189
Total shares	34,204	34,751	30,067	30,979	20,266	21,455
Net Income Per Common Share	$ 1.20	$ 1.18	$ 0.66	$ 0.64	$ 0.23	$ 0.22

5. Acquisitions

On January 3, 1997, the Company acquired from Ralston Foods, Inc. 100% of the stock of Ralston Resorts, Inc., ("Ralston Resorts") the owner and operator of the Breckenridge, Keystone and Arapahoe Basin mountain resorts located in Summit County, Colorado, for a total purchase price, including direct costs, of $297.3 million. In connection with the Acquisition, the Company refinanced $139.7 million of indebtedness, issued 7,554,406 shares of Common Stock valued at $151.1 million to Ralston Foods, Inc., assumed liabilities of $59.8 million and incurred $9.0 million in acquisition costs. Pursuant to a consent decree with the United States Department of Justice and the Attorney General of the State of Colorado (the "Consent Decree"), the Company sold the assets constituting the Arapahoe Basin mountain resort on September 5, 1997 for a sum of $4.0 million.

The Acquisition was accounted for as a purchase combination. Under purchase accounting, the acquisition cost was allocated to the assets and liabilities of the Acquired Resorts based on their relative fair values.

The following unaudited pro forma results of operations of the Company for the ten-months ended July 31, 1997 assume that the Acquisition occurred on October 1, 1996. The unaudited pro forma results of operations include the effects of the Company's initial public offering only from its effective date of February 7, 1997. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations. The unaudited pro forma financial information below excludes the results of Arapahoe Basin, which the Company divested. The audited summarized financial information for the ten-months ended July 31, 1998 are provided for comparative purposes.

	Ten Months Ended July 31, 1998	(Pro Forma) Ten Months Ended July 31, 1997 (Unaudited)
Resort revenue	$ 336,547	$ 280,949
Real estate revenue	73,722	63,025
Total revenues	410,269	343,974
Net income	41,018	29,572
Basic net income per common share	$ 1.20	$ 0.95
Diluted net income per common share	$ 1.18	$ 0.91

During the ten months ended July 31, 1998, the Company acquired three hotel properties. On October 1, 1997, the Company purchased the assets constituting the Great Divide Lodge (f/k/a Breckenridge Hilton) for a total purchase price of $18.6 million. The Great Divide Lodge is a 208-room full service hotel, located at the base of Breckenridge Mountain, and includes dining, conference and fitness facilities. On October 7, 1997, the Company purchased 100% of the outstanding stock of Lodge Properties, Inc., a Colorado corporation, ("LPI"), for a total purchase price of $30.9 million. LPI owns and operates The Lodge at Vail, a 59-room hotel with dining and conference facilities. LPI also provides management services to an additional 40 condominiums and owns a parcel of developable land strategically located at the primary base area of Vail Mountain. On January 15, 1998 the Company purchased the assets constituting the Inn at Keystone for a total purchase price of $9.3 million. The Inn at Keystone is a 103-room full service hotel, located near Keystone Mountain, and includes dining, conference and spa facilities. All acquisitions were accounted for as purchase combinations and funded with cash from operations or proceeds from the Revolving Credit Facility.

6. Long-Term Debt

Long-term debt as of July 31, 1998 and September 30, 1997 is summarized as follows (in thousands):

	(e) Maturity	(d) Average Rate	July 31, 1998	September 30, 1997
Industrial Development Bonds (a)	1999-2020	7.38%	$ 64,560	$ 61,263
Credit Facilities (b)	2003	7.39%	218,000	202,000
Other (c)	1998-2002	6.09%	1,454	1,799
			284,014	265,062
Less: Current Maturities			1,734	1,715
			$ 282,280	$ 263,347

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(a) At September 30, 1997 the Company had $41.2 million of outstanding Industrial Development Bonds issued by Eagle County, Colorado which accrued interest at 8% per annum and matured on August 1, 2009. Interest was payable semi-annually on February 1 and August 1. The Company provided the holder of these bonds a debt service reserve fund of $3.3 million, which was netted against the principal amount for financial reporting purposes. The Industrial Development Bonds were secured by the stock of the subsidiaries of Vail Associates, Inc. and the Vail and Beaver Creek Mountain United States Forest Service Permits. On April 9, 1998, the Industrial Development Bonds issued by Eagle County, Colorado were refinanced. Under the terms of the new agreement interest accrues at 6.95% per annum and the $41.2 million bond principal amount matures on August 1, 2019. Interest is payable semi-annually on February 1 and August 1. The previous debt service fund of $3.3 million was refunded to the company. The bonds are secured by the Vail and Beaver Creek Mountain United States Forest Service Permits. In connection with the Acquisition, the Company assumed two series of refunding bonds. The Series 1990 Sports Facilities Refunding Revenue Bonds have an aggregate principal amount of $20.4 million, bear interest at rates

ranging from 7.2% to 7.875% and mature in installments in 1998, 2006 and 2008. The Series 1991 Sports Facilities Refunding Revenue Bonds have an aggregate principal amount of $3 million and bear interest at 7.125% for bonds maturing in 2002 and 7.375% for bonds maturing in 2010.

(b) On September 30, 1997, the Company's Credit Facilities consisted of (i) a $175 million Revolving Credit Facility, (ii) a $115 million Tranche A Term Loan Facility and (iii) a $50 million Tranche B Term Loan Facility (together with Tranche A, the "Term Loan Facilities") thereby providing for aggregate debt financing of $340 million (collectively, the "Credit Facilities"). The Revolving Credit Facility would have matured on April 15, 2003 and the Term Loan Facilities required minimum amortization payments ranging from $11.5 to $41.0 million annually from 1998 to 2004. On December 19, 1997, the Company refinanced its Credit Facilities to provide an increase in aggregate debt financing from $340.0 million to $450.0 million and to eliminate the required minimum amortization payments under the Term Loan Facilities. All amounts outstanding under the Revolving Credit Facility and the Term Loan Facilities at December 19, 1997 were refinanced under a single revolving credit facility maturing on December 19, 2002. Interest on outstanding borrowings under the new Revolving Credit Facility is payable at rates based upon either LIBOR (5.69% at July 31, 1998) plus a margin ranging from .50% to 1.25% or prime (8.5% at July 31, 1998) plus a margin of up to .125%. The Company also pays a quarterly unused commitment fee ranging from .125% to .30%. The interest margins fluctuate based upon the ratio of Funded Debt to the Company's Resort EBITDA (as defined in the underlying Revolving Credit Facility agreement).

(c) Other obligations bear interest at rates ranging from 0.0% to 6.5% and have maturities ranging from 1998 to 2002.

(d) Average borrowing rate for the ten months ended July 31, 1998.

(e) Maturity based on fiscal year end July 31, 1998.

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

Due during twelve-months ending July 31:

	As of July 31, 1998
1999	$ 1,734
2000	352
2001	353
2002	375
2003	219,500
Thereafter	61,700
Total Debt	$284,014

7. Supplementary Balance Sheet Information (in thousands)

The composition of property, plant and equipment follows:

	July 31, 1998	September 30, 1997
Land and land improvements	$115,516	$95,124
Buildings and terminals	227,956	152,171
Machinery and equipment	175,453	146,741

	July 31, 1998	September 30, 1997
Automobiles and trucks	10,900	14,958
Furniture and fixtures	35,968	28,282
Construction in progress	21,851	33,691
	587,644	470,967
Accumulated depreciation and amortization	(86,273)	(59,850)
	$501,371	$411,117

Depreciation expense for the ten months ended July 31, 1998 and for the fiscal years of 1997 and 1996 totaled $28.4 million, $25.1 million and $11.4 million, respectively.

The composition of intangible assets follows:

	July 31, 1998	September 30, 1997
Trademarks	$ 42,611	$ 42,611
Other intangible assets	38,802	38,244
Goodwill	125,307	118,469
Excess Reorganization Value (See Note 2)	24,593	37,702
	$231,313	$237,026
Accumulated amortization	(45,181)	(36,761)
	$186,132	$200,265

Significant additions to intangible assets during the ten-months ended July 31, 1998 were primarily related to the acquisitions of three hotel properties (See Note 5).

Amortization expense for the ten months ended July 31, 1998 and for the fiscal years of 1997 and 1996 totaled $8.4 million, $8.9 million and $6.8 million, respectively.

The composition of accounts payable and accrued expenses follows:

	July 31, 1998	September 30, 1997
Trade payables	$24,637	$25,236
Deposits	4,516	10,050
Accrued salaries and wages	8,930	9,026
Accrued interest	3,051	1,448
Property taxes	4,144	5,943
Liability to complete real estate sold	2,910	7,336
Other accruals	6,824	11,132
	$55,012	$70,171

8. Retirement and Profit Sharing Plans

The Company maintains a defined contribution retirement plan, qualified under Section 401(k) of the Internal Revenue Code, for its employees. Employees are eligible to participate in the plan upon attaining the age of 21 and completing 1,500 hours of service since their employment commencement date or one year of employment with a minimum of 1,000 hours of service. Participants may contribute from 2% to 22% of their

qualifying annual compensation up to the annual maximum specified by the Internal Revenue Code. The Company matches an amount equal to 50% of each participant's contribution up to 6% of a participant's annual qualifying compensation. The Company's matching contribution is entirely discretionary and may be reduced or eliminated at any time.

Total profit sharing plan expense recognized by the Company for the ten months ended July 31, 1998 and for the fiscal years of 1997 and 1996 was $844,000, $731,000 and $594,000, respectively.

9. Income Taxes

At July 31, 1998, the Company has total federal net operating loss ("NOL") carryovers of approximately $337 million for income tax purposes that expire in the years 2004 through 2008. The Company will be able to use these NOLs to the extent of approximately $8.0 million per year through October 8, 2007 (Section 382 amount). Consequently, the accompanying financial statements and table of deferred items only recognize benefits related to the NOLs to the extent of the Section 382 amount.

At July 31, 1998 the Company has approximately $2.8 million in unused minimum tax credit carryovers. These tax credits have an unlimited carryforward period.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of July 31, 1998 and September 30, 1997 are as follows (in thousands):

	July 31, 1998	September 30, 1997
Deferred income tax liabilities:		
Fixed assets	$ 64,508	$ 66,324
Intangible assets	18,165	20,600
Other, net	745	--
Total	83,418	86,924
Gross deferred income tax assets:		
Accrued expenses	5,094	5,468
Net operating loss carryfowards	23,643	45,649
Minimum tax credit	2,761	1,729
Other, net	--	963
Total	31,498	53,809
Valuation allowance for deferred income tax assets	(15,301)	(28,122)
Deferred income tax assets, net of valuation allowance	16,197	25,687
Net deferred income tax liability	$ 67,221	$ 61,237

The net current and noncurrent components of deferred income taxes recognized in the July 31, 1998 and September 30, 1997 balance sheets are as follows (in thousands):

	July 31, 1998	September 30, 1997
Net current deferred income tax asset	$12,126	$24,500
Net noncurrent deferred income tax liability	79,347	85,737
Net deferred income tax liability	$67,221	$61,237

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

	Ten Months Ended July 31, 1998	Year Ended September 30, 1997	Year Ended September 30, 1996
Current:			
Federal	$ 1,157	$ 622	$1,193
State	1,082	277	175
Total current	2,239	899	1,368
Deferred:			
Federal	17,173	6,850	2,065
State	1,920	727	435
Total deferred	19,093	7,577	2,500
Tax Benefit Related to Exercise of Stock Options and Restricted Stock	7,814	5,509	355
	$29,146	$13,985	$4,223

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

	Ten Months Ended July 31, 1998	Year Ended September 30, 1997	Year Ended September 30, 1996
At U.S. federal income tax rate	35.0 %	35.0 %	35.0 %
State income tax, net of federal benefit	4.8 %	3.3 %	4.7 %
Goodwill and Excess Reorganization Value amortization	1.8 %	3.8 %	8.6 %
Other	(0.1)%	(0.6)%	(1.2)%
	41.5 %	41.5 %	47.1 %

10. Related Party Transactions

Corporate expense includes an annual fee of $500,000 for management services provided by an affiliate of the majority holder of the Company's Class A Common Stock. This fee is generally settled partially through use of the Company's facilities and partially in cash. The fee for the ten-months ended July 31, 1998 and the years ended September 30, 1997 and 1996 was $417,000, $500,000 and $500,000, respectively. At July 31, 1998, the Company's liability with respect to this arrangement was $960,000.

Vail Associates has the right to appoint 4 of 9 directors of the Beaver Creek Resort Company of Colorado ("Resort Company"), a non-profit entity formed for the benefit of property owners and certain others in Beaver Creek. Vail Associates has a management agreement with the Resort Company, renewable for one-year periods, to provide management services on a fixed fee basis. During fiscal years 1991 through 1998, the Resort Company was able to meet its operating requirements through its own operations. Management fees and reimbursement of operating expenses paid to the Company under its agreement with the Resort Company during fiscal years 1998, 1997 and 1996 totaled $4.7 million, $4.9 million and $5.5 million, respectively. Related amounts due the Company at July 31, 1998 were $109,000.

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

In 1995, Mr. Daly's spouse and James P. Thompson, President of VRDC, and his spouse received financial terms more favorable than those available to the general public in connection with their purchase of lots in the Bachelor Gulch development. Rather than payment of an earnest money deposit with the entire balance due in cash at closing, these contracts provide for no earnest money deposit with the entire purchase price (which was below fair market value) paid under promissory notes of $438,750 and $350,000 for Mr. Daly's spouse and Mr. and Mrs. Thompson, respectively. Each are secured by a first deed of trust and amortized over 25 years at 8% per annum interest, with a balloon payment due on the earlier of five years from the date of closing or one year from the date employment with the Company is terminated. The promissory notes were executed upon the closings of the lot sales in December 1996.

11. Commitments and Contingencies

Smith Creek Metropolitan District ("SCMD") and Bachelor Gulch Metropolitan District ("BGMD") were organized in November 1994 to cooperate in the financing, construction and operation of basic public infrastructure serving the Company's Bachelor Gulch Village development. SCMD was organized primarily to own, operate and maintain water, street, traffic and safety, transportation, fire protection, parks and recreation, television relay and translation, sanitation and certain other facilities and equipment of the BGMD. SCMD is comprised of approximately 150 acres of open space land owned by the Company and members of the Board of Directors of the SCMD. In two planned unit developments, Eagle County has granted zoning approval for 1,395 dwelling units within Bachelor Gulch Village, including various single family homesites, cluster homes and townhomes, and lodging units. As of July 31, 1998, the Company has sold 102 single family homesites and 5 parcels to developers for the construction of various types of dwelling units. Currently, SCMD has outstanding $44.5 million of variable rate revenue bonds maturing on October 1, 2035, which have been enhanced with a $47.2 million letter of credit issued against the Company's Revolving Credit Facility. It is anticipated that as the Bachelor Gulch community expands, BGMD will become self supporting and that within 25 to 30 years will issue general obligation bonds, the proceeds of which will be used to retire the SCMD revenue bonds. Until that time, the Company has agreed to subsidize the interest payments on the SCMD revenue bonds. The Company has estimated that the present value of this aggregate subsidy to be $15.6 million at July 31, 1998. The Company has allocated $9.6 million of that amount to the Bachelor Gulch Village homesites which were sold as of July 31, 1998 and has recorded that amount as a liability in the accompanying financial statements. The total subsidy incurred as of July 31, 1998 and 1997 was $2.9 million and $1.4 million, respectively.

At July 31, 1998, the Company had various other letters of credit outstanding in the aggregate amount of $17.2 million.

The Company has executed as lessee operating leases for the rental of office space, employee residential units and office equipment though fiscal 2008. For the ten-month period ended July 31, 1998, and the years ended September 30, 1997 and 1996, lease expense related to these agreements of $6.4 million, $6.2 million and $3.8 million, respectively, which is included in the accompanying consolidated statements of operations.

Future minimum lease payments under these leases as of July 31, 1998 are as follows:

Due during fiscal year ending July 31:	
1999	$ 4,334,493
2000	2,992,051
2001	2,563,510
2002	1,743,934
2003	1,689,097
Thereafter	6,174,261
Total	$19,497,346

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

12. Business Segments

The Company currently operates in two business segments, Resort and Real Estate. Data by segment is as follows:

	Ten Months Ended July 31, 1998	Year Ended September 30, 1997	Year Ended September 30, 1996
Net Revenues:			
Resort	$336,547	$259,038	$140,288
Real Estate	73,722	71,485	48,665
	$410,269	$330,523	$188,943
Income from operations:			
Resort	$ 81,945	$ 52,279	$ 32,250
Real Estate	11,103	5,178	7,854
Corporate	(4,437)	(4,663)	(12,698)
	$ 88,611	$ 52,794	$ 27,406
Depreciation and amortization:			
Resort	$ 36,838	$ 34,044	$ 18,148
Real Estate	--	--	--
	$ 36,838	$ 34,044	$ 18,148
Capital expenditures:			
Resort	$ 80,454	$ 51,020	$ 13,912
Real Estate	15,661	56,947	40,604
	$ 96,115	$107,967	$ 54,516

	July 31, 1998	September 30, 1997	September 30, 1996
Identifiable assets:			
Resort	$501,371	$411,117	$197,279
Real Estate	138,916	154,925	84,055
	$640,287	$566,042	$281,334

13. Stock Compensation Plans

At July 31, 1998, the Company has two stock-based compensation plans, which are described below. The Company applies APB Opinion No. 25 and related Interpretations in accounting for its plans. Accordingly, no compensation cost has been recognized for its fixed stock option plans. Had compensation cost for the Company's two stock-based compensation plans been determined consistent with SFAS No. 123, "Accounting for Stock Based Compensation", the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	July 31, 1998	September 30, 1997	September 30, 1996
Net income			
As Reported	$41,018	$19,698	$4,735
Pro forma	$39,320	$18,211	$4,420
Basic net income per share			
As Reported	$ 1.20	$ 0.66	$ 0.23
Pro forma	$ 1.15	$ 0.61	$ 0.22
Diluted net income per share			
As Reported	$ 1.18	$ 0.64	$ 0.22
Pro forma	$ 1.13	$ 0.59	$ 0.21

The Company has two fixed option plans. Under the 1993 Plan, options covering an aggregate of 2,045,510 shares of Common Stock may be issued to key employees, directors, consultants, and advisors of the Company or its subsidiaries and vest in equal installments over five years. Under the 1996 Plan, 1,500,000 shares of Common Stock may be issued to key employees, directors, consultants, and advisors of the Company or its subsidiaries and vest in equal installments over three to five years. Under both plans, the exercise price of each option equals the market price of the Company's stock on the date of the grant, and an option's maximum term is ten years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1998, 1997 and 1996, respectively: dividend yield of 0% for each year, and expected volatility of 14.7%, 29.8% and 29.8%; risk-free interest rates ranging from 5.49% to 6.61%, 5.66% to 6.68% and 5.66% to 6.68%; and expected lives ranging from 6 to 8 years for each year. A summary of the status of the Company's two fixed stock option plans as of July 31, 1998 and September 30, 1997 and 1996 and changes during the years ended on those dates is presented below (in thousands, except per share amounts):

Fixed Options	Shares Subject to Option	Weighted Average Exercise Price
Balance at September 30, 1995	2,033	$ 8
Granted	1,711	13
Exercised	--	--
Forfeited	(18)	7
Balance at September 30, 1996	3,726	10
Granted	795	23
Exercised	(1,573)	11
Forfeited	(39)	10
Balance at September 30, 1997	2,909	15
Granted	96	28
Exercised	(1,043)	8
Forfeited	(125)	17
Balance at July 31, 1998	1,837	$18

The following table summarizes information about fixed stock options outstanding at July 31, 1998:

	Options Outstanding			Options Exercisable	
Exercise Price Range	Shares Outstanding	Weighted-Average Remaining Contractural Life	Weighted-Average Exercise Price	Shares Exercisable	Weighted-Average Exercise Price
$ 6-11	701,963	5.6	$ 9.06	616,363	$ 8.84
$20-25	1,065,000	8.6	22.44	353,667	22.00
$26-29	70,000	9.7	27.47	--	
$ 6-29	1,836,963	7.5	$17.55	970,030	$13.64

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

14. Capital Stock

The Company has two classes of Common Stock outstanding, Class A Common Stock and Common Stock. The rights of holders of Class A Common Stock and Common Stock are substantially identical, except that, while any Class A Common Stock is outstanding, holders of Class A Common Stock elect a class of directors that constitutes two-thirds of the Board and holders of Common Stock elect another class of directors

constituting one-third of the Board. At July 31, 1998 and September 30, 1997, one shareholder owned substantially all of the Class A Common Stock and as a result, has effective control of the Company's Board of Directors. The Class A Common Stock is convertible into Common Stock (i) at the option of the holder, (ii) automatically, upon transfer to a non-affiliate and (iii) automatically if less than 5,000,000 shares (as such number shall be adjusted by reason of any stock split, reclassification or other similar transaction) of Class A Common Stock are outstanding. The Common Stock is not convertible. Each outstanding share of Class A Common Stock and Common Stock is entitled to vote on all matters submitted to a vote of stockholders. A 4,000,000 share block of Class A Common stock was converted to Common Stock during Fiscal 1998 as they were sold to a non-affiliated company of the prior holder.

15. Selected Quarterly Financial Data (Unaudited)

	Fiscal 1998 ten-month transition period			
	Ten Months Ended July 31, 1998	Three Months Ended July 31, 1998	Three Months Ended April 30, 1998	Four Months Ended January 31, 1998
Resort revenue	$336,547	$ 26,303	$170,051	$140,193
Real estate revenue	73,722	18,417	3,912	51,393
Total revenue	410,269	44,720	173,963	191,586
Income from operations	88,611	(21,767)	75,226	35,152
Net income (loss)	41,018	(16,784)	41,663	16,139
Basic net income (loss) per common share	$ 1.20	$ (0.49)	$ 1.21	$ 0.47
Diluted net income (loss) per common share	$ 1.18	$ (0.48)	$ 1.20	$ 0.47

	Fiscal 1997				
	Twelve Months Ended September 30, 1997	Three Months Ended September 30, 1997	Three Months Ended June 30, 1997	Three Months Ended March 31, 1997	Three Months Ended December 31, 1996
Resort revenue	$259,038	$ 22,840	$ 28,031	$173,056	$ 35,111
Real estate revenue	71,485	9,596	9,878	2,229	49,782
Total revenue	330,523	32,436	37,909	175,285	84,893
Income from operations	52,794	(22,578)	(17,701)	81,407	11,666
Net income (loss)	19,698	(15,937)	(13,895)	44,463	5,067
Basic net income (loss) per common share	$ 0.66	$ (0.48)	$ (0.42)	$ 1.42	$ 0.24
Diluted net income (loss) per common share	$ 0.64	$ (0.47)	$ (0.40)	$ 1.38	$ 0.23

During fiscal year 1998, the Company changed its fiscal year end from September 30 to July 31. Quarterly results restated for twelve-months ended July 31, 1998 are as follows:

	Fiscal 1998				
	Twelve-Months Ended July 31, 1998	Three- Months Ended July 31, 1998	Three-Months Ended April 30, 1998	Three-Months Ended January 31, 1998	Three-Months Ended October 31, 1997
Resort revenue	$350,498	$ 26,303	$170,051	$136,322	$ 17,822
Real estate revenue	84,177	18,417	3,912	51,158	10,690
Total revenue	434,675	44,720	173,963	187,480	28,512
Income from operations	$ 73,221	$(21,767)	$ 75,226	$ 50,045	$(30,283)
Net income (loss)	30,073	(16,784)	41,663	25,946	(20,752)
Basic net income (loss) per common share	$ 0.88	$ (0.49)	$ 1.21	$ 0.76	$ (0.61)
Diluted net income (loss) per common share	$ 0.87	$ (0.48)	$ 1.20	$ 0.75	$ (0.59)

16. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

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

As SSI Venture LLC began operations on August 1, 1998, no financial information for SSI Venture LLC existed prior to that date. In addition, in the Company's opinion, the financial information of Vail Associates Investments, Inc. as of and prior to July 31, 1998 is immaterial to the financial position of the Company and would not have provided additional meaningful information to investors. Therefore, the Company has not presented herein comparative consolidated financial information of the Guarantor Subsidiaries and Non-Guarantor Subsidiaries.

17. Subsequent Events

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

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

VAIL RESORTS, INC.

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

	January 31, 1999	July 31, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 17,704	$ 19,512
Receivables	57,683	26,487
Inventories	24,426	8,893
Deferred income taxes	12,126	12,126
Other current assets	4,658	4,708
Total current assets	116,597	71,726
Property, plant and equipment, net	547,915	501,371
Real estate held for sale	154,960	138,916
Deferred charges and other assets	19,146	13,977
Intangible assets, net	197,454	186,132
Total assets	$1,036,072	$912,122
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 124,976	$ 55,012
Income taxes payable	2,239	2,239
Long-term debt due within one year	2,087	1,734
Total current liabilities	129,302	58,985
Long-term debt	332,745	282,280
Other long-term liabilities	29,368	28,886
Deferred income taxes	76,705	79,347
Commitments and contingencies (Note 3)		
Minority interest in net assets of consolidated joint venture	8,305	--
Stockholders' equity		
Common stock--		
Class A common stock, $.01 par value, 20,000,000 shares authorized, 7,439,834 and 7,639,834 shares issued and outstanding as of January 31, 1999 and July 31, 1998, respectively	74	76
Common stock, $.01 par value, 80,000,000 shares authorized, 27,087,701 and 26,817,346 shares issued and outstanding as of January 31, 1999 and July 31, 1998, respectively	271	269
Additional paid-in capital	402,514	401,563
Retained earnings	56,788	60,716
Total stockholders' equity	459,647	462,624
Total liabilities and stockholders' equity	$1,036,072	$912,122

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

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

	Three Months Ended January 31,	
	1999	1998
Net revenues:		
Resort	$156,141	$136,322
Real estate	3,816	51,158
Total net revenues	159,957	187,480
Operating expenses:		
Resort	104,298	82,270
Real estate	4,530	43,693
Corporate expense	1,327	1,319
Depreciation and amortization	12,946	10,153
Total operating expenses	123,101	137,435
Income from operations	36,856	50,045
Other income (expense):		
Investment income	490	585
Interest expense	(6,178)	(6,108)
Gain on disposal of fixed assets	13	--
Other income (expense)	136	(214)
Minority interest in consolidated joint venture	(2,915)	--
Income before income taxes	28,402	44,308
Provision for income taxes	(11,872)	(18,362)
Net income	$ 16,530	$ 25,946
Net income per common share (Note 4):		
Basic	$ 0.48	$ 0.76
Diluted	$ 0.47	$ 0.75

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

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

	Six Months Ended January 31,	
	1999	1998
Net revenues:		
Resort	$191,126	$154,144
Real estate	17,387	61,848
Total net revenues	208,513	215,992
Operating expenses:		
Resort	162,803	118,139
Real estate	12,140	55,647
Corporate expense	2,822	2,769
Depreciation and amortization	24,747	19,675
Total operating expenses	202,512	196,230
Income from operations	6,001	19,762
Other income (expense):		
Investment income	905	1,095
Interest expense	(11,838)	(11,195)
Gain (loss) on disposal of fixed assets	26	(82)
Other income (expense)	139	(701)
Minority interest in consolidated joint venture	(1,801)	--
Income (loss) before income taxes	(6,568)	8,879
Benefit (provision) for income taxes	2,640	(3,685)
Net income (loss)	$ (3,928)	$ 5,194
Net income (loss) per common share (Note 4):		
Basic	$ (0.11)	$ 0.15
Diluted	$ (0.11)	$ 0.15

See accompanying notes to consolidated condensed financial statements.

VAIL RESORTS, INC.

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

	Six Months Ended January 31,	
	1999	1998
Cash flows from operating activities:		
Net income (loss)	$ (3,928)	$ 5,194
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	24,747	19,675
Non-cash cost of real estate sales	6,903	46,463
Non-cash compensation related to stock grants	225	179
Non-cash equity (income) loss	1,574	(417)
Deferred financing costs amortized	292	234
(Gain) Loss on disposal of fixed assets	(26)	82
Deferred income taxes, net	(2,640)	3,685
Minority interest in consolidated joint venture	1,801	--
Changes in assets and liabilities:		
Accounts receivable, net	(30,186)	(11,167)
Inventories	3,081	(3,665)
Accounts payable and accrued expenses	53,901	44,971
Other assets and liabilities	(2,493)	(6,601)
Net cash provided by operating activities	53,251	98,633
Cash flows from investing activities:		
Cash paid in hotel acquisitions, net of cash acquired	(33,800)	(54,250)
Cash paid by consolidated joint venture in acquisition of retail operations	(10,516)	--
Resort capital expenditures	(44,337)	(66,845)
Investments in real estate	(14,395)	(14,300)
Net cash used in investing activities	(103,048)	(135,395)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	515	5,248
Payments under Rights	--	(5,603)
Proceeds from borrowings under long-term debt	100,866	325,000
Payments on long-term debt	(53,392)	(270,042)
Net cash provided by financing activities	47,989	54,603
Net increase (decrease) in cash and cash equivalents	(1,808)	17,841
Cash and cash equivalents:		
Beginning of period	19,512	10,217
End of period	$ 17,704	$ 28,058

See accompanying notes to consolidated condensed financial statements.

1. Basis of Presentation

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

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

2. Accounting Policies

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

3. Commitments and Contingencies

Smith Creek Metropolitan District ("SCMD") and Bachelor Gulch Metropolitan District ("BGMD") were organized in November 1994 to cooperate in the financing, construction and operation of basic public infrastructure serving the Company's Bachelor Gulch Village development. SCMD was organized primarily to own, operate and maintain water, street, traffic and safety, transportation, fire protection, parks and recreation, television relay and translation, sanitation and certain other facilities and equipment of BGMD. SCMD is comprised of approximately 150 acres of open space land owned by the Company and members of the Board of Directors of the SCMD. In two planned unit developments, Eagle County has granted zoning approval for 1,395 dwelling units within Bachelor Gulch Village, including various single family homesites, cluster homes, townhomes, and lodging units. As of January 31, 1999, the Company has sold 103 single-family homesites and five parcels to developers for the construction of various types of dwelling units. Currently, SCMD has outstanding $44.5 million of variable rate revenue bonds maturing on October 1, 2035, which have been enhanced with a $47.2 million letter of credit issued against the Company's Revolving Credit Facility. It is anticipated that as the Bachelor Gulch community expands, BGMD will become self supporting and that within 25 to 30 years will issue general obligation bonds, the proceeds of which will be used to retire the SCMD revenue bonds. Until that time, the Company has agreed to subsidize the interest payments on the SCMD revenue bonds. The Company has estimated that the present value of this aggregate subsidy to be $14.8 million at January 31, 1999. The Company has allocated $9.6 million of that amount to the Bachelor Gulch Village homesites which were sold as of January 31, 1999 and has recorded that amount as a liability in the accompanying financial statements. The total subsidy incurred as of January 31, 1999 and July 31, 1998 was $3.6 million and $2.9 million, respectively.

At January 31, 1999, the Company had various other letters of credit outstanding in the aggregate amount of $14.5 million.

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

The Company has executed as lessee operating leases for the rental of office space, employee residential units and office equipment through fiscal 2008. For the six months ended January 31, 1999, and January 31, 1998, lease expense related to these agreements of $3.1 million and $3.3 million, respectively was recorded and is included in the accompanying consolidated statements of operations.

Future minimum lease payments under these leases as of January 31, 1999 are as follows:

Due during fiscal year ending July 31:	
1999	$ 2,467,829
2000	2,992,051
2001	2,563,510
2002	1,743,934
2003	1,689,097
Thereafter	6,174,261
Total	$17,630,682

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

4. Net Earnings (Loss) Per Common Share

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

	Three Months Ended January 31, 1999		Six Months Ended January 31, 1999	
	(In thousands, except per share amounts)			
	Basic	Diluted	Basic	Diluted
Net earnings (loss) per common share:				
Net earnings (loss)	$ 16,530	$ 16,530	$ (3,928)	$ (3,928)
Weighted average shares outstanding	34,574	34,574	34,555	34,555
Effect of dilutive stock options	--	289	--	293
Total shares	34,574	34,863	34,555	34,848
Net earnings (loss) per common share	$ 0.48	$ 0.47	$ (0.11)	$ (0.11)

	Three Months Ended January 31, 1998		Six Months Ended January 31, 1998	
	(In thousands, except per share amounts)			
	Basic	Diluted	Basic	Diluted
Net earnings per common share:				
Net earnings	$ 25,946	$ 25,946	$ 5,194	$ 5,194
Weighted average shares outstanding	34,194	34,194	34,010	34,010
Effect of dilutive stock options	--	535	--	535
Total shares	34,194	34,729	34,010	34,545
Net earnings per common share	$ 0.76	$ 0.75	$ 0.15	$ 0.15

5. Acquisitions and Business Combinations

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

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

6. Long-Term Debt

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

	Maturity(d)	January 31, 1999	July 31, 1998
Industrial Development Bonds (a)	1999-2020	$ 63,200	$ 64,560
Credit Facilities (b)	2003	266,500	218,000
Other (c)	1999-2028	5,132	1,454
		334,832	284,014
Less: Maturities within 12 months		2,087	1,734
		$332,745	$282,280

- --------

(a) The Company has $41.2 million of outstanding Industrial Development Bonds issued by Eagle County, Colorado that mature on August 1, 2019. These bonds accrue interest at 6.95% per annum, with interest being payable semiannually on February 1 and August 1. In addition, the Company has outstanding two series of refunding bonds. The Series 1990 Sports Facilities Refunding Revenue Bonds had an original aggregate principal amount of $20.4 million. The Company made a principal installment payment of $1.4 million in September 1998. The remainder of the principal amount matures in installments in 2006 and 2008. These bonds bear interest at rates ranging from 7.2% to 7.9%. The Series 1991 Sports Facilities Refunding Revenue Bonds have an aggregate principal amount of $3 million and bear interest at 7.125% for bonds maturing in 2002 and 7.375% for bonds maturing in 2010.

(b) The Company's credit facilities consist of a revolving credit facility ("Credit Facility") that provides for debt financing up to an aggregate principal amount of $450 million. Borrowings under the Credit Facility bear interest annually at the Company's option at the rate of (i) LIBOR (4.94% at January 31, 1999) plus a margin ranging from 0.50% to 1.25% or (ii) the higher of the federal funds rate, as published by the Federal Reserve Bank of New York, (4.65% at January 31, 1999) plus 0.50%, or the agent's prime lending rate, (7.75% at January 31, 1999) plus a margin of up to 0.125%. The Company also pays a quarterly unused commitment fee ranging from 0.125% to 0.30%. The interest margins fluctuate based upon the ratio of the Company's total Funded Debt to the Company's Resort EBITDA (as defined in the underlying Revolving Credit Facility). The Facility matures on December 19, 2002.

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

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

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

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

Due during fiscal years ending July 31:	As of January 31, 1999
1999	$ 721
2000	2,249
2001	2,256
2002	2,688
2003	258,180
Thereafter	68,738
Total Debt	$334,832

7. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

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

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

Investments in Subsidiaries are accounted for by the Parent Company and Guarantor Subsidiaries using the equity method of accounting. Net income of 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 Non-Guarantor Subsidiaries are reflected in Guarantor Subsidiaries and Parent Company as equity in consolidated subsidiaries. The elimination entries eliminate investments in Non-Guarantor Subsidiaries and intercompany balances and transactions.

Supplemental Consolidating Condensed Balance Sheet

January 31, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 14,810	$ 2,894	$ --	$ 17,704
Receivables	321	54,640	2,722	--	57,683
Inventories, net	--	6,977	17,449	--	24,426
Deferred income taxes	1,634	10,492	--	--	12,126
Other current assets	--	4,022	636	--	4,658
Total current assets	1,955	90,941	23,701	--	116,597
Property, plant and equipment, net	--	537,591	10,324	--	547,915
Real estate held for sale	--	150,634	4,326	--	154,960
Deferred charges and other assets	108	18,127	911	--	19,146
Intangible assets, net	--	185,104	12,350	--	197,454
Investments in subsidiaries and advances to (from) parent	462,118	187,651	(5,136)	(644,633)	--
Total assets	$464,181	$1,170,048	$46,476	$(644,633)	$1,036,072
Current liabilities:					
Accounts payable and accrued expenses	$ 1,167	$ 107,139	$16,670	$ --	$ 124,976
Income taxes payable	2,239	--	--	--	2,239
Long-term debt due within one year	--	728	1,359	--	2,087
Total current liabilities	3,406	107,867	18,029	--	129,302
Long-term debt	--	321,495	11,250	--	332,745
Other long-term liabilities	1,128	28,240	--	--	29,368
Deferred income taxes	--	76,705	--	--	76,705
Minority interest in net assets of consolidated joint venture	--	--	8,305	--	8,305
Total stockholders' equity	459,647	635,741	8,892	(644,633)	459,647
Total liabilities and stockholders' equity	$464,181	$1,170,048	$46,476	$(644,633)	$1,036,072

Supplemental Consolidating Condensed Statement of Operations

For the Six-Month Period Ended January 31, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues.....	$ --	$170,596	$38,678	$ (761)	$208,513
Total operating expenses.....	496	168,239	34,538	(761)	202,512
Income from operations.....	(496)	2,357	4,140	--	6,001
Other income (expense)..	156	(10,528)	(396)	--	(10,768)
Minority interest in net income of consolidated joint venture.....	--	--	(1,801)	--	(1,801)
Income (loss) before income taxes.....	(340)	(8,171)	1,943	--	(6,568)
Benefit (provision) for income taxes.....	137	2,503	--	--	2,640
Net income (loss) before equity in income of consolidated subsidiaries.....	(203)	(5,668)	1,943	--	(3,928)
Equity in income of consolidated subsidiaries.....	(3,725)	1,943	--	1,782	--
Net income (loss).....	$(3,928)	$ (3,725)	$ 1,943	$1,782	$ (3,928)

Supplemental Consolidating Condensed Statement of Cash Flows

For the Six-Month Period Ended
January 31, 1999
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities...	$(629)	$45,709	$ 8,171	$--	$ 53,251
Cash flows from investing activities:					
Cash paid in hotel acquisitions, net of cash acquired.....	--	(33,800)	--	--	(33,800)
Cash paid by consolidate joint venture in acquisition of retail operation.....	--	--	(10,516)	--	(10,516)
Resort capital expenditures.....	--	(41,272)	(3,065)	--	(44,337)
Investments in real estate.....	--	(14,395)	--	--	(14,395)
Net cash provided by (used in) investing activities.....	--	(89,467)	(13,581)	--	(103,048)
Cash flows from financing activities:					
Proceeds from the exercise of stock options.....	515	--	--	--	515
Proceeds from borrowings under long-term debt.....	--	93,165	7,701	--	100,866
Payments on long-term debt.....	--	(53,392)	--	--	(53,392)
Advances to (from) affiliates.....	114	(717)	603	--	--
Net cash provided by financing activities.....	629	39,056	8,304	--	47,989
Net increase in cash and cash equivalents.....	--	(4,702)	2,894	--	(1,808)
Cash and cash equivalents:					
Beginning of period...	--	19,512	--	--	19,512
End of period.....	$ --	$14,810	$ 2,894	$--	$ 17,704

8. Subsequent Events

On February 19, 1999, the Company entered into a contract to purchase 100% of the outstanding shares of Grand Teton Lodge Company, a Wyoming corporation, from CSX Corporation for a total purchase price of $50 million. The transaction is expected to close in the fourth quarter, and is subject to approval by the National Park Service. The Grand Teton Lodge Company operates four resort properties in northwestern Wyoming: Jenny Lake Lodge, Jackson Lake Lodge, Colter Bay Village and Jackson Hole Golf & Tennis Club. Grand Teton Lodge Company operates the first three properties, all located within Grand Teton National Park, under a concessionaire contract with the National Park Service. Jackson Hole Golf & Tennis Club is located outside the park on property owned by Grand Teton Lodge Company and includes approximately 30 acres of developable land.

We have not authorized any dealer, salesperson or other person to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information. This prospectus does not offer to sell or buy any securities in any jurisdiction where it is unlawful. The information in this prospectus is current as of , 1999.

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$200,000,000

[LOGO OF VAIL RESORTS, INC.]

Exchange Offer for $200,000,000 Aggregate Principal Amount of 8 3/4% Senior Subordinated Notes due 2009

PROSPECTUS

, 1999

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law (the "DGCL") makes provision for the indemnification of officers and directors of corporations in terms sufficiently broad to indemnify the officers and directors of the registrant under certain circumstances for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The Company's Restated Certificate of Incorporation (the "Certificate") provides that to the fullest extent permitted by Delaware Law or another applicable law, a director of the Company shall not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. Under current Delaware Law, liability of a director may not be limited (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (iii) in respect of certain unlawful dividend payments or stock redemptions or repurchases and (iv) for any transaction from which the director derives an improper personal benefit. The effect of the provision of the Certificate is to eliminate the rights of the Company and its stockholders (through stockholders' derivative suits on behalf of the Company) to recover monetary damages against a director for breach of the fiduciary duty of care as a director (including breaches resulting from negligent or grossly negligent behavior) except in the situations described in clauses (i) through (iv) above. This provision does not limit or eliminate the rights of the Company or any stockholder to seek nonmonetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. In addition, the Company's Restated Bylaws (the "Bylaws") provide that the Company shall indemnify its directors, officers and employees to the fullest extent permitted by applicable law.

The Bylaws provide that the Company may indemnify any person who is or was involved in any manner or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including any action, suit or proceeding by or in the right of the registrant to procure a judgment in its town), by reason of the fact that he is or was or had agreed to become a director, officer or employee of the registrant or is or was or had agreed to become at the request of the board or an officer of the registrant a director, officer or employee of another corporation, partnership, joint venture, trust or other entity against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding.

Item 21. Exhibits and Financial Statement Schedules.

(a) Exhibits

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

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on the Effective Date. (Incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)
3.2	Amended and Restated By-Laws adopted on the Effective Date. (Incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)

Exhibit No.	Description
4.1	Form of Class 2 Common Stock Registration Rights Agreements between the Company and holders of Class 2 Common Stock. (Incorporated by reference to Exhibit 4.13 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)
4.2	Purchase Agreement, dated as of May 6, 1999 among the Vail Resorts, Inc., the guarantors named on Schedule I thereto, and Bear, Stearns & Co. Inc., Nationsbanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc.
4.3	Indenture, dated as of May 11, 1999 among Vail Resorts, Inc., the guarantors named therein and the United States Trust Company of New York, as trustee.
4.4	Form of Global Note (to be included in Exhibit 4.3).
4.5	Registration Rights Agreement, dated as of May 11, 1999 among Vail Resorts, Inc., the guarantors signatory thereto and Bear, Stearns & Co. Inc., Nationsbanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc.
5.1	Opinion of Cahill Gordon & Reindel as to the legality of the exchange notes.
12	Computation of Ratio of Earnings to Fixed Charges
23.1	Consent of Arthur Andersen LLP, independent public accountants.
24.1	Power of Attorney (set forth on the signature pages to this Registration Statement).
25.1	Statement regarding eligibility of Trustee on Form T-1.*
99.1	Form of Letter of Transmittal.*
99.2	Form of Notice of Guaranteed Delivery.*

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* To be filed by amendment.

Item 22. Undertakings.

The undersigned Registrants hereby undertake:

(1) For purposes of determining any liability under the Securities Act of 1933, each filing of the Company's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that it incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

(3) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the undersigned registrants (the "Registrants") pursuant to the foregoing provisions, or otherwise, the Registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer, or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, subject to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(4) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form S-4 within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(5) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, on the 25th day of May, 1999.

VAIL RESORTS, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board, Chief Executive Officer and Director	May 25, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	May 25, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer (Principal Accounting Officer)	May 25, 1999
Antony P. Ressler	Director	, 1999
/s/ Bruce H. Spector Bruce H. Spector	Director	May 25, 1999
Craig M. Cogut	Director	, 1999
Frank Biondi	Director	, 1999
/s/ James S. Tisch James S. Tisch	Director	May 25, 1999

Signature	Title	Date
/s/ John F. Sorte John F. Sorte	Director	May 25, 1999
/s/ John J. Ryan III John J. Ryan III	Director	May 25, 1999
/s/ Joseph M. Micheletto Joseph M. Micheletto	Director	May 25, 1999
/s/ Leon D. Black Leon D. Black	Director	May 25, 1999
/s/ Marc J. Rowan Marc J. Rowan	Director	May 25, 1999
/s/ Robert A. Katz Robert A. Katz	Director	May 25, 1999
/s/ Stephen C. Hilbert Stephen C. Hilbert	Director	May 25, 1999
Thomas H. Lee	Director	, 1999
/s/ William L. Mack William L. Mack	Director	May 25, 1999
William Stiritz	Director	, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

BEAVER CREEK ASSOCIATES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

BEAVER CREEK CONSULTANTS, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

BEAVER CREEK FOOD SERVICES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Paul A. Testwuide Paul A. Testwuide	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

GHTV, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer and Director (Principal Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

GILLETT BROADCASTING, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer and Director (Principal Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

GILLETT BROADCASTING OF MARYLAND, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer and Director (Principal Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

GILLETT GROUP MANAGEMENT, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

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Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer and Director (Principal Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

KEYSTONE CONFERENCE SERVICES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ John W. Rutter John W. Rutter	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

KEYSTONE DEVELOPMENT SALES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President	June 8, 1999
/s/ James P. Thompson James P. Thompson	Director	June 8, 1999
/s/ John W. Rutter John W. Rutter	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

KEYSTONE FOOD & BEVERAGE COMPANY

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John W. Rutter John W. Rutter	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

KEYSTONE RESORT PROPERTY MANAGEMENT, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President (Principal Financial and Accounting Officer)	June 8, 1999
/s/ John W. Rutter John W. Rutter	Senior Vice President and Director	June 8, 1999
/s/ James P. Thompson James P. Thompson	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

LODGE PROPERTIES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

LODGE REALTY, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ Victor Charles Viola Victor Charles Viola	Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

PINEY RIVER RANCH, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

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Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ James P. Thompson James P. Thompson	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

PROPERTY MANAGEMENT ACQUISITION CORP., INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ William A. Jensen William A. Jensen	President	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL/ARROWHEAD, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL ASSOCIATES CONSULTANTS, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

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Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL ASSOCIATES HOLDINGS, LTD.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL ASSOCIATES INVESTMENTS, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

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Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	Senior Vice President and Director	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL ASSOCIATES MANAGEMENT COMPANY

By: /s/ James P. Donohue
James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

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Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL ASSOCIATES REAL ESTATE, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Thompson James P. Thompson	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Theodore E. Ryczek Theodore E. Ryczek	Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL/BATTLE MOUNTAIN, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Andrew P. Daly Andrew P. Daly	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ James P. Thompson James P. Thompson	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June 1999.

VAIL/BEAVER CREEK RESORTPROPERTIES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James. P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999
/s/ James P. Thompson James P. Thompson	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

THE VAIL CORPORATION

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President, Chief Executive Officer and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL FOOD SERVICES, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Paul A. Testwuide Paul A. Testwuide	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL HOLDINGS, INC.

By: /s/ James P. Donohue

James P. Donohue
Chief Financial Officer

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board, Chief Executive Officer and Director	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Chief Financial Officer and Director (Principal Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL RESORTS DEVELOPMENT COMPANY

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director	June 8, 1999
/s/ James P. Thompson James P. Thompson	Chief Executive Officer, President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	Director	June 8, 1999
/s/ Marc J. Rowan Marc J. Rowan	Director	June 8, 1999
/s/ Robert A. Katz Robert A. Katz	Director	June 8, 1999
/s/ James S. Mandel James S. Mandel	Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL SUMMIT RESORTS, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

VAIL TRADEMARKS, INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Adam M. Aron Adam M. Aron	Chairman of the Board and Director (Principal Executive Officer)	June 8, 1999
/s/ Andrew P. Daly Andrew P. Daly	President and Director	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the Town of Avon, State of Colorado, on the 8th day of June, 1999.

THE VILLAGE AT BRECKENRIDGE
ACQUISITION CORP., INC.

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ William A. Jensen William A. Jensen	Chairman of the Board, President and Director (Principal Executive Officer)	June 8, 1999
/s/ James P. Donohue James P. Donohue	Senior Vice President and Director (Principal Financial and Accounting Officer)	June 8, 1999
/s/ Martha Dugan Rehm Martha Dugan Rehm	Senior Vice President and Director	June 8, 1999

EXHIBIT 4.2

EXECUTION COPY

VAIL RESORTS, INC.

GUARANTORS (named in Schedule I hereto)

$200,000,000

8 3/4% Senior Subordinated Notes due 2009

PURCHASE AGREEMENT

May 6, 1999

BEAR, STEARNS & CO. INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
BT ALEX. BROWN INCORPORATED
LEHMAN BROTHERS INC.
SALOMON SMITH BARNEY INC.

VAIL RESORTS, INC.

$200,000,000

8 3/4% Senior Subordinated Notes due 2009

PURCHASE AGREEMENT

May 6, 1999
New York, New York

BEAR, STEARNS & CO. INC.
NATIONSBANC MONTGOMERY SECURITIES LLC
BT ALEX. BROWN INCORPORATED
LEHMAN BROTHERS INC.
SALOMON SMITH BARNEY INC.
c/o Bear, Stearns & Co. Inc.
245 Park Avenue
New York, New York 10167

Ladies & Gentlemen:

Vail Resorts, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to Bear, Stearns & Co. Inc., Nationsbanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. (each, an "Initial Purchaser" and, collectively, the "Initial Purchasers") $200,000,000 in aggregate principal amount of 8 3/4% Senior Subordinated Notes due 2009 (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 United States Trust Company 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 $200,000,000 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) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) 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. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE

REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. 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 a preliminary offering memorandum, dated April 23, 1999 (the "Preliminary Offering Memorandum"), and a final offering memorandum, dated May 6, 1999 (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 Purchaser reasonably believes 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 100% of the principal amount thereof. 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, 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 8 3/4% Senior Subordinated Notes due 2009 (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 $971.25 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 Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 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 May 11, 1999 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 directs), 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 Preliminary Offering Memorandum or the Offering Memorandum untrue or that requires the making of any additions to or changes in the Preliminary Offering Memorandum or 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 state 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 Preliminary Offering Memorandum and 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 Preliminary Offering Memorandum and 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 Preliminary Offering Memorandum, 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 Preliminary Offering Memorandum and the Offering Memorandum (including, 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 Sky 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 Preliminary Offering Memorandum and 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 obligations 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 by reference 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, including, without limitation, the 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.

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 them 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 and the third sentence in the penultimate paragraph on the cover page and the first and last three paragraphs in the Plan of Distribution 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 Preliminary Offering Memorandum or 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 hereto, 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. The pro forma financial statements included in the Offering Memorandum fairly present the information purported to be shown therein at the respective dates thereof and for all respective periods covered thereby and all adjustments have been properly applied.

(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 (including, but without limitation thereto, 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
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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. and SSI Venture 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 either of such subsidiaries); and provided
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further, that, for the purposes of any representations
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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, Ski The Summit, Clinton Ditch & Reservoir Company, BC Housing, LLC, Eagle Park Reservoir Company, Boulder/Beaver, LLC and Eclipse Television and Sports Marketing 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 its 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 Company 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
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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 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
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interests, pledges, charges, encumbrances, stockholders agreements and voting trusts, except those the absence of which 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
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has been duly organized and is validly existing as a corporation in good standing under the laws of its jurisdictions of incorporation. Each of the Company and the Material Subsidiaries is duly qualified and in good standing as a foreign corporation 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 power and authority, and all necessary consents, approvals, authorizations, orders, registrations, filings, qualifications, licenses and permits of and from all public, regulatory or governmental 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 contaminants 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 Offering Memorandum indicate are 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. The Company will have the opportunity to lease commercial space created by the Keystone JV (as defined in the Offering Memorandum).

(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 the 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) To the extent described in the Offering Memorandum the Company has (A) initiated a review and assessment of all areas within its and each of its Material Subsidiaries' business and operations (including those affected by suppliers, vendors and customers) that could be materially and adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications used by the Company or any of its Material Subsidiaries (or suppliers, vendors and customers) may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999), (B) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis and (C) to date, has implemented that plan in accordance with that timetable.

(xxxi) 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, 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. 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.

(xxxii) The execution and delivery of this Agreement, 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. 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."

(xxxiii) 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.

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

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

(xxxvi) 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.

(xxxvii) 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 unreasonably small capital to carry out its business as now conducted.

(xxxviii) 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.

(xxxix) 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.

(xl) 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.

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

(xlii) 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.

(xliii) The Company, the Guarantors and their respective affiliates and all person 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 will contain the disclosure required by Rule 902(g)(2).

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

(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 only (1) to the company or any subsidiary thereof, (2) inside the United States to a QIB in compliance with Rule 144A under the Act, (3) inside the United States to an accredited investor (as defined in Rule 501(a)(1), (2), (3) or (7) under the Act) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the trustee a signed letter containing certain representations and agreements relating to the restrictions on transfer of this security (the form of which letter can be obtained from the trustee for this security), (4) outside the United States in an offshore transaction in compliance with Rule 904 of Regulation S under the Act, (5) pursuant to the exemption from registration provided by Rule 144 under the Act (if available), or (6) 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 the security evidenced thereby 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 or will no 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 or to Accredited Institutions 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 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 Preliminary Offering Memorandum or the Offering Memorandum (in each case, 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 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 and provided further, that with respect to any Preliminary Offering Memorandum, such indemnity shall not inure to the benefit of any Initial Purchaser (or the benefit of any person controlling such Initial Purchaser) if the person asserting any such losses, liabilities, claims, damages or expenses purchased the Notes that are the subject thereof from such Initial Purchaser and if such person was not sent or given a copy of the final Offering Memorandum at or prior to confirmation of the sale of such Notes to such person and the untrue statement or omission of a material fact contained in such Preliminary Offering Memorandum was corrected in the final Offering Memorandum. 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 Preliminary Offering Memorandum or 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 any 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 Guarantors 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 shall 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 Ingrid Keiser, Esq., Assistant General Counsel to the Company, dated the Closing Date, addressed to the Initial Purchasers, and in form and substance reasonably acceptable to the Initial Purchasers' Counsel, to the effect set forth in Exhibit 1, (ii) the written opinion of Cahill Gordon & Reindel,
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special counsel for the Company, dated the Closing Date, addressed to the Initial Purchasers, and in form and substance reasonably satisfactory to Initial Purchasers' Counsel, to the effect set forth in Exhibit 2 and (iii) the written opinion of Arnold & Porter, special
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counsel for the Company, dated the Closing Date, addressed to the Initial Purchasers, and in the form and substance reasonably satisfactory to Initial Purchasers' Counsel, to the effect set forth in Exhibit 3.

(c) At the Closing Date, the Initial Purchasers shall have received the written opinion of Balcomb & Greene, P.C., special counsel for the Initial Purchasers, dated the Closing Date, addressed to the Initial Purchasers, and in form and substance reasonably satisfactory to Initial Purchasers' Counsel, to the effect set forth in Exhibit 4.

(d) At the time this Agreement is executed and at the Closing Date, the Initial Purchasers shall have received from Arthur Andersen 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 Kramer Levin Naftalis & Frankel LLP, counsel for the Initial Purchasers, covering such matters as are customarily covered in such opinions.

(f) Kramer Levin Naftalis & Frankel 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 four paragraphs in the "Plan of Distribution" 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) 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) 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, (iii) in the reasonable judgment of the Initial Purchasers, any material adverse change shall have occurred since 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 (iv)(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 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

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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 Bear, Stearns & Co. Inc. ("Bear Stearns") may specify, to purchase the Restricted Notes which such defaulting Initial Purchaser 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 part of any non-defaulting Initial Purchaser and the Company. In any such case which does not result in termination of this Agreement, either Bear Stearns 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 Bear, Stearns & Co. Inc., 245 Park Avenue, New York, New York 10167, Attention: Corporate Finance Department, telecopy number: (212) 272-3092, with a copy to Kramer Levin Naftalis & Frankel LLP, 919 Third Avenue, New York, New York 10022, Attention: Howard A. Sobel, Esq., telecopy number: (212) 715-8000; 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) 845-2521, with a copy to Cahill Gordon & Reindel, 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.

[Signature pages to follow]

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.

Very truly yours,

VAIL RESORTS, INC.

By: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President and
and Chief Financial Officer

[Purchase Agreement Signature Page for Company]

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

Each by its authorized officer:

By: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President of
each Guarantor listed above

[Purchase Agreement Signature Page for Guarantors]

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

Bear, Stearns & Co. Inc.

By: /s/ Steve Winegrad

    Name: Steve Winegrad
    Title: Senior Managing Director

Nationsbanc Montgomery Securities LLC

By:

    Name:
    Title:

Bt Alex. Brown Incorporated

By:

    Name:
    Title:

Lehman Brothers Inc.

By:

    Name:
    Title:

Salomon Smith Barney Inc.

By:

    Name:
    Title:

[Purchase Agreement Signature Pages for Initial Purchasers]

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

Bear, Stearns & Co. Inc.

By:

    Name:
    Title:

Nationsbanc Montgomery Securities LLC

By: /s/ Sam A. Wilkins, III

    Name: Sam A. Wilkins, III
    Title: Senior Managing Director

Bt Alex. Brown Incorporated

By:

    Name:
    Title:

Lehman Brothers Inc.

By:

    Name:
    Title:

Salomon Smith Barney Inc.

By:

    Name:
    Title:

[Purchase Agreement Signature Pages for Initial Purchasers]

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

Bear, Stearns & Co. Inc.

By:

    Name:
    Title:

Nationsbanc Montgomery Securities LLC

By:

    Name:
    Title:

Bt Alex. Brown Incorporated

By: /s/ Larry Zimmerman

    Name: Larry Zimmerman
    Title: Managing Director

Lehman Brothers Inc.

By:

    Name:
    Title:

Salomon Smith Barney Inc.

By:

    Name:
    Title:

[Purchase Agreement Signature Pages for Initial Purchasers]

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

Bear, Stearns & Co. Inc.

By:

    Name:
    Title:

Nationsbanc Montgomery Securities LLC

By:

    Name:
    Title:

Bt Alex. Brown Incorporated

By:

    Name:
    Title:

Lehman Brothers Inc.

By: /s/ John Russell

    Name: John Russell
    Title: Managing Director

Salomon Smith Barney Inc.

By:

    Name:
    Title:

[Purchase Agreement Signature Pages for Initial Purchasers]

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

Bear, Stearns & Co. Inc.

By:

    Name:
    Title:

Nationsbanc Montgomery Securities LLC

By:

    Name:
    Title:

Bt Alex. Brown Incorporated

By:

    Name:
    Title:

Lehman Brothers Inc.

By:

    Name:
    Title:

Salomon Smith Barney Inc.

By: /s/ Wendell M. Brooks

    Name: Wendell M. Brooks
    Title: Director

[Purchase Agreement Signature Pages for Initial Purchasers]

SCHEDULE I

Guarantors

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

SCHEDULE II

Initial Purchasers

Initial Purchasers	Principal Amount
Bear, Stearns & Co. Inc.	76,522,000
NationsBanc Montgomery Securities LLC	76,522,000
BT Alex. Brown Incorporated	15,652,000
Lehman Brothers Inc.	15,652,000
Salomon Smith Barney Inc.	15,652,000
Total	$200,000,000

SCHEDULE III

Material Domestic Subsidiaries of the Company

Owned Directly by Vail Resorts, Inc.

- GHTV, Inc.
- Gillett Broadcasting of Maryland, Inc.
- Gillett Broadcasting, Inc.
- Gillett Group Management, Inc.
- Vail Holdings, Inc.

Owned Directly by Vail Holdings, Inc.

- The Vail Corporation

Owned Directly by The Vail Corporation

- Beaver Creek Associates, Inc.
- Beaver Creek Consultants, Inc.
- Lodge Properties, Inc.
- Piney River Ranch, 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.

Owned Directly by Beaver Creek Associates, Inc.

- Beaver Creek Food Services, Inc.

Owned Directly by Lodge Properties, Inc.

- Lodge Realty, Inc.

Owned Directly by Vail Resorts Development Company

- Vail Associates Consultants, Inc.
- Vail Associates Holdings, Ltd.

Vail Associates Management Company
Vail Associates Real Estate, Inc.

Owned Directly by Vail Associates Real Estate, Inc.

Slifer, Smith & Frampton/Vail Associates Real Estate, LLC Vail/Battle Mountain, Inc.

Owned Directly by Vail Summit Resorts, Inc.

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.

SCHEDULE IV

Subsidiaries of the Company

Owned Directly by Vail Resorts, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
GHTV, Inc.	100%	Delaware	California
Gillett Broadcasting of Maryland, Inc.	100%	Delaware	Tennessee
Gillett Broadcasting, Inc.	100%	Delaware	--
Gillett Group Management, Inc.	100%	Delaware	Colorado
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	--

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	49%	Colorado	--
Eagle Park Reservoir Company	55%	Colorado	--
Eclipse Television and Sports Marketing, LLC	25%	Colorado	--

Lodge Properties, Inc.	100%	Colorado	--
Piney River Ranch, Inc.	100%	Colorado	--
SSI Venture, LLC	52%	Colorado	--
Vail Associates Investments, Inc.	100%	Colorado	--
Vail Food Services, Inc.	100%	Colorado	--
Vail Resorts Development Company	100%	Colorado	--
Vail Summit Resorts, Inc.	100%	Colorado	--
Vail Trademarks, Inc.	100%	Colorado	--
Vail/Arrowhead, Inc.	100%	Colorado	--
Vail/Beaver Creek Resort Properties, Inc.	80%	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	86%	Colorado	--

Owned Directly by Lodge Properties, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Lodge Realty, Inc.	80%	Colorado	--

Owned Directly by Vail Resorts Development Company

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Vail Associates Consultants, Inc.	100%	Colorado	--
Vail Associates Holdings, Ltd.	100%	Colorado	--
Vail Associates Management Company	100%	Colorado	--
Vail Associates Real Estate, Inc.	80%	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	--
Vail/Battle Mountain, Inc.	100%	Colorado	--

Owned Directly by Vail Summit Resorts, Inc.

Subsidiary	% Owned	State of Incorporation	Qualified to do Business in
Clinton Ditch and Reservoir Company	49%	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	--

Keystone Resort Property Management Company	100%	Colorado	--
Property Management Acquisition Corp., Inc.	100%	Tennessee	Colorado
The Village at Breckenridge Acquisition Corp., Inc.	100%	Tennessee	Colorado

Exhibit 1

Form of Assistant General Counsel Opinion

Exhibit 2

Form of Cahill Gordon & Reindel Opinion

Exhibit 3

Form of Arnold & Porter Opinion

Exhibit 4
Form of Balcomb & Greene, P.C. Opinion

EXHIBIT 4.3

EXECUTION COPY

VAIL RESORTS, INC.,
as Issuer

THE GUARANTORS NAMED HEREIN,
as Guarantors

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

8 3/4% SENIOR SUBORDINATED NOTES DUE 2009

INDENTURE

Dated as of May 11, 1999

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Exhibit D Form of Certificate from Acquiring Institutional Accredited Investor

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.08, 7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	13.03
(c)	13.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06; 7.07
(c)	7.06
(d)	7.06
314(a)	4.04, 4.05
(b)	N.A.
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	N.A.
(e)	1.05
(f)	N.A.
315(a)	7.01
(b)	7.05;13.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a)(last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	1.07
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	13.01
(b)	N.A.
(c)	13.01

N.A. means not applicable.
*This Cross-Reference Table is not part of the Indenture.

INDENTURE, dated as of May 11, 1999, among VAIL RESORTS, INC., a Delaware corporation (the "Company"), as Issuer, the Guarantors named on the signature pages hereto, as Guarantors, and United States Trust Company of New York, a bank and trust company organized under the New York Banking Law, as trustee (the "Trustee").

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 8 3/4% Senior Subordinated Notes due 2009 of the Company (the "Notes").

ARTICLE 1.

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01 Definitions

"144A Global Note" means a global note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the initial outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Acquired Debt" means, with respect to any specified Person, (i) Indebtedness or preferred stock of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, including, without limitation, Indebtedness or preferred stock incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person, and (ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Notes" means, subject to the Company's compliance with Section 4.09 hereof, 8 3/4% Senior Subordinated Notes due 2009 issued from time to time after May 11, 1999 under the terms of this Indenture (other than those issued pursuant to Sections 2.06, 2.07, 2.10, 3.07, 3.10, 4.17 or 9.05 of this Indenture and other than Exchange Notes issued pursuant to an Exchange Offer for other Notes outstanding under this Indenture).

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Agent" means any Registrar or Paying Agent.

"Agent Members" means members of, or participants in, the Depositary.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interest in any Global Note, the rule and regulations and procedures of the Depositary that apply to such transfer or exchange.

"Apollo" means Apollo Ski Partners, an indirect subsidiary of Apollo Advisors, L.P., a Delaware limited partnership.

"Asset Sale" means (i) the sale, lease, conveyance or other disposition (collectively, "dispositions") of any assets or rights (including, without limitation, by way of a Sale and Leaseback Transaction), other than dispositions of inventory or sales or leases of real estate constituting Real Estate Held for Sale in the ordinary course of business, and (ii) the issuance of Equity Interests by any Restricted Subsidiary or the disposition by the Company or a Restricted Subsidiary of Equity Interests in any of the Company's Restricted Subsidiaries (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than the Company or a Restricted Subsidiary of the Company), in the case of either clause (i) or (ii), whether in a single transaction or a series of related transactions (a) that have a fair market value in excess of $3.0 million or (b) for net proceeds in excess of $3.0 million. Notwithstanding the foregoing, the following will be deemed not to be Asset Sales: (i) a transfer of assets by the Company to a Restricted Subsidiary or by a Restricted Subsidiary to the Company or to another Restricted Subsidiary; (ii) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary; (iii) a Permitted Investment or Restricted Payment that is permitted by Section 4.10 hereof; (iv) a disposition of Cash Equivalents solely for cash or other Cash Equivalents; (v) a disposition in the ordinary course of business of used, worn-out, obsolete, damaged or replaced equipment; (vi) the grant of licenses to third parties in respect of intellectual property in the ordinary course of business of the Company or any of its Restricted Subsidiaries, as applicable; (vii) any disposition of properties or assets that is governed by Section 4.17 hereof or Section 5.01 hereof; and (viii) the granting or incurrence of any Permitted Lien.

"Bankruptcy Law" means Title 11, U.S. Code or any similar foreign, federal or state law for the relief of debtors, as amended.

"Board of Directors" means, with respect to any Person, the board of directors of such Person, or any duly authorized committee of such board of directors.

"Board Resolution" means a duly adopted resolution of the Board of Directors of the Company in full force and effect at the time of determination and certified as such by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in The City of New York are authorized or obligated by law, regulation or executive order to close.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (a) marketable obligations issued or unconditionally guaranteed by the U.S. or issued by any of its agencies and backed by the full faith and credit of the U.S., in each case maturing within one year from the date of acquisition; (b) short-term investment grade domestic and eurodollar certificates of deposit or time deposits that are fully insured by the Federal Deposit Insurance Corporation or are issued by commercial banks organized under the laws of the U.S. or any of its states having combined capital, surplus, and undivided profits of not less than $100,000,000 (as shown on its most recently published statement of condition); (c) commercial paper and similar obligations rated "P-1" by Moody's Investors Service, Inc. ("Moody's") or "A-1" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"); (d) readily marketable tax-free municipal bonds of domestic issuer rated "A-2" or better by Moody's or "A" or better by S&P, and maturing within one year from the date of issuance; and (e) mutual funds or money market accounts investing primarily in items described in clauses (a) through (d) above.

"Cedel" means Cedel Bank, societe anonyme.

"Change of Control" means, with respect to the Company or any successor Person permitted under Article 5 hereof, the occurrence of any of the following: (a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Apollo and its Affiliates, acquires "beneficial ownership" (as determined in accordance with Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total outstanding shares of Voting Stock except to the extent that, and so long as, Apollo and its affiliates hold the right, by voting power, contract or otherwise, to elect or designate, and do so elect or designate, a majority of the Company's Board of Directors; (b) the Company consolidates with or merges into any other corporation, or conveys, transfers or leases all or substantially all of its assets to any person, or any other corporation merges into the Company and, in the case of any such transaction, the outstanding common stock of the Company is changed or exchanged as a result, unless the shareholders of the Company immediately before such transaction own, directly or indirectly, at least 51% of the outstanding shares of Voting Stock of the corporation resulting from such transaction in substantially the same proportion as their ownership of the Voting Stock immediately before such transaction (except to the extent that, and so long as, Apollo and its affiliates hold the right, by voting power or otherwise, to elect or designate, and do so elect or designate, a majority of the Board of Directors of the corporation resulting from such transaction); or (c)

the first day on which more than a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"Closing Date" means May 11, 1999.

"Code" means the Internal Revenue Code of 1986, as amended, or any successor thereto.

"Company" means Vail Resorts, Inc., a Delaware corporation, and any successor thereto pursuant to Section 5.01 hereof.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company (i) by its Chairman, a Vice Chairman, its President, Senior Vice President or a Vice President and (ii) by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary and delivered to the Trustee; provided, however, that such written request or order may be signed by any two of the officers or directors listed in clause (i) above in lieu of being signed by one of such officers or directors listed in such clause (i) and one of the officers listed in clause (ii) above.

"Consolidated EBITDA" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, to the extent deducted in computing such Consolidated Net Income, (i) an amount equal to any extraordinary loss plus any net loss realized in connection with an Asset Sale, (ii) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, (iii) Consolidated Interest Expense, and (iv) depreciation and amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income, minus (v) non-cash items increasing such Consolidated Net Income, in each case, for such period without duplication on a consolidated basis and determined in accordance with GAAP.

"Consolidated Interest Coverage Ratio" means with respect to any Person for any period, the ratio of the Consolidated Resort EBITDA of such Person for such period to the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any of its Restricted Subsidiaries incurs, assumes, Guarantees, redeems, repays or otherwise retires any Indebtedness (other than revolving credit borrowings) subsequent to the commencement of the period for which the Consolidated Interest Coverage Ratio is being calculated but prior to the date on which the event for which the calculation of the Consolidated Interest Coverage Ratio is made (the "Calculation Date"), then the Consolidated Interest Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, redemption, repayment or retirement of Indebtedness as if the same had occurred at the beginning of the applicable four-quarter

reference period. In addition, for purposes of making the computation referred to above, (i) (a) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions and (b) other transactions consummated by the Company or any of its Restricted Subsidiaries with respect to which pro forma effect may be given pursuant to Article 11 of Regulation S-X under the Securities Act, in each case during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period and Consolidated Resort EBITDA for such reference period shall be calculated without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income, (ii) the Consolidated Resort EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded and (iii) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent (x) that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the referent Person or any of its Restricted Subsidiaries following the Calculation Date, or (without duplication) (y) such Consolidated Interest Expense is less than the Consolidated Resort EBITDA attributable to such discontinued operations for the same period.

"Consolidated Interest Expense" means with respect to any Person for any period the sum, without duplication, of (i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), (ii) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period, (iii) any interest expense for such period on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such Guarantee or Lien is called upon), in each case, on a consolidated basis and in accordance with GAAP, and (iv) any Preferred Stock dividends paid in cash by the Company or any of its Restricted Subsidiaries to a Person other than the Company or any of its Restricted Subsidiaries, determined, in each case, on a consolidated basis and in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that (i) the net income (but not loss) of any Person that is not a Restricted Subsidiary of such Person or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash by such Person during such period to the referent Person or a Restricted Subsidiary thereof, (ii) the net income (but not loss) of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the

date of determination permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, (iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded, and (iv) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person as of any date, the consolidated stockholders' equity of such Person and its consolidated Restricted Subsidiaries as of such date, less (without duplication) amounts attributable to Disqualified Stock of such Person, in each case determined in accordance with GAAP.

"Consolidated Resort EBITDA" means, with respect to any Person for any period, the Consolidated EBITDA of such Person for such period minus consolidated real estate revenue of such Person and its Restricted Subsidiaries for such period plus consolidated real estate operating expenses of such Person and its Restricted Subsidiaries for such period minus any portion of such Consolidated EBITDA attributable to Unrestricted Subsidiaries of such Person for such period, in each case as reported on such Person's consolidated statement of operations and determined on a consolidated basis and in accordance with GAAP.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who (i) was a member of such Board of Directors on the date of this Indenture or (ii) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Corporate Trust Office of the Trustee" means the principal corporate trust office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of execution of this Indenture is located at 114 West 47th Street, New York, New York 10036.

"Credit Agreement" means that certain amended and restated credit agreement, dated as of May 1, 1999, by and among the Company, the lenders named therein, Nationsbank, N.A. as Agent, and NationsBanc Montgomery Securities LLC, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Custodian" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Notes" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of

Exhibit A hereto except that such Note shall not bear the Global Note Legend and
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shall not have the "Schedule of Exchanges of Interests in the Global Note"
attached thereto.

"Depositary" means, with respect to any Global Note, the Person specified in Section 2.03 hereof as the Depositary with respect to such Note, until a successor shall have been appointed and become such pursuant to the applicable provision of this Indenture, and, thereafter, "Depositary" shall mean or include such successor.

"Designated Senior Debt" of any Person means (i) any Indebtedness of such Person outstanding under the Credit Agreement and (ii) any other Senior Debt of such Person, the principal amount of which is $25.0 million or more and that has been designated by the Company as "Designated Senior Debt" of such Person.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring on or prior to 91 days after the date on which the Notes mature shall not constitute Disqualified Stock if (1) the "asset sale" or "change of control" provisions applicable to such Capital Stock are not more favorable in any respect to the holders of such Capital Stock than the terms applicable to the Notes pursuant to Sections 3.10, 4.16 and 4.17 hereof; and (2) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means (1) a public or private sale of Capital Stock of the Company and (ii) the sale of other securities convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company; provided, an Equity Offering shall be deemed to occur with respect to all or a portion of such securities only upon the conversion or exchange of such securities into Capital Stock.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Event of Default" has the meaning set forth in Section 6.01 hereof.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Exchange Notes" means the Notes issued in the Exchange Offer pursuant to Section 2.06(f) hereof.

"Exchange Offer" means the offer that may be made by the Company pursuant to any Registration Rights Agreement to exchange Notes for Exchange Notes and any similar exchange of Additional Notes.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Existing Indebtedness" means Indebtedness of the Company and the Company's Subsidiaries (other than Indebtedness under the Credit Agreement and the Notes) in existence on the Closing Date until such Indebtedness is repaid.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect in the United States from time to time.

"Global Note" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A hereto that bears the Global Note Legend and that has the "Schedule of
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Exchange of Interests in the Global Note" attached thereto.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"Government Securities" means securities that are (a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such Government Securities or a specific payment of principal of or interest on any such Government Securities held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Securities or the specific payment of principal of or interest on the Government Securities evidenced by such depository receipt.

"Guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"Guarantor" means (i) each of the Company's Restricted Subsidiaries that is a party to this Indenture on the date of execution and delivery of this Indenture and (ii) each other Person that becomes a guarantor of the obligations of the Company under the Notes and this Indenture from time to time in accordance with the provisions of this Indenture, and their respective successors and assigns; provided, however, that "Guarantor" shall not include any Person that is released from its Guarantee of the obligations of the Company under the Notes and this Indenture as provided in Article 12 hereof.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under (i) currency exchange or interest rate swap, cap or collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange or interest rates.

"Holder" means a Person in whose name a Note is registered.

"IAI Global Note" means a global note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend (with such changes therein as may be necessary or appropriate to reflect the interest of an Institutional Accredited Investor) and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold or otherwise transferred to Institutional Accredited Investors.

"Indebtedness" means, with respect to any Person, without duplication, (i) any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or bankers' acceptances or representing Capital Lease Obligations or the balance deferred and unpaid of the purchase price of any property (which purchase price is due more than one year after taking title to such property) or services or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing indebtedness (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP; (ii) all indebtedness of others secured by a Lien on any asset of such Person (whether or not such indebtedness is assumed by such Person the amount of such obligation, to the extent it is without recourse to such Person, being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured); (iii) to the extent not otherwise included, the Guarantee by such Person of any Indebtedness of any other Person; provided, however, that (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP; and (2) Indebtedness shall not include any liability for federal, state, local or other taxes; and (iv)

with respect to any Restricted Subsidiary of the Company, Preferred Stock of such Person (in an amount equal to the greater of (x) the sum of all obligations of such Person with respect to redemption, repayment or repurchase thereof and (y) the book value of such Preferred Stock as reflected on the most recent financial statements of such Person).

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Initial Purchasers" means Bear, Stearns & Co. Inc., Nationsbanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

"Interest Payment Date" means each May 15 and November 15.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of direct or indirect loans (including guarantees of Indebtedness or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP, excluding, however, trade accounts receivable and bank deposits made in the ordinary course of business consistent with past practice. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the penultimate paragraph of Section 4.10 hereof.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional, sale or other title retention agreement, any lease in the nature thereof, and any option or other agreement to sell or give a Lien).

"Liquidated Damages" has the meaning set forth in the Registration Rights Agreement.

"Make-Whole Amount" means, with respect to any Note, an amount equal to the excess, if any, of (a) the present value of the remaining principal, premium, if any, and interest (other than accrued interest otherwise payable upon redemption) payments that would be payable with respect to such Note if such Note were redeemed on May 15, 2004, computed using a discount rate equal to the Treasury Rate plus 50 basis points, over (b) the principal amount of such Note.

"Make-Whole Average Life" means, with respect to any date of redemption of Notes, the number of years (calculated to the nearest one-twelfth) from such redemption date to May 15, 2004.

"Make-Whole Price" means, with respect to any Note, the greater of (a) the sum of the principal amount of and Make-Whole Amount with respect to such Note, and (b) the redemption price of such Note on May 15, 2004.

"Maturity" when used in respect to any Note means the date on which the principal of (and premium, if any) and interest and Liquidated Damages, if any, on such Note becomes due and payable as therein or herein provided, whether at Stated Maturity or the applicable Redemption Date and whether by declaration of acceleration, call for redemption or otherwise.

"Net Income" means, with respect to any Person for any period, the net income (or loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however, (i) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (a) any Asset Sale (including, without limitation, dispositions pursuant to Sale and Leaseback Transactions) or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries and (ii) any extraordinary or nonrecurring gain (or loss), together with any related provision for taxes on such extraordinary or nonrecurring gain (or loss).

"Net Proceeds" means the aggregate cash proceeds or Cash Equivalents proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale, but only as and when received, and any proceeds deemed to be cash or Cash Equivalents pursuant to clause (b) of the first paragraph of Section 4.16 hereof, net of (i) the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, (ii) taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), (iii) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that were the subject of such Asset Sale, (iv) all distributions and other payments required to be made to minority interest holders of a Restricted Subsidiary or joint venture as a result of such Asset Sale, and (v) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Custodian" means the custodian for the Depositary of the Global Note or any successor entity thereto.

"Notes" means $200,000,000 aggregate principal amount of the Company's 8 3/4% Senior Subordinated Notes due 2009 issued pursuant to this Indenture on the Closing Date and any other 8 3/4% Senior Subordinated Notes due 2009 hereafter issued in compliance with the provisions of this Indenture.

"Obligations" means any principal, premium, interest (including post-petition interest), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Senior Vice President, any Vice President, the Chief Financial Officer, the Secretary or any Assistant Secretary of such Person.

"Officers' Certificate" means, with respect to any Person, a certificate signed on behalf of such Person by the Chief Executive Officer or President and by the Chief Financial Officer or chief accounting officer of such Person.

"Opinion of Counsel" means a written opinion from legal counsel who is acceptable to the Trustee, that meets the requirements of Section 1.05 hereof and, to the extent required by the TIA, complies with TIA (S) 314.

"Participant" means, with respect to DTC, Euroclear or Cedel, a Person who has an account with DTC, Euroclear or Cedel, respectively (and, with respect to DTC, shall include Euroclear and Cedel).

"Permitted Holder" means Apollo Advisors, L.P., a Delaware limited partnership, or any fund, investment vehicle or account managed, advised or controlled by Apollo Advisors, L.P., or any of its Affiliates.

"Permitted Investments" means (i) any Investment in the Company or a Restricted Subsidiary of the Company; (ii) any Investment in Cash Equivalents; (iii) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (a) such Person becomes a Restricted Subsidiary of the Company and, to the extent required under the Indenture, a Guarantor or (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company; (iv) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.16 hereof; (v) any acquisition of assets received solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company; (vi) any Investment in a Similar Business (including any Investment made in any

Unrestricted Subsidiaries in a Similar Business) if, after giving effect to such Investment, the aggregate amount of all Investments made pursuant to this clause (vi) then constituting Unrestricted Investments Outstanding does not exceed the greater of (x) $75 million and (y) 7.5% of Total Consolidated Assets of the Company at the time of such Investment; (vii) contributions of Real Estate Held for Sale to Real Estate Joint Ventures; provided, in the case of any Investment made pursuant to this clause (vii) or the preceding clause (vi), that after giving effect to such Investment (a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof, and (b) the Company would, at the time of such Investment and after giving pro forma effect thereto as if such Investment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and (viii) Investments received in connection with the settlement of any ordinary course obligations owed to the Company or any of its Restricted Subsidiaries.

"Permitted Junior Securities" means Equity Interests (other than Disqualified Stock) in the Company or debt securities that are subordinated to all Senior Debt of the issuer of such debt securities (and any debt securities issued in exchange for Senior Debt of the issuer of such debt securities) to substantially the same extent as, or to a greater extent than, the Notes are subordinated to Senior Debt.

"Permitted Liens" means (i) Liens in favor of the Company or any of its Restricted Subsidiaries; (ii) Liens securing Senior Debt of the Company or any Restricted Subsidiary of the Company; (iii) Liens on property or Equity Interests of a Person existing at the time such Person is merged into or consolidated with the Company or any Restricted Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets or Equity Interests other than those of the Person merged into or consolidated with the Company; (iv) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such acquisition; (v) Liens incurred or pledges and deposits made in connection with worker's compensation, unemployment insurance and other social security benefits, statutory obligations, bid, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business (other than contracts in respect of borrowed money and other Indebtedness); (vi) Liens existing on the Closing Date; (vii) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefore; (viii) Liens securing the Notes or any Guarantee thereof; (ix) Liens securing Permitted Refinancing Indebtedness to the extent that the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded was permitted to be secured by a Lien; provided that such Liens do not extend to any assets other than those that secured the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (x) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed $5.0 million at any one time outstanding and that (a) are not

incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (b) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation of business by the Company or such Restricted Subsidiary; (xi) Liens securing Capital Lease Obligations, provided that such Liens do not extend to any property or assets which are not leased property subject to such Capitalized Lease Obligation; (xii) judgment liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, degree or order shall not have been finally terminated or the period within such proceedings may be initiated shall not have expired; (xiii) Liens securing obligations of the Company under Hedging Obligations; (xiv) purchase money Liens securing Purchase Money Obligations; provided, that the related Indebtedness shall not be secured by any property or assets of the Company or any Restricted Subsidiary other than the property or assets so acquired pursuant to such Purchase Money Obligation; (xv) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods; (xvi) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off; (xvii) Liens arising from filing Uniform Commercial Code financing statements regarding leases provided that such Liens do not extend to any property or assets which are not leased property subject to such leases or subleases; and (xviii) Liens created for the benefit of all of the Notes and/or any Guarantees thereof.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness (other than Hedging Obligations and other than Indebtedness permitted to be incurred pursuant to clause (i), clause (iv) or clause (vii) of the second paragraph of Section 4.09 hereof) of the Company or any of its Restricted Subsidiaries; provided that: (i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus premium and accrued interest on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of reasonable expenses incurred in connection therewith); (ii) such Permitted Refinancing Indebtedness has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or any Guarantee thereof, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Guarantee on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (iv) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary that is an obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, limited or general partnership, corporation, limited liability company, association, unincorporated organization, trust, joint stock company, joint venture or other entity, or a government or any agency or political subdivision thereof.

"Preferred Stock" of any Person means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i)(A) to be placed on all Notes issued under this Indenture except as permitted pursuant to Section 2.06(g)(i)(B).

"Purchase Money Obligations" of any Person means any obligations of such Person or any of its Subsidiaries to any seller or any other person incurred or assumed in connection with the purchase of real or personal property to be used in the business of such person or any of its subsidiaries within 180 days of such purchase.

"Real Estate Held for Sale" means, with respect to any Person, the real estate of such Person and its Restricted Subsidiaries classified for financial reporting purposes as Real Estate Held for Sale on the Closing Date or thereafter acquired as Real Estate Held for Sale.

"Real Estate Joint Venture" means any Person engaged exclusively in the acquisition, development and operation or resale of any real estate asset or group of related real estate assets (and directly related activities).

"Redemption Date," when used with respect to any Note to be redeemed, means the date fixed for such redemption pursuant to this Indenture.

"Redemption Price," when used with respect to any Note to be redeemed, means the price (exclusive of any accrued and unpaid interest thereon) at which it is to be redeemed pursuant to this Indenture.

"Registration Rights Agreement" means that certain Registration Rights Agreement, dated as of the date of this Indenture, among the Company, the Guarantors and the Initial Purchaser, as amended or supplemented from time to time, or similar agreement relating to Additional Notes.

"Regular Record Date" for the interest payable on any Interest Payment Date means the May 1 or November 1 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a global note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement
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Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the initial outstanding principal amount of the Notes sold in reliance on Rule 904 of Regulation S.

"Responsible Officer" when used with respect to the Trustee, shall mean any officer assigned to the Corporate Trust Office, including any managing director, vice president, assistant vice president, assistant treasurer, assistant secretary or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture, and also, with respect to a particular matter, any other officer, to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40 day restricted period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Sale and Leaseback Transaction" means an arrangement relating to property now owned or hereafter acquired whereby the Company or a Restricted Subsidiary transfers such property to a Person and the Company or a Restricted Subsidiary leases it from such Person.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Senior Debt" of any Person means (i) the Obligations of such Person under the Credit Agreement, including, without limitation, Hedging Obligations and reimbursement

obligations in respect of letters of credit and bankers acceptances, and (ii) any other Indebtedness of such Person, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes. Notwithstanding anything to the contrary in the foregoing, Senior Debt of a Person shall not include (v) any obligation to, in respect of or imposed by any environmental, landfill, waste management or other regulatory governmental agency, statute, law or court order, (w) any liability for federal, state, local or other taxes, (x) any Indebtedness of such Person to any of its Subsidiaries or other Affiliates, (y) any trade payables or (z) any Indebtedness that is incurred by such Person in violation of the Indenture (except to the extent that the original holder thereof relied in good faith after being provided with a copy of this Indenture upon an Officer's Certificate of such Person to the effect that the incurrence of such Indebtedness did not violate this Indenture).

"Shelf Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Similar Business" means any business conducted by the Company or any of its Subsidiaries as of the Closing Date or any other recreation, leisure and/or hospitality business including without limitation ski mountain resort operations, or any business or activity that is reasonably similar thereto or a reasonable extension, development or expansion thereof or is reasonably ancillary thereto.

"Special Record Date" means a date fixed by the Trustee for the payment of any Defaulted Interest pursuant to Section 2.12 thereof.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person, (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of at least a majority of the directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"Subsidiary Guarantee" means any guarantee of the obligations of the Company pursuant to this Indenture and the Notes by any Person in accordance with the provisions of this Indenture.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. (S)(S) 77a-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, then "TIA" means, to the extent required by such amendment, the Trust Indenture Act of 1939 as so amended.

"Total Consolidated Assets" means, with respect to any Person as of any date, the book value of the assets of such Person and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet of such Person.

"Treasury Rate" means, at any time of computation, the yield to maturity at such time (as compiled by and published in the most recent statistical release (or any successor release) of the Federal Reserve Bank of New York, which has become publicly available at least two business days prior to the date of the redemption notice or, if such statistical release (or successor release) is no longer published, any generally recognized publicly available source of similar market data) of United States Treasury securities with a constant maturity most nearly equal to the Make-Whole Average Life; provided, however, that if the Make-Whole Average Life is not equal to the constant maturity of the United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the Make-Whole Average Life is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trustee" means the party named as such above until a successor replaces it in accordance with applicable provisions of this Indenture and thereafter means such successor.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note substantially in the form of Exhibit A attached hereto that bears the Global Note Legend and that
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has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing Notes that do not bear the Private Placement Legend.

"Unrestricted Investments Outstanding" means, at any time of determination, in respect of all Permitted Investments made pursuant to clause (vi) of the definition of the term Permitted Investments, the excess, if any, of (i) the sum of all Permitted Investments theretofore made by the Company or any Restricted Subsidiary on or after the date of the Indenture pursuant to clause (vi) of the definition of Permitted Investments over (ii) the amount of all cash, and the fair market value of any assets or property, distributed as

dividends and distributions to the Company or a Restricted Subsidiary of the Company (to the extent that the Company does not elect to include the amount of such dividends and distributions in the computation of Consolidated Net Income pursuant to the parenthetical of clause (i) of the definition thereof at the time of determination), and all repayments of the principal amount of loans or advances, the net cash proceeds, and the fair market value of assets or property, received from sales or transfers, in respect of such Investments to the Company or any of its Restricted Subsidiaries and any other reduction made in cash of such Investments in such Person.

"Unrestricted Subsidiary" means any Subsidiary that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding comply with Section 4.12 hereof.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"Voting Stock" of any Person as of any date means classes of the Capital Stock of such Person that is at the time entitled to vote in the election of at least a majority of the directors, managers, trustees or other governing body of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

SECTION 1.02 Other Definitions

Term	Defined in Section
"Act"	1.07
"Affiliate Transaction"	4.12
"Asset Sale Offer"	3.10
"Change of Control Offer"	4.17
"Change of Control Payment"	4.17
"Change of Control Payment Date"	4.17
"Contributor"	12.07
"Covenant Defeasance"	8.03
"DTC"	2.03
"Defaulted Interest"	2.12

"Event of Default"	6.01
"Excess Proceeds"	4.16
"Expiration Date"	4.17
"Funding Party"	12.07
"Guaranteed Obligations"	12.01
"incur"	4.09
"Legal Defeasance"	8.02
"Offer Amount"	3.10
"Offer Period"	3.10
"Paying Agent"	2.03
"Payment Blockage Notice"	10.03
"Payment Default"	6.01
"Permitted Debt"	4.09
"Purchase Date"	3.10
"QIB"	2.01
"Registrar"	2.03
"Restricted Payments"	4.10

SECTION 1.03 Incorporation by Reference of Trust Indenture Act

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes and the Subsidiary Guarantees;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means the Company, each Guarantor and any successor obligors upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04 Rules of Construction

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and words in the plural include the singular;

(5) provisions apply to successive events and transactions; and

(6) references to sections of or rules under the Securities Act or the Exchange Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time.

SECTION 1.05 Compliance Certificates and Opinions

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture (including any covenant compliance with which constitutes a condition precedent) relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion (other than the certificates required by Section 4.05(a) hereof) with respect to compliance with a condition or covenant provided for in this Indenture shall comply with the provisions of TIA (S) 314(e) and shall include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.06 Form of Documents Delivered to Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representation with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel, may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.07 Acts of Holders

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to TIA (S) 315) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section 1.07.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any reasonable manner that the Trustee deems sufficient.

(c) The ownership of Notes shall be proved by a register kept by the Registrar.

(d) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the

determination of such Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act or to revoke any consent previously given, but the Company shall have no obligation to do so. Notwithstanding TIA (S) 316(c), any such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not more than 30 days prior to the first solicitation of Holders generally in connection therewith and no later than the date such solicitation is completed.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act or revocation of any consent previously given may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Notes then outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for this purpose the Notes then outstanding shall be computed as of such record date; provided that no such request, demand, authorization, direction, notice, consent, waiver or other Act by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than nine months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act by the Holder of any Note shall bind every future Holder of the same Note or the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done, suffered or omitted to be done by the Trustee, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

(f) All Notes issued pursuant to this Indenture shall vote as one class on all matters.

ARTICLE 2.

THE NOTES

SECTION 2.01. Form and Dating.

(a) General. The Notes and the Trustee's certificate of authentication relating thereto shall be substantially in the form of Exhibit A attached hereto
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with such appropriate insertions, substitutions and other variations as are required or permitted by this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage, as designated by the Company or its counsel. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

(b) Global Notes. Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend and the
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"Schedule of Exchanges

in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and the aggregate principal amount of outstanding Notes represented thereby from time to time shall be reflected on the records maintained by the Trustee. The aggregate principal amount of outstanding Notes represented by a Global Note may from time to time be reduced or increased, as appropriate, to reflect transfers, exchanges, repurchases and redemptions. Any increase or decrease in the aggregate principal amount outstanding of a Global Note shall be reflected on the records maintained by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

The provisions of the "Operating Procedures of Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Cedel Bank" and "Customer Handbook" of Cedel Bank shall be applicable to transfers of beneficial interests in the Regulation S Global Note that is held by the Agent Members through Euroclear and Cedel.

SECTION 2.02. Execution and Authentication.

Two Officers of the Company shall sign the Notes for the Company by manual or facsimile signature.

If an Officer of the Company whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Note so authenticated has been duly authenticated and delivered hereunder.

The Trustee shall, by a written order of the Company signed by two Officers (an "Authentication Order"), authenticate Notes for original issue in the aggregate principal amount of up to $300,000,000. Except as contemplated by Section 2.07 hereof, the aggregate principal amount of Notes outstanding at any time may not exceed $300,000,000.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with any Holder, the Company or an Affiliate of the Company. The Trustee shall not be liable for any act or failure to act of the authenticating agent to perform any duty either required herein or authorized herein to be performed by such person in accordance with this Indenture. Each authenticating agent shall be acceptable to the Company and otherwise comply in all respects with the eligibility requirements of the Trustee contained in this Indenture.

SECTION 2.03. Registrar and Paying Agent.

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented or surrendered for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agents. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation in accordance with Section 7.07 hereof. The Company or any of its Subsidiaries may not act as Paying Agent or Registrar.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

SECTION 2.04. Paying Agent to Hold Assets in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all assets held by the Paying Agent for the payment of principal of, premium or Liquidated Damages, if any, or interest on the Notes (whether such assets have been distributed to it by the Company or any other obligor on the Notes), and will notify the Trustee of any default by the Company or any Guarantor in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed. Upon payment over and accounting to the Trustee, the Paying Agent shall have no further liability for the assets. Upon any bankruptcy or reorganization proceedings relating to the Company or any Guarantor, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. Holder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA (S)312(a). If the Trustee is not the Registrar, the Company and/or the Guarantors shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses

of the Holders of Notes, including the aggregate principal amount of Notes held by each Holder, and the Company and/or the Guarantors shall otherwise comply with TIA (S)312(a).

SECTION 2.06. Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if, and only if, either (i) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue as depositary and a successor depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary, (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee or (iii) there shall have occurred a Default or an Event of Default and any owner of a beneficial interest in a Global Note so requests, then, upon surrender by the Global Note Holder of a Global Note, Notes in the form of Definitive Notes will be issued to each person that the Global Note Holder and the Depositary identify as being the beneficial owner of the related Notes. Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred only to

Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests (other than a transfer of a beneficial interest in a Global Note to a Person who takes delivery thereof in the form of a beneficial interest in the same Global Note), the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture, the Notes and otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of clause (ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferee must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3)(d) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of clause (ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Broker-Dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on

transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an authentication order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interest in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto,

including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, is not (1) a Broker-Dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of

Exhibit C hereto, including the certifications in item (1)(b)
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thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B
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hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company, to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the Private Placement Legend. A beneficial interest in an Unrestricted Global Note cannot be exchanged for a Definitive Note bearing the Private Placement Legend or transferred to a Person who takes delivery thereof in the form of a Definitive Note bearing the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global

Note, in the case of clause (C) above, the Regulation S Global Note, and in the case of clause (E) above, the IAI Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Broker-Dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c)
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thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B
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hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Definitive Notes are being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, pursuant to the provisions of this Section 2.06(e).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the

certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a Broker-Dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act, that the restrictions on transfer contained herein and in the Private Placement Legend are not required in order to maintain compliance with the Securities Act, and such Restricted Definitive Note is being exchanged or transferred in compliance with any applicable blue sky securities laws of any State of the United States.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who

takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request for such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof. Unrestricted Definitive Notes cannot be exchanged for or transferred to Persons who take delivery thereof in the form of a Restricted Definitive Note.

(f) Exchange Offer. Upon the consummation of an Exchange Offer, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letter of Transmittal that (x) they are not Broker-Dealers, (y) they are not participating in the distribution of the Exchange Notes or (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"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") (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 QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C)

INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) 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. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. 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."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE

EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or cancelled in whole and not in part, each such Global Note shall be returned to or retained and cancelled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note, by the Trustee or by the Depositary at the direction of the Trustee, to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.07, 3.10, 4.16 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a transfer or exchange may be submitted by facsimile.

SECTION 2.07. Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company or the Trustee and the Company receive evidence to their satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's and the Company's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company and the Trustee may charge for their expenses in replacing a Note. If after the delivery of such new Note, a bona fide purchaser of the original Note in lieu of which such new Note was issued presents for payment such original Note, the Company and the Trustee shall be entitled to recover such new Note from the person to whom it was delivered or any transferee thereof, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Company or the Trustee in connection therewith.

Every replacement Note is an additional obligation of the Company and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

SECTION 2.08. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee hereunder in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because either of the Company or an Affiliate of the Company holds a Note.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on the Redemption Date or maturity date, money sufficient to pay all principal, premium, if any, interest and Liquidated Damages, if any, payable on that date on the Notes (or the portion thereof to be redeemed or maturing, as the case may be), then on and after that date such Notes (or a portion thereof) shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Affiliate of the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned shall be so disregarded. The Company shall notify the Trustee, in writing, when the Company or any of its Affiliates repurchases or otherwise acquires Notes and the aggregate principal amount of such Notes so repurchased or otherwise acquired.

SECTION 2.10. Temporary Notes.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee upon receipt of an Authentication Order, shall authenticate and deliver temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company and the Trustee consider appropriate for temporary Notes. Without unreasonable delay, upon receipt of an Authentication Order, the Company shall prepare and the Trustee shall authenticate and deliver definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the rights, benefits and privileges of this Indenture.

SECTION 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation, except as expressly permitted by this Indenture. The Company may not issue new Notes to replace Notes that it has redeemed or paid or that have been delivered to the Trustee for cancellation. All cancelled Notes held by the Trustee shall be destroyed (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all cancelled Notes shall be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

SECTION 2.12. Defaulted Interest.

Interest on any Note which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Note is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Note which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date and interest on such defaulted interest at the applicable interest rate borne by the Notes, to the extent lawful (such defaulted interest (and interest thereon) herein collectively called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder; and such Defaulted Interest shall be paid by the Company to the Persons in whose names the Notes are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall give the Trustee at least 15 days' written notice (unless a shorter period is acceptable to the Trustee for its convenience) of the amount of Defaulted Interest proposed to be paid on each Note and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held by the Trustee in trust for the benefit of the Persons entitled to such Defaulted Interest as is provided in this Section 2.12. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date. In the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the Registrar, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest

shall be paid to the Persons in whose names the Notes are registered at the close of business on such Special Record Date.

Subject to the foregoing provisions of this Section 2.12, each Note delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

SECTION 2.13 CUSIP Number

The Company in issuing the Notes shall use a CUSIP number, and the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Holders of Notes; provided, however, that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP number printed in the notice or on the certificates representing the Notes, and that reliance may be placed only on the other identification numbers printed on the certificates representing the Notes. The Company will promptly notify the Trustee of any change in a CUSIP number.

SECTION 2.14 Deposit of Moneys

On each Interest Payment Date and each date on which payments in respect of the Notes are required to be made pursuant to the terms of this Indenture, the Company shall, not later than 12:00 noon (New York City time), deposit with the Paying Agent in immediately available funds money sufficient to make any cash payments due on such date in a timely manner which permits the Paying Agent to remit payment to the Holders on such date.

SECTION 2.15 Issuance of Additional Notes

The Company shall be entitled to issue Additional Notes under this Indenture which shall have identical terms as the Notes issued on May 11, 1999, other than with respect to the date of issuance, issue price and amount of interest payable on the first payment date applicable thereto (and, if such Additional Notes shall be issued in the form of Exchange Notes, other than with respect to transfer restrictions); provided, that such issuance is not prohibited by Section 4.09 hereof.

With respect to any Additional Notes, the Company shall set forth in a resolution of the Board of Directors and in an Officers' Certificate, a copy of each which shall be delivered to the Trustee, the following information:

(A) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture;

(B) the issue price, the issue date and the CUSIP number of such Additional Notes and the amount of interest payable on the first payment date applicable thereto; provided, however, that no Additional Notes may be issued at a

price that would cause such Additional Notes to have "original issue discount" within the meaning of Section 1273 of the Code;

(C) whether such Additional Notes shall be transfer restricted securities and issued in the form of Notes or shall be registered securities issued in the form of Exchange Notes as set forth in Section 2.06 hereof; and

Any Additional Notes shall vote, together with any Notes previously issued pursuant to this Indenture, as one class for all matters.

ARTICLE 3.

REDEMPTION AND OFFERS TO PURCHASE

SECTION 3.01 Applicability of Article

Redemption of Notes at the election of the Company shall be made in accordance with this Article 3.

SECTION 3.02 Election to Redeem; Notice to Trustee

The election of the Company to redeem any Notes pursuant to Section 3.08 hereof shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company, the Company shall, simultaneously with providing the notice to Holders specified in Section 3.08 hereof, notify the Trustee of such Redemption Date and of the principal amount of Notes intended to be redeemed.

SECTION 3.03 Selection of Notes to Be Redeemed

If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption shall be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate; provided that no Notes of $1,000 or less shall be redeemed in part.

The Trustee shall promptly notify the Company and the Registrar (if other than the Trustee) in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to redemption of Notes shall relate, in the case of any Note redeemed or to be redeemed only in part, to the portion of the principal amount of such Note which has been or is to be redeemed.

SECTION 3.04 Notice of Redemption

Notices of redemption shall be mailed by first class mail, postage prepaid, at least 30 but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed at such Holder's registered address. If any Note is to be redeemed in part only, the notice of redemption that relates to such Note shall state the portion of the principal amount thereof to be redeemed.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price, separately stating the amount of any accrued and unpaid interest and Liquidated Damages, if any, to be paid in connection with the redemption;

(3) if less than all Notes then outstanding are to be redeemed, the identification (and, in the case of a Note to be redeemed in part, principal amount) of such Note to be redeemed;

(4) that on the Redemption Date the Redemption Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the Redemption Date, will become due and payable upon each such Note or portion thereof, and that (unless the Company shall default in payment of the Redemption Price and accrued interest and Liquidated Damages, if any, thereon) interest thereon shall cease to accrue on or after said date;

(5) the place or places where such Notes are to be surrendered for payment of the Redemption Price and accrued interest and Liquidated Damages, if any, thereon;

(6) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the Redemption Date;

(7) the CUSIP number, if any, relating to such Notes; and

(8) in the case of a Note to be redeemed in part, the principal amount of such Note to be redeemed and that after the Redemption Date upon surrender of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued.

At the Company's request, the Trustee shall give the notice of redemption in the name of the Company and at the Company's expense: provided, however, that the Company shall deliver to the Trustee, at least 5 business days prior to the date the Company is requesting notice be given to the Holders (unless a shorter notice period shall be satisfactory to the

Trustee for its convenience), an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.05 Deposit of Redemption Price

On or prior to any Redemption Date, the Company shall deposit with the Trustee (to the extent not already held by the Trustee) or with the Paying Agent an amount of money in same day funds (or New York Clearing House funds if such deposit is made prior to the applicable Redemption Date) sufficient to pay the Redemption Price of, and accrued and interest and Liquidated Damages, if any, to the Redemption Date, on all Notes or portions thereof which are to be redeemed on that date.

SECTION 3.06 Notes Payable on Redemption Date

Notice of redemption having been given as aforesaid, the Notes so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the Redemption Date, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest and Liquidated Damages, if any, thereon) such Notes shall cease to bear interest and Liquidated Damages, if any. Any such Note surrendered for redemption in accordance with said notice shall be paid by the Company at the Redemption Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the Redemption Date; provided, however, that installments of interest and Liquidated Damages, if any, whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Notes, registered as such on the relevant Regular Record Dates according to the terms and provisions of Section 2.12 hereof.

If any Note called for redemption shall not be so paid in accordance with the terms hereof, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest and Liquidated Damages, if any, from the Redemption Date at the rate borne by such Note.

SECTION 3.07 Notes Redeemed in Part

Any Note which is to be redeemed only in part shall be surrendered at the office or agency of the Company maintained for such purpose pursuant to Section 4.02 hereof (with, if the Company, the Registrar or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Registrar or the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and a new Note in principal amount equal to the unredeemed portion will be issued in the name of the Holder thereof upon cancellation of the original Note. On and after the Redemption Date, unless the Company defaults in payment of the Redemption Price and accrued interest and Liquidated Damages, if any, thereon, interest and Liquidated Damages, if any, shall cease to accrue on Notes or portions thereof called for redemption.

SECTION 3.08 Optional Redemption

Except as described below, the Notes are not redeemable at the Company's option prior to May 15, 2004. Thereafter, the Notes will be subject to redemption at any time at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable Redemption Date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Percentage
2004.....	104.375%
2005.....	102.916%
2006.....	101.458%
2007 and thereafter..	100.000%

Notwithstanding the foregoing, on or prior to May 15, 2002, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes theretofore issued under this Indenture at a redemption price equal to 108.75% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the Redemption Date, with the net cash proceeds of one or more Equity Offerings; provided that (i) at least 65% of the aggregate principal amount of the Notes theretofore issued remain outstanding immediately following each such redemption and (ii) such redemption shall occur within 60 days of the closing of any such Equity Offering.

In addition, at any time prior to May 15, 2004, following the occurrence of a Change of Control, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice given within 30 days following such Change of Control, at the Make-Whole Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable Redemption Date.

SECTION 3.09 Mandatory Redemption

Except as set forth under Sections 3.10, 4.16 and 4.17 hereof, the Company shall not be required to make any mandatory redemption or sinking fund payments with respect to the Notes.

SECTION 3.10 Offer to Purchase by Application of Excess Proceeds

In the event that, pursuant to Section 4.16 hereof, the Company shall be required to make an offer to all Holders of Notes to purchase Notes (an "Asset Sale Offer"), it shall follow the procedures specified below.

The Asset Sale Offer shall remain open for at least 30 and not more than 40 days, except to the extent that a longer period is required by applicable law (the "Offer Period").

On a date within five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.16 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer.

The Company shall comply with any tender offer rules under the Exchange Act which may then be applicable, including Rule 14e-1, in connection with any offer required to be made by the Company to repurchase the Notes as a result of an Asset Sale Offer.

If the Purchase Date is on or after a Regular Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest and Liquidated Damages, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such Regular Record Date, and no additional interest or Liquidated Damages, if any, shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company shall send, by first class mail, a notice to each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(a) that the Asset Sale Offer is being made pursuant to this Section 3.10 and Section 4.16 hereof and the length of time the Asset Sale Offer shall remain open;

(b) the Offer Amount, the purchase price, separately stating the amount of any accrued and unpaid interest and Liquidated Damages, if any, and the Purchase Date;

(c) that any Note not tendered or accepted for payment shall remain outstanding and continue to accrue interest and Liquidated Damages, if any;

(d) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest or Liquidated Damages, if any, on the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice not later than the last Business Day of the Offer Period;

(f) that Holders shall be entitled to withdraw their tendered Notes and their election to require the Company to purchase such Notes, provided that the Company, the depositary or the Paying Agent, as the case may be, receives, not later than the close of business on the last Business Day of the Offer Period, a telegram, telex,

facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder tendered for purchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes purchased;

(g) that, if the aggregate principal amount of Notes properly tendered by Holders exceeds the Offer Amount, the Trustee shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(h) that Holders whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before noon (New York City time) on each Purchase Date, the Company shall irrevocably deposit with the Trustee or Paying Agent in immediately available funds the aggregate purchase price with respect to a principal amount of Notes equal to the Offer Amount (of, if less than the Offer Amount has been properly tendered, such lesser amount as shall equal the principal amount of Notes properly tendered), together with accrued and unpaid interest and Liquidated Damages, if any, thereon to the Purchase Date, to be held for payment in accordance with the terms of this Section 3.10. On the Purchase Date, the Company shall, to the extent lawful, (i) accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, (ii) deliver or cause the Paying Agent or depositary, as the case may be, to deliver to the Trustee Notes so accepted and (iii) deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.10. The Company, the depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than three Business Days after the Purchase Date) mail or deliver to each tendering Holder whose Notes are to be purchased an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the Purchase Date, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company, shall authenticate and mail or deliver such new Note to such Holder, equal in principal amount to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof.

ARTICLE 4.

COVENANTS

SECTION 4.01 Payment of Notes

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company or any of its Subsidiaries or Affiliates, holds as of 12:00 noon (New York City time) on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium and interest then due. The Company shall pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement. If any Liquidated Damages become payable, the Company shall not later than three Business Days prior to the date that any payment of Liquidated Damages is due (i) deliver an Officers' Certificate to the Trustee setting forth the amount of Liquidated Damages payable to Holders and (ii) instruct the Paying Agent to pay such amount of Liquidated Damages to Holders entitled to receive such Liquidated Damages.

The Company shall pay interest (including post-petition interest under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; the Company shall pay interest (including post-petition interest under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

SECTION 4.02 Maintenance of Office or Agency

The Company will maintain, in The City of New York, an office or agency (which may be an office of the Trustee or Registrar) where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may from time to time designate one or more other offices or agencies (in or outside of The City of New York) where the Notes may be presented or surrendered for any or all such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of

its obligation to maintain an office or agency in The City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 4.03 Money for Security Payments to be Held in Trust

Whenever the Company shall have one or more Paying Agents for the Notes, it will, on or before each due date of the principal of, premium, if any, or interest or Liquidated Damages, if any, on any Notes, deposit with a Paying Agent a sum in same day funds (or New York Clearing House funds if such deposit is made prior to the date on which such deposit is required to be made) sufficient to pay the principal, premium, if any, or interest or Liquidated Damages, if any, so becoming due (or at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders of Notes; provided that all payments on the Global Notes and all payments of interest and Liquidated Damages, if any, on the Definitive Notes, the holders of which have given wire transfer instructions to the Company or the Paying Agent at least ten Business Days prior to the applicable payment date, shall be made by wire transfer in same day funds), such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest or Liquidated Damages, if any, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of such action or any failure so to act.

The Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 4.03, that such Paying Agent will:

(a) hold all sums held by it for the payment of the principal of, premium, if any, or interest or Liquidated Damages, if any, on Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any default by the Company (or any other obligor upon the Notes) in the making of any payment of principal, premium, if any, or interest or Liquidated Damages, if any;

(c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent; and

(d) acknowledge, accept and agree to comply in all respects with the provisions of this Indenture relating to the duties, rights and obligations of such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying

Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest or Liquidated Damages, if any, on any Note and remaining unclaimed for two years after such principal, premium, if any, or interest or Liquidated Damages, if any, has become due and payable shall be paid to the Company on Company Request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense of the Company cause notice to be promptly sent to each Holder that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 4.04 Reports

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company shall furnish to the Holders of Notes (i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports. In addition, whether or not required by the rules and regulations of the SEC, the Company shall file a copy of all such information and reports with the SEC for public availability (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. The Company and its Restricted Subsidiaries shall, for so long as any Notes remain outstanding, furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company shall also comply with the provisions of TIA (S)314(a).

(b) If the Company instructs the Trustee to distribute any of the documents described in clause (a) above to the Holders of Notes, the Company shall provide the Trustee with a sufficient number of copies of all documents that the Company may be required to deliver to the Holders of Notes under this Section 4.04. Any such distribution by the Trustee pursuant to this clause (b) shall be at the expense of the Company.

SECTION 4.05 Compliance Certificate

(a) The Company and each Guarantor shall deliver to the Trustee, within 120 days after the end of each fiscal year ending after the date hereof, an Officers' Certificate stating, as to each Officer signing such certificate, that to the best of his or her knowledge each entity is not in default in the performance or observance of any terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall exist, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest or Liquidated Damages, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto. For purposes of this Section 4.05, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

(b) The Company will, so long as any of the Notes are outstanding within five Business Days, upon becoming aware of any Default or Event of Default, deliver to the Trustee an Officers' Certificate specifying such Default, Event of Default and what action the Company is taking or proposes to take with respect thereto.

SECTION 4.06 Taxes

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (a) all material taxes, assessments and governmental charges levied or imposed upon it or any Subsidiary or upon the income, profits or property of the Company or any of its Subsidiaries and (b) all material lawful claims for labor, materials and supplies, which, if unpaid, might by law become a Lien upon the property of the Company or any of its Subsidiaries that could produce a material adverse effect on the consolidated financial condition of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings and in respect of which appropriate reserves (in the good faith judgment of management of the Company) are being maintained in accordance with GAAP.

SECTION 4.07 Stay, Extension and Usury Laws

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.08 Corporate Existence; Maintenance of Properties and Insurance

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Restricted Subsidiary and (ii) its (and its Restricted Subsidiaries') rights (charter and statutory), licenses and franchises; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Restricted Subsidiaries, if the Board of Directors or management of the Company shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of Notes.

With such exceptions, if any, as are not material in the aggregate and are not adverse in any material respect to the Holders of Notes, the Company shall, and shall cause each of its Subsidiaries to, maintain its properties in good working order and condition (subject to ordinary wear and tear) and make all reasonably necessary repairs, renewals, replacements, additions and improvements required for it to actively conduct and carry on its business.

The Company shall maintain insurance against loss or damage of the kinds that, in the good faith judgment of the Company, are adequate and appropriate for the conduct of the business of the Company and its Subsidiaries in a prudent manner, with reputable insurers or with the government of the United States of America or an agency or instrumentality thereof, in such amounts, with such deductibles, and by such methods as shall be customary, in the good faith judgment of the Company, for companies similarly situated in the industry.

SECTION 4.09 Limitation on the Incurrence of Indebtedness and Issuance of Preferred Stock

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt) and the Company shall not permit any of its Restricted Subsidiaries to issue any shares of Preferred Stock (other than to the Company or a Restricted Subsidiary of the Company); provided, however, that the Company and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) if the Consolidated Interest Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been equal to or greater than 2 to 1, determined on a pro forma basis, as if the additional Indebtedness had been incurred at the beginning of such four-quarter period and no Event of Default shall have occurred and be continuing after giving effect on a pro forma basis to such incurrence.

The provisions of the first paragraph of this Section 4.09 will not apply to the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness under the Credit Agreement in an aggregate amount outstanding (with letters of credit being deemed for all purposes of this Indenture to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries in respect thereof) at any time not to exceed the greater of (x) $450 million and (y) 3.5 times Consolidated Resort EBITDA for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is being incurred less, in each case, the aggregate amount of such Indebtedness permanently repaid with the Net Proceeds of any Asset Sale;

(ii) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness represented by the Notes (including the Exchange Notes), the Guarantees thereof and this Indenture in the principal amount of Notes originally issued on the Closing Date;

(iii) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(iv) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness (other than Hedging Obligations) in an aggregate principal amount not to exceed $50 million at any time outstanding;

(v) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in connection with the acquisition of assets or a new Restricted Subsidiary (including Indebtedness that was incurred by the prior owner of such assets or by such Restricted Subsidiary prior to such acquisition by the Company and its Restricted Subsidiaries); provided that the aggregate principal amount of Indebtedness incurred pursuant to this clause (v) does not exceed $20 million at any time outstanding;

(vi) the incurrence by the Company and its Restricted Subsidiaries of Permitted Refinancing Indebtedness;

(vii) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and its Restricted Subsidiaries; provided, however, that any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company, and any sale or other transfer of any such Indebtedness to a Person that is not the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(viii) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations incurred for the purpose of hedging against fluctuations in currency values or for the purpose of fixing or hedging interest rate risk with respect to any floating rate Indebtedness of the Company or any of its Restricted Subsidiaries permitted by this Indenture; provided that the notional principal amount of any Hedging Obligations does not significantly exceed the principal amount of Indebtedness to which such agreement relates;

(ix) the Guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company permitted by this Indenture;

(x) the incurrence of Indebtedness arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, in each case incurred in connection with the acquisition or disposition of any business or assets or subsidiaries of the Company permitted by this Indenture; and

(xi) the Indebtedness incurred from time to time under a revolving credit facility of SSI Venture, LLC in an aggregate amount outstanding at any time not to exceed $10 million, so long as SSI Venture, LLC remains a Restricted Subsidiary of the Company.

For purposes of determining the amount of any Indebtedness of any Person under this Section 4.09, (a) the principal amount of any Indebtedness of such Person arising by reason of such Person having granted or assumed a Lien on its property to secure Indebtedness of another Person shall be the lower of the fair market value of such property and the principal amount of such Indebtedness outstanding (or committed to be advanced) at the time of determination; (b) the amount of any Indebtedness of such Person arising by reason of such Person having Guaranteed Indebtedness of another Person where the amount of such Guarantee is limited to an amount less than the principal amount of the Indebtedness so Guaranteed shall be such amount as so limited; and (c) Indebtedness shall not include a non-recourse pledge by the Company or any of its Restricted Subsidiaries of Investments in any Person that is not a Restricted Subsidiary of the Company to secure the Indebtedness of such Person.

For purposes of determining compliance with this Section 4.09, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xi) above or is entitled to be incurred pursuant to the first paragraph of this Section 4.09, the Company, in its sole discretion, either (a) shall classify (and may later reclassify) such item of Indebtedness in one of such categories in any manner that complies with this Section 4.09 or (b) shall divide and classify (and may later redivide and reclassify) such item of Indebtedness into more than one of such categories pursuant to such first paragraph.

SECTION 4.10 Limitation on Restricted Payments

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, (i) declare or pay any dividend or make any other payment or distribution on account of the Company's Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company) or to any direct or indirect holders of the Company's Equity Interests in their capacity as such (other than dividends or distributions (a) payable in Equity Interests (other than Disqualified Stock) of the Company, (b) payable in Capital Stock or assets of an Unrestricted Subsidiary of the Company or (c) payable to the Company or any Restricted Subsidiary of the Company); (ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company, or any Equity Interests of any of its Restricted Subsidiaries held by any Affiliate of the Company (other than any such Equity Interests owned by the Company or any Restricted Subsidiary of the Company, any Equity Interests then being issued by the Company or a Restricted Subsidiary of the Company or any Investment in a Person that, after giving effect to such Investment, is a Restricted Subsidiary of the Company); (iii) make any payment on or with respect to, or purchase, redeem, repay, defease or otherwise acquire or retire for value, any Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Notes or any Guarantee thereof, except a regularly scheduled payment of interest or principal or sinking fund payment (other than the purchase or other acquisition of such subordinated Indebtedness made in anticipation of satisfying any sinking fund payment due within one year from the date of acquisition); or (iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments declared or made by the Company and its Restricted Subsidiaries after the Closing Date (without duplication and excluding Restricted Payments permitted by clauses (ii) and (iii) of the following paragraph), is less than the sum of (1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of the Indenture to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus (2) 100% of the aggregate net cash proceeds

and the fair market value of any assets or property (as determined in good faith by the Board of Directors of the Company) received by the Company from the issue or sale since the Closing Date of Equity Interests of the Company (other than Disqualified Stock), or of Disqualified Stock or debt securities of the Company that have been converted into such Equity Interests (other than Equity Interests or Disqualified Stock or convertible debt securities sold to a Subsidiary of the Company and other than Disqualified Stock or convertible debt securities that have been converted into Disqualified Stock); plus (3) with respect to Restricted Investments made after the Closing Date, the net reduction of such Restricted Investments as a result of (x) any disposition of any such Restricted Investments sold or otherwise liquidated or repaid, to the extent of the net cash proceeds and the fair market value of any assets or property (as determined in good faith by the Board of Directors of the Company) received, (y) dividends, repayment of loans or advances or other transfers of assets to the Company or any Restricted Subsidiary of the Company or (z) the portion (proportionate to the Company's interest in the equity of a Person) of the fair market value of the net assets of an Unrestricted Subsidiary or other Person immediately prior to the time such Unrestricted Subsidiary or other Person is designated or becomes a Restricted Subsidiary of the Company (but only to the extent not included in subclause (1) of this clause (c)), provided that the sum of items (x), (y) and (z) of this subclause (3) shall not exceed, in the aggregate, the aggregate amount of such Restricted Investments made after the Closing Date.

The foregoing provisions shall not prohibit (i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture, (ii) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness or Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than any Disqualified Stock, except to the extent that such Disqualified Stock is issued in exchange for other Disqualified Stock or the net cash proceeds of such Disqualified Stock is used to redeem, repurchase, retire or otherwise acquire other Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (c)(2) of the preceding paragraph; (iii) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness in exchange for, or out of the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness; (iv) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any employees, officers or directors of the Company or any of its Restricted Subsidiaries or, upon the death, disability or termination of employment of such officers, directors and employees, their authorized representatives in an aggregate amount not to exceed in any twelve month period, $2.0 million plus the aggregate net cash proceeds from any issuance during such period of Equity Interests by the Company to such employees, officers, directors, or representatives plus the aggregate net cash proceeds from any payments on life insurance policies in which the Company or its Restricted Subsidiaries is the beneficiary with respect to such employees, officers or directors the proceeds of which are used to repurchase, redeem or acquire Equity

Interests of the Company held by such employees, officers, directors or representative; (v) the repurchase of Equity Interests of the Company deemed to occur upon the exercise of stock options or similar arrangement if such Equity Interests represents a portion of the exercise price thereof; or (vi) additional Restricted Payments in an amount not to exceed $15 million; provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (iv) or (vi) no Default or Event of Default shall have occurred and be continuing.

In the case of any Restricted Payments made other than in cash, the amount thereof shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any such asset(s) or securities shall be determined in good faith by the Board of Directors of the Company. Where the amount of any Investment made other than in cash is otherwise required to be determined for purposes of this Indenture, then unless otherwise specified such amount shall be the fair market value thereof on the date of such Investment, and fair market value shall be determined in good faith by the Board of Directors of the Company.

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such determination, all outstanding Investments (including without limitation any direct or indirect obligation to subscribe for additional Equity Interests or maintain or preserve such subsidiary's financial condition or to cause such person to achieve any specified level of operating results) by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Investments at the time of such designation and, except to the extent, if any, that such Investments are Permitted Investments at such time, will reduce the amount otherwise available for Restricted Payments. All such outstanding Investments will be deemed to constitute Investments in an amount equal to the fair market value of such Investments at the time of such designation. Such designation will only be permitted if such Investment would be permitted at such time and if such Restricted Subsidiary otherwise meets (or would meet concurrently with the effectiveness of such designation) the definition of an Unrestricted Subsidiary.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a Board Resolution giving effect to such designation. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (i) such Indebtedness is permitted by Section 4.09 hereof and (ii) no Default or Event of Default would be in existence following such designation.

SECTION 4.11 Limitation on Liens

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien securing Indebtedness

on any asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens.

SECTION 4.12 Limitation on Transactions with Affiliates

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an "Affiliate Transaction"), unless (i) such Affiliate Transaction is on terms that are no less favorable to Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person and (ii) the Company delivers to the Trustee (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $5.0 million, a Board Resolution authorizing and determining the fairness of such Affiliate Transaction approved by a majority of the independent members of the Board of Directors of the Company and (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $15.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The foregoing provisions will not prohibit (i) reasonable fees and compensation paid to and indemnity provided on behalf of officers, directors, employees, agents or consultants of the Company or any Restricted Subsidiary of the Company as determined in good faith by the Company's Board of Directors or senior management including, without limitation, any issuance of Equity Interests of the Company pursuant to stock option, stock ownership or similar plans; (ii) transactions between or among the Company and/or its Restricted Subsidiaries; (iii) any agreement or arrangement as in effect on the Closing Date and publicly disclosed or any amendment thereto or any transaction contemplated thereby (including pursuant to any amendment thereto) in any replacement agreement or arrangement thereto so long as any such amendment or replacement agreement or arrangement is not more disadvantageous to the Company or its Restricted Subsidiaries, as the case may be, in any material respect than the original agreement as in effect on the Closing Date; (iv) loans or advances to employees and officers of the Company and its Restricted Subsidiaries not in excess of $5 million at any time outstanding; and (v) any Permitted Investment or any Restricted Payment that is permitted by Section 4.10 hereof.

SECTION 4.13 Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to (i) (a) pay dividends or make any other distributions to the Company or any of its Restricted

Subsidiaries (1) on its Capital Stock or (2) with respect to any other interest or participation in, or measured by, its profits, or (b) pay any indebtedness or other obligations owed to the Company or any of its Restricted Subsidiaries, (ii) make loans or advances to the Company or any of its Restricted Subsidiaries, (iii) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries or (iv) guarantee the Notes or any renewals or refinancings thereof, in each case except for such encumbrances or restrictions (other than encumbrances and restrictions in respect of clause (iv) of this sentence) existing under or by reason of (a) Existing Indebtedness as in effect on the Closing Date, (b) the Credit Agreement as in effect as of the Closing Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive with respect to such dividend and other payment restrictions than those contained in the Credit Agreement as in effect on the Closing Date, (c) the Notes, any Guarantee thereof and this Indenture, (d) applicable law, (e) any instrument governing Indebtedness or Equity Interests of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Equity Interests were incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the Equity Interests, properties or assets of any Person, other than the Person, or the Equity Interests, property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by this Indenture, (f) by reason of customary nonassignment provisions in leases entered into in the ordinary course of business and consistent with past practices, (g) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature described in clause (iii) above on the property so acquired or proceeds therefrom, (h) customary restrictions in asset or stock sale agreements limiting transfer of such assets or stock pending the closing of such sale, (i) customary non-assignment provisions in contracts entered into in the ordinary course of business, or (j) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced.

SECTION 4.14 Limitation on Layering Debt

(a) The Company shall not, directly or indirectly, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is by its terms subordinate or junior in right of payment to any Senior Debt of the Company and senior in any respect in right of payment to the Notes.

(b) The Company shall not permit any Guarantor to, directly or indirectly, incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is by its terms subordinate or junior in right of payment to any Senior Debt of such Guarantor and senior in any respect in right of payment to the Subsidiary Guarantee of such Guarantor.

SECTION 4.15 Payments for Consent

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders of Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

SECTION 4.16 Asset Sales

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless (i) the Company (or such Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value (evidenced by a Board Resolution) of the assets or Equity Interests issued or sold or otherwise disposed of and (ii) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of (x) cash or Cash Equivalents or (y) a controlling interest in another business or fixed or other long-term assets, in each case, in a Similar Business; provided that the amount of (a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee thereof) that are assumed by the transferee of any such assets or Equity Interests such that the Company or such Restricted Subsidiary are released from further liability and (b) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 90 days or are guaranteed (by means of a letter of credit or otherwise) by an institution specified in the definition of "Cash Equivalents" (to the extent of the cash received or the obligations so guaranteed) shall be deemed to be cash or Cash Equivalents for purposes of this Section 4.16, subject to application as provided in the following paragraph.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company, at its option, may (i) apply such Net Proceeds to permanently prepay, repay or reduce any Senior Debt of the Company (and to correspondingly reduce commitments with respect thereto in the case of revolving borrowings) or (ii) apply such Net Proceeds to the acquisition of a controlling interest in another business, the making of a capital expenditure or the acquisition of other long-term assets, in each case, in a Similar Business, or determine to retain such Net Proceeds to the extent such Net Proceeds constitute such a controlling interest or long-term asset in a Similar Business. Pending the final application of any such Net Proceeds, the Company may invest such Net Proceeds in any manner that is not prohibited by this Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this paragraph will be deemed to constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $10 million, the Company shall make an offer to all Holders of Notes (and holders of other Indebtedness of the Company to the extent required by the terms of such other Indebtedness) (an "Asset Sale

Offer") to purchase the maximum principal amount of Notes (and such other Indebtedness) that does not exceed the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase, in accordance Section 3.10 hereof. To the extent that the aggregate principal amount of Notes (and such other Indebtedness) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes (and such other Indebtedness) tendered exceeds the amount of Excess Proceeds, the Notes (and such other Indebtedness) to be purchased shall be selected on a pro rata basis. Upon completion of an Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. The Asset Sale Offer must be commenced within 60 days following the date on which the aggregate amount of Excess Proceeds exceeds $10 million.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to an Asset Sale Offer.

SECTION 4.17 Offer to Repurchase Upon Change of Control

(a) Upon the occurrence of a Change of Control, unless notice of redemption of the Notes in whole has been given pursuant to Sections 3.04 and 3.08 hereof, the Company shall make an offer to purchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes pursuant to the offer described below (the "Change of Control Offer") at an offer price in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase (the "Change of Control Payment Date").

(b) Notice of a Change of Control Offer shall be mailed by the Company, with a copy to the Trustee, or, at the option of the Company and at the expense of the Company, by the Trustee within 30 days following a Change of Control to each Holder of Notes, with the following statements and/or information:

(1) a Change of Control Offer is being made pursuant to this Section 4.17 and that all Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment;

(2) the purchase price, the expiration date of the Change of Control Offer (the "Expiration Date"), which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed (except as may be otherwise required by applicable law) and the Change of Control Payment Date, which shall be no later than the third Business Day following the Expiration Date;

(3) any Note not properly tendered will remain outstanding and continue to accrue interest and Liquidated Damages, if any;

(4) unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest and Liquidated Damages, if any, on the Change of Control Payment Date;

(5) Holders electing to have a Note purchased pursuant to any Change of Control Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, a depositary, if appointed by the Company, or a Paying Agent and at the address specified in the notice prior to the expiration of the Change of Control Offer;

(6) Holders shall be entitled to withdraw their tendered Notes and their election to require the Company to purchase such Notes, provided that the Company, the depositary or Paying Agent, as the case may be, receives, not later than the close of business on the Expiration Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes tendered for purchase, and a statement that such Holder is withdrawing his tendered Notes and his election to have such Notes purchased;

(7) that Holders whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof; and

(8) a description of the transaction or transactions that constitute the Change of Control.

(c) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer.

(d) On the Change of Control Payment Date, the Company shall, to the extent lawful, (1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer, (2) deposit with the Paying Agent an amount equal to the aggregate Change of Control Payment in respect of all Notes or portions thereof so tendered and (3) deliver, or cause to be delivered, to the Trustee for cancellation the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly mail

or deliver to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of $1,000 or an integral multiple thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(e) Notwithstanding the foregoing, if the Change of Control Payment Date is on or after a Regular Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest and Liquidated Damages, if any, shall be paid to the Person in whose name a Note is registered at the close of business on such Regular Record Date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Change of Control Offer.

(f) Notwithstanding the foregoing, the Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

(g) The Change of Control provisions described in this Section 4.17 will be applicable whether or not any other provisions of this Indenture are applicable.

SECTION 4.18 Additional Subsidiary Guarantees

If any Restricted Subsidiary of the Company after the date of this Indenture shall become or be required to become a guarantor under the Credit Agreement, or shall become a guarantor of any other Indebtedness of the Company or any Restricted Subsidiary, then the Company shall cause such Restricted Subsidiary to (i) become (by a supplemental indenture executed and delivered to the Trustee in form satisfactory to the Trustee) a Guarantor and (ii) deliver to the Trustee an Opinion of Counsel reasonably satisfactory to the Trustee that such supplemental indenture has been duly executed and delivered; provided, that if such Restricted Subsidiary is released and discharged from all obligations under such guarantees, it shall be released and discharged from its obligations under its Subsidiary Guarantee as provided in Section 12.06 hereof. For the purposes of this Indenture, a Subsidiary shall, without limitation, be deemed to have guaranteed Indebtedness of another Person if such Subsidiary has Indebtedness of the kind described in clause (ii) or clause (iii) of the definition of the term "Indebtedness."

ARTICLE 5.

SUCCESSORS

SECTION 5.01 Limitation on Merger, Consolidation or Sale of Assets

(a) The Company shall not consolidate or merge with or into (whether or not the Company is the surviving Person), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another Person unless (i) the Company is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized or existing under the laws of the United States, any state thereof or the District of Columbia; (ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes and this Indenture pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee; (iii) immediately after giving effect to such transaction no Default or Event of Default exists; and (iv) except in the case of a merger of the Company with or into a Restricted Subsidiary of the Company, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made, (A) shall have Consolidated Net Worth immediately after the transaction equal to or greater than the Consolidated Net Worth of the Company immediately preceding the transaction and (B) shall, at the time of such transaction and after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Interest Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof.

Nothing contained in the foregoing paragraph shall prohibit (i) any Restricted Subsidiary from consolidating with, merging with or into, or transferring all or part of its properties and assets to the Company or (ii) the Company from merging with an Affiliate for the purpose of reincorporating the Company in another jurisdiction to realize tax or other benefits; provided, however, that in connection with any such merger, consolidation or asset transfer no consideration, other than common stock (that is not Disqualified Stock) in the surviving Person or the Company shall be issued or distributed.

(b) The Company shall deliver to the Trustee prior to the consummation of any proposed transaction subject to the foregoing clause (a) an Officers' Certificate and an Opinion of Counsel, each stating that the proposed transaction and such supplemental indenture comply with this Indenture. The Trustee shall be entitled to conclusively rely upon such Officers' Certificate and Opinion of Counsel.

SECTION 5.02 Successor Person Substituted

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein.

ARTICLE 6.

DEFAULTS AND REMEDIES

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); or

(3) failure by the Company or any of its Restricted Subsidiaries to comply with Article 5 hereof; or

(4) Failure by the Company to comply with Sections 3.10, 4.16 or 4.17 hereof (whether or not prohibited by Article 10 hereof) (other than a failure to purchase Notes pursuant to an offer commenced under such provisions, which shall be subject to clause (2) above) for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes; or

(5) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in this Indenture or the Notes other than those referred to in clauses (1), (2), (3) or (4) above; or

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Closing Date, which default (a) is caused by a failure to pay principal after final maturity of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10 million or more without such Indebtedness being discharged or such acceleration having been cured, waived or rescinded within 30 days of acceleration; or

(7) failure by the Company or any of its Significant Subsidiaries to pay final judgments aggregating in excess of $10.0 million and either (a) any creditor commences enforcement proceedings upon any such judgment or (b) such judgments are not paid, discharged or stayed for a period of 60 days; or

(8) except as permitted by this Indenture, any Guarantee of the Notes by a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any other reason to be in full force and effect, or any Guarantor which is a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; or

(9) the Company or any Restricted Subsidiary that is a Significant Subsidiary, pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case or proceeding,

(B) consents to the entry of an order for relief against it in an involuntary case or proceeding,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) admits in writing its inability generally to pay its debts as the same become due; or

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any Restricted Subsidiary that is a Significant Subsidiary in an involuntary case or proceeding,

(B) appoints a Custodian of the Company or any Restricted Subsidiary that is a Significant Subsidiary or for all or a substantial part of the property of the Company or any Restricted Subsidiary that is a Significant Subsidiary, or

(C) orders the liquidation of the Company or any Restricted Subsidiary that is a Significant Subsidiary,

and the order or decree contemplated by clause (A), (B) or (C) of this clause (10) remains unstayed and in effect for 60 consecutive days.

SECTION 6.02 Acceleration of Maturity

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 immediately by notice in writing to the Company and the Trustee. Upon a declaration of acceleration, the Notes and all other Obligations thereunder shall become immediately due and payable.

Notwithstanding the foregoing, in the case of an Event of Default specified in clause (9) or (10) of Section 6.01 hereof occurring with respect to the Company, all outstanding Notes and all other Obligations thereunder shall become immediately due and payable without further action or notice.

If any Event of Default occurs by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company or any Guarantor with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.08 hereof, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

SECTION 6.03 Other Remedies

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy (under this Indenture or otherwise) to collect the payment of principal of, premium, if any, Liquidated Damages, if any, and interest on the Notes or to enforce the performance of any provision of the Notes, this Indenture or the Registration Rights Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04 Waiver of Past Defaults

Subject to Section 6.07 hereof, the Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, interest or Liquidated Damages, if any, on, any Note held by a non-consenting Holder; provided, however, that the Holders of at least a majority in aggregate principal amount of the Notes then outstanding may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05 Control by Majority

The Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, subject to Section 7.01 hereof, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability. The Trustee may take any other action which it deems proper and which is not inconsistent with any such direction. In the event the Trustee takes any action or follows any direction pursuant to this Indenture, the Trustee shall be entitled to indemnification reasonably satisfactory to it against any loss or expense caused by taking such action or following such direction.

SECTION 6.06 Limitation on Suits

No Holder of a Note will have any right to institute any proceeding with respect to this Indenture or for any remedy hereunder, unless (i) such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to the Notes, (ii) the Holders of at least 25% in aggregate principal amount of the Notes then outstanding shall have made written request to the Trustee to institute such proceeding and, if requested by the Trustee, provided indemnity satisfactory to the Trustee, with respect to such proceeding, (iii) the Trustee shall not have received from the Holders of a majority in aggregate principal amount of the Notes then outstanding a direction inconsistent with such request and (iv) the Trustee shall have failed to institute such proceeding within 30 days after such request and, if requested, the provision of an indemnity satisfactory to the Trustee.

Notwithstanding anything to the contrary contained in this Section 6.06, any Holder of a Note shall have the right to institute a proceeding with respect to this Indenture or the Notes or for any remedy in the following instances:

(i) a Holder of a Note may institute suit for enforcement of payment of principal of and premium, if any, or interest or Liquidated Damages, if any, on such Note on or after the respective due dates expressed in such Note (including upon acceleration thereof) or

(ii) Holders of a majority in principal amount of the outstanding Notes may institute any proceeding with respect to this Indenture or the Notes or any remedy thereunder; provided that, upon institution of any proceeding or exercise of any remedy, such Holders provide the Trustee with prompt written notice thereof.

A Holder of Notes may not use this Indenture to prejudice the rights of another Holder of Notes or to obtain a preference or priority over another Holder of Notes.

SECTION 6.07 Rights of Holders to Receive Payment

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, premium, if any, interest or Liquidated Damages, if any, on any Note, on or after the respective due dates expressed in such Note, any Redemption Date, any Change of Control Payment Date or any Purchase Date, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08 Collection Suit by Trustee

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continu ing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company or any Guarantor for the whole amount of principal of, premium, if any, interest and Liquidated Damages, if any, owing on the Notes and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due to the Trustee under Section 7.07 hereof.

SECTION 6.09 Trustee May File Proofs of Claim

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of Notes allowed in any judicial proceedings relative to the Company (or any Guarantor or other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable upon the conversion or exchange of the Notes or upon any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder of Notes to make such payments to the Trustee and, in the event that the Trustee shall expressly consent to the making of such payments directly to the Holders of Notes, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts

due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders of Notes may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Notes any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of Notes in any such proceeding.

SECTION 6.10 Priorities

If the Trustee collects any money pursuant to this Article 6, it shall, subject to Article 10 and Section 12.04 hereof, pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, interest and Liquidated Damages, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, interest and Liquidated Damages, if any, respectively;

Third: without duplication, to the Holders for any other Obligations owing to the Holders under this Indenture, the Registration Rights Agreement and the Notes; and

Fourth: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11 Undertaking for Costs

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11

does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by a Holder or Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.

TRUSTEE

SECTION 7.01 Duties of Trustee

(1) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(2) Except during the continuance of an Event of Default:

(A) the duties of the Trustee shall be determined solely by the TIA or the express provisions of this Indenture and the Trustee need perform, and be liable for (as set forth herein), only those duties that are specifically set forth in the TIA or this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(B) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, provided that the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(A) this paragraph does not limit the effect of clause (2) of this Section 7.01.

(B) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(C) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(4) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to clauses (1), (2) and (3) of this Section 7.01.

(5) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture unless the Holders shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(6) The Trustee shall not be liable for interest on any money or other assets received by it except as the Trustee may agree in writing with the Company. Money or other assets held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(7) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or documents, but the Trustee, in its discretion may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company or any Subsidiary of the Company, personally or by agent or attorney.

SECTION 7.02 Rights of Trustee

(1) The Trustee may conclusively rely and shall be fully protected in relying upon any resolution, document, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond or other document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(2) Before the Trustee acts or refrains from acting, it may consult with counsel and it may require an Officers' Certificate or an Opinion of Counsel or both which shall comply with Sections 1.05 and 13.04 hereof. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability, in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(3) The Trustee may act through its attorneys, agents, custodians and nominees and shall not be responsible for the misconduct or negligence of any agent, custodian and nominee appointed with due care.

(4) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(5) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company or any Guarantor shall be sufficient if signed by an Officer of the Company or such Guarantor. A permissive right granted to the Trustee hereunder shall not be deemed an obligation to act.

(6) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture including, without limitation, the provisions of Section 6.05 hereof, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request, order or direction.

(7) The Trustee shall not be charged with knowledge of any Default or Event of Default unless either (i) a Responsible Officer of the Trustee shall have actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default shall have been given to the Trustee by the Company or any Holder.

(8) In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of the party directing such investment to provide timely written investment direction; provided in each such case that the Trustee shall have acted strictly in accordance with written directions received from the instructing party. The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction.

(9) In the event that the Trustee is also acting as Paying Agent, transfer agent, or Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article 7 shall also be afforded to such Paying Agent, transfer agent, or Registrar.

SECTION 7.03 Individual Rights of Trustee

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. However, the Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04 Trustee's Disclaimer

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the direction of the Company under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall

not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05 Notice of Defaults

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, interest or Liquidated Damages, if any, on any Note pursuant to Section 6.01(1) or (2) hereof, the Trustee may withhold the notice if it in good faith determines that withholding the notice is in the interests of Holders of Notes.

SECTION 7.06 Reports by Trustee to Holders of Notes

Within 60 days after each May 15 beginning with May 15, 2000, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of Notes a brief report dated as of such reporting date that complies with TIA (S) 313(a) (but if no event described in TIA (S) 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA (S) 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA (S) 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA (S) 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any securities exchange or of any delisting thereof.

SECTION 7.07 Compensation and Indemnity

The Company and each of the Guarantors, jointly and severally, shall pay to the Trustee, from time to time, as may be agreed upon between them, reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company and each of the Guarantors, jointly and severally, shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services in accordance with any provision of this Indenture (including, without limitation, the reasonable compensation, expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ (A) in connection with the preparation, execution and delivery of this Indenture, any waiver or consent hereunder, any modification or termination hereof, or any Event of Default or alleged Event of Default; (B) if an Event of Default occurs, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings relating thereto; (C) in connection with the administration of the Trustee's rights pursuant hereto; or (D) in connection with any removal of the Trustee pursuant to Section 7.08 hereof), except

such disbursements, advances and expenses as may be attributable to its negligence or bad faith.

The Company and each of the Guarantors, jointly and severally, shall indemnify the Trustee and its officers, directors, employees and agents against any and all losses, liabilities, obligations, damages, penalties, judgments, actions, suits, proceedings, reasonable costs and expenses (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company or the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other Person) or liability in connection with the exercise or performance of any of its duties or powers hereunder; provided, however, that the Company need not reimburse any expense or indemnify against any loss, obligation, damage, penalty, judgment, action, suit, proceeding, reasonable cost or expense (including reasonable fees and disbursements of counsel) of any kind whatsoever which may be incurred by the Trustee in connection with any investigative, administrative or judicial proceeding (whether or not such indemnified party is designated a party to such proceeding) in which it is determined that the Trustee acted with gross negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company or the Guarantors of any of their obligations hereunder. The Company and the Guarantors shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company and each of the Guarantors, jointly and severally, shall pay the reasonable fees and expenses of such counsel. The Company and the Guarantors need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company and the Guarantors under this Section 7.07 (including the reasonable fees and expenses of its agents and counsel) shall survive the resignation or removal of the Trustee and the satisfaction and discharge of this Indenture and any rejection or termination under any Bankruptcy Law.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal, premium, if any, and interest and Liquidated Damages, if any, on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(9) or (10) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA (S) 313(b)(2) to the extent applicable.

SECTION 7.08 Replacement of Trustee

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of Notes who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

The Company shall give or cause to be given notice of each resignation and each removal of the Trustee to all Holders in the manner provided herein. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring

Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of Notes. The retiring Trustee shall promptly transfer, after payment of all amounts owing to the Trustee pursuant to Section 7.07 hereof, all property held by it as Trustee to the successor Trustee; provided that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business (including the trust created by this Indenture) to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10 Eligibility; Disqualification

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state or territory thereof or of the District of Columbia that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal, state, territorial or District of Columbia authorities and that has, or is a wholly owned subsidiary of a bank holding company that has, a combined capital and surplus of at least $25,000,000 as set forth in its most recent published annual report of condition.

If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 7.10 it shall resign immediately in the manner and with the effect specified in this Article 7.

This Indenture shall always have a Trustee who satisfies the requirements of the TIA, including TIA (S)(S) 310(a)(1), (2) and (5). The Trustee is subject to TIA (S) 310(b).

SECTION 7.11 Preferential Collection of Claims Against Company

The Trustee is subject to TIA (S) 311(a), excluding any creditor relationship listed in TIA (S) 311(b). A Trustee who has resigned or been removed shall be subject to TIA (S) 311(a) to the extent indicated therein.

ARTICLE 8.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01 Option to Effect Legal Defeasance or Covenant Defeasance

The Company may, at its option, evidenced by an Officers' Certificate, at any time, with respect to the Notes, elect to have either Section 8.02 or 8.03 hereof be applied to all Notes and Subsidiary Guarantees then outstanding upon compliance with the conditions set forth in this Article 8.

SECTION 8.02 Legal Defeasance and Discharge

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their respective obligations with respect to all Notes and Subsidiary Guarantees then outstanding on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company and any Guarantor shall be deemed to have paid and discharged the entire Indebtedness represented by the Notes and any Subsidiary Guarantee then outstanding, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all their other obligations under such Notes and Subsidiary Guarantees, and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments prepared by the Company acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Notes then outstanding to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, interest and Liquidated Damages, if any, on such Notes when such payments are due, or on the Redemption Date, as the case may be, (b) the Company's obligations with respect to such Notes under Sections 2.03, 2.04, 2.05, 2.06, 2.07, 2.10, 4.02 and 4.03 hereof, (c) the rights, powers, trusts, duties, indemnities and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (d) this Article 8. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof with respect to the Notes.

SECTION 8.03 Covenant Defeasance

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each Guarantor shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their obligations under the covenants contained in Sections 4.04, 4.05, 4.06, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14 , 4.15, 4.16, 4.17 and 4.18 and Article 5 hereof with respect to the outstanding Notes and the Subsidiary Guarantees on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes and the Subsidiary Guarantees shall

thereafter be deemed not to be "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes and the Subsidiary Guarantees shall not be deemed outstanding for financial accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and the Subsidiary Guarantees, the Company and any Guarantor may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document, and such omission to comply shall not constitute a Default or Event of Default under Section 6.01(3), (4) or (5) hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3) through 6.01(8) hereof shall not constitute Events of Default.

SECTION 8.04 Conditions to Legal Defeasance or Covenant Defeasance

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes and the Subsidiary Guarantees:

In order to exercise either Legal Defeasance or Covenant Defeasance, as applicable:

(a) the Company must irrevocably deposit, or cause to be deposited, with the Trustee, in trust, for the benefit of the Holders of Notes and without retaining any legal interest in the corpus of such trust, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay and discharge, and which shall be applied by the Trustee to pay and discharge, the principal of and premium, if any, interest and Liquidated Damages, if any, due on the outstanding Notes on the Stated Maturity thereof or on the applicable Redemption Date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular Redemption Date;

(b) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (1) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (2) since the Closing Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes, as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(g) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others;

(h) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance, as the case may be, have been complied with; and

(i) the Trustee shall have received such other documents and assurances as the Trustee shall reasonably require.

SECTION 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions

(a) Subject to the provisions of the last paragraph of Section 4.03 hereof and to Section 8.06 hereof, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the Notes then outstanding shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, interest and Liquidated

Damages, if any, but such money and Government Securities need not be segregated from other funds except to the extent required by law.

(b) The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the Notes then outstanding. This Section 8.05(b) shall survive the termination of this Indenture, and the earlier removal or resignation of the Trustee.

SECTION 8.06 Repayment to Company

Subject to Sections 7.7 and 8.1 hereof, the Trustee shall deliver or pay to the Company from time to time upon receipt of a written Company Request any money or Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a) hereof) accompanied by an Officers' Certificate, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.07 Reinstatement

If the Trustee or Paying Agent is unable to apply any United States dollars or Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof, as the case may be, until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that if the Company or any Guarantor makes any payment of principal of, premium, if any, or interest or Liquidated Damages, if any, on any Notes following the reinstatement of its obligations, the Company or such Guarantor shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 9.

AMENDMENTS

SECTION 9.01 Without Consent of Holders

Notwithstanding Section 9.02 of this Indenture, the Company, the Guarantors and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder of a Note:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for assumption of the Company's or any Guarantor's obligations to the Holders of the Notes in the case of a merger, consolidation or sale of assets;

(4) to provide security for the Notes;

(5) to add a Guarantor under this Indenture;

(6) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes in any material respect; or

(7) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA.

Upon the written request of the Company, and upon receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel in compliance with Section 1.05 hereof, the Trustee shall join with the Company and the Guarantors in the execution of any amendment or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into any such amendment or supplemental indenture that adversely affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02 With Consent of Holders

Except as provided below in this Section 9.02, this Indenture, and the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing default or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes).

Upon the request of the Company, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of an Officers' Certificate and an Opinion of Counsel in compliance with Section 1.05 hereof, the Trustee shall join with the Company and the Guarantors in the execution of such amendment or supplemental indenture unless such amendment or supplemental indenture adversely affects the Trustee's own rights, duties or immunities under

this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amendment or supplemental indenture.

It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed supplemental indenture or amendment, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders of each Note affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder of Notes affected, an amendment or waiver may not (with respect to any Note held by a non-consenting Holder):

(1) reduce the principal amount of the Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the price to be paid, or the timing of redemption or payment, upon redemption of the Notes or, after the Company has become obligated to make a Change of Control Offer or an Asset Sale Offer, amend, change or modify the obligation of the Company to make or consummate such Change of Control Offer or Asset Sale Offer;

(3) reduce the rate of or change the time for payment of interest, or Liquidated Damages, if any, on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium, interest or Liquidated Damages, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in such Note;

(6) except pursuant to Section 12.06 hereof, release any Guarantor from its Subsidiary Guarantee;

(7) make any change in Section 12.04 or Article 10 hereof that adversely affects the rights of any Holder of any Notes in any material respect or any change to any other provision of this Indenture that adversely affects the rights of any Holder of Notes under Section 12.04 or Article 10 hereof in any material respect (it being

understood that amendments to Section 4.09 hereof which may have the effect of increasing the amount of Senior Debt that the Company and its Restricted Subsidiaries may incur shall not, for purposes of this clause (7), be deemed to be a change that adversely affects in a material respect the rights of any Holder of Notes under Section 12.04 or Article 10 hereof;

(8) make any change in the foregoing amendment and waiver provisions of this Article 9.

SECTION 9.03 Compliance with Trust Indenture Act

Every amendment or supplement to this Indenture or the Notes shall be set forth in an amendment or supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04 Revocation and Effect of Consents

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to such Holder's Note or portion of such Note by written notice to the Trustee received before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder of Notes, except as provided in Section 9.02 hereof.

SECTION 9.05 Notation on or Exchange of Notes

The Trustee may, but shall not be required to, place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06 Trustee to Sign Amendments, etc.

The Trustee shall sign any amended or supplemental indenture or waiver authorized pursuant to this Article 9 if the amendment or supplement or waiver does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing or refusing to sign any amended or supplemental indenture or waiver, the Trustee shall be entitled to receive, if requested, an indemnity satisfactory to it and to receive and, subject to Section 7.01 hereof, shall be fully protected in relying upon an Officers' Certificate and an Opinion of Counsel as conclusive evidence that such amendment or supplemental indenture or waiver is authorized or permitted by this Indenture, that it is not

inconsistent herewith, and that it will be valid and binding upon the Company and the Guarantors in accordance with its terms. The Company may not sign an amendment or supplemental indenture or waiver until the Board of Directors of the Company approves it.

ARTICLE 10.

SUBORDINATION

SECTION 10.01 Agreement to Subordinate

The Company agrees, and each Holder by accepting a Note agrees, that the payment (by setoff, redemption, repurchase or otherwise) of principal of, premium, if any, interest and Liquidated Damages, if any, on the Notes (including with respect to any repurchases of the Notes) shall be subordinated in right of payment, as set forth in this Article 10, to the prior payment in full in cash, or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, of all Obligations in respect of Senior Debt of the Company, whether outstanding on the date hereof or hereafter incurred.

SECTION 10.02 Liquidation; Dissolution; Bankruptcy

Upon any distribution to creditors of the Company upon any liquidation, dissolution or winding up of the Company or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, whether voluntary or involuntary, an assignment for the benefit of creditors or any marshalling of the Company's assets and liabilities, the holders of Senior Debt of the Company will be entitled to receive payment in full in cash, or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, of all Obligations due or to become due in respect of such Senior Debt (including interest after the commencement of any such proceeding, at the rate specified in the applicable Senior Debt) before the Holders of Notes will be entitled to receive any payment of principal of, premium, if any, or interest or Liquidated Damages, if any, on the Notes, and until all Obligations with respect to Senior Debt of the Company are paid in full in cash, or, at the option of the holders of Senior Debt of the Company, in Cash Equivalents, any distribution of any kind or character to which the Holders of Notes would be entitled shall be made to the holders of Senior Debt of the Company (except that Holders of Notes may receive Permitted Junior Securities and payments made from the trust described in Article 8 or Article 11 hereof).

SECTION 10.03 Default on Designated Senior Debt

The Company shall not, directly or indirectly, (x) make any payment of principal of, premium, if any, or interest or Liquidated Damages, if any, on the Notes (except in Permitted Junior Securities or from the trust described in Article 8 or Article 11 hereof if no default of the kind referred to in clause (i) below had occurred and was continuing, and no Payment Blockage Notice was in effect, at the time amounts were deposited with the Trustee

as described therein) or (y) acquire any of the Notes for cash or property or otherwise or make any other distribution with respect to the Notes if:

(i) any default occurs and is continuing in the payment when due, whether at maturity, upon any redemption, by declaration or otherwise, of any principal of, premium, if any, or interest on, any Designated Senior Debt of the Company, or

(ii) any other default occurs and is continuing with respect to Designated Senior Debt of the Company that permits holders of the Designated Senior Debt of the Company as to which such default relates to accelerate its maturity and the Trustee receives a notice of such default (a "Payment Blockage Notice") from the holders of such Designated Senior Debt of the Company.

The Company may and shall resume payments on the Notes:

(a) in the case of a payment default, upon the date on which such default is cured or waived or otherwise has ceased to exist, and

(b) in the case of a nonpayment default, upon the earlier of the date on which such nonpayment default is cured or waived or otherwise has ceased to exist or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt of the Company has been accelerated and such acceleration remains in full force and effect.

No new period of payment blockage may be commenced unless and until 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such nonpayment default shall have been waived for a period of not less than 90 days.

The Company shall give prompt written notice to the Trustee of any default in the payment of any Senior Debt of the Company or any acceleration under any Senior Debt of the Company or under any agreement pursuant to which Senior Debt of the Company may have been issued. Failure to give such notice shall not affect the subordination of the Notes to the Senior Debt of the Company or the application of the other provisions provided in this Article 10.

SECTION 10.04 Acceleration of Notes

If the Company fails to make any payment on the Notes when due or within any applicable grace period, whether or not on account of the payment blockage provision referred to above, such failure shall constitute an Event of Default and shall entitle the Holders of Notes to accelerate the Maturity thereof. The Company shall promptly notify holders of Senior Debt of the Company and the Guarantors if payment of the Notes is accelerated because of an Event of Default.

SECTION 10.05 When Distribution Must be Paid Over

In the event that, notwithstanding the foregoing, the Trustee or any Holder receives, any payment of any principal, premium, interest or Liquidated Damages, if any, on the Notes at a time when such payment is prohibited by Section 10.02 or 10.03 hereof, such payment shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered to, upon written request, the holders of Senior Debt of the Company as their interests may appear or their representative under the indenture or other agreement (if any) pursuant to which Senior Debt of the Company may have been issued, as their respective interests may appear, for application to the payment of all Obligations with respect to Senior Debt of the Company remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Debt.

Each Holder by his acceptance of a Note irrevocably agrees that if any payment or payments shall be made pursuant to this Indenture and the amount or total amount of such payment or payments exceeds the amount, if any, that such Holder would be entitled to receive upon the proper application of the subordination provisions of this Article 10, such Holder agrees that it will be obliged to pay over the amount of the excess payment to the holders of Senior Debt of the Person that made such payment or payments or their representative or representatives, as instructed in a written notice of such excess payment, within ten days of receiving such notice.

With respect to the holders of Senior Debt of the Company, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Debt of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt of the Company, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person, money or assets to which any holders of Senior Debt of the Company shall be entitled by virtue of this Article 10, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

SECTION 10.06 Notice by Company

The Company shall promptly notify the Trustee and the Paying Agent of any facts known to the Company that would cause a payment of principal of, premium, if any, interest or Liquidated Damages, if any, on the Notes to violate this Article 10, but failure to give such notice shall not affect the subordination of the Notes to Senior Debt as provided in this Article 10.

SECTION 10.07 Subrogation

After all Senior Debt of the Company is paid in full and until the Notes are paid in full in cash, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness pari passu with the Notes) to the rights of holders of Senior Debt of the Company to receive distributions applicable to Senior Debt of the Company to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of Senior Debt of the Company. A distribution made under this Article 10 to holders of Senior Debt of the Company that otherwise would have been made to Holders of Notes is not, as between the Company and Holders, a payment by the Company on such Senior Debt.

If any payment or distribution to which the Holders of Notes would otherwise have been entitled but for the provisions of this Article 10 shall have been applied, pursuant to the provisions of this Article 10, to the payment of amounts payable under the Senior Debt of the Company, then and in such case the Holders shall be entitled to receive from the holders of such Senior Debt at the time outstanding any payments or distributions received by such holders of such Senior Debt in excess of the amount sufficient to pay all amounts payable under or respect of such Senior Debt in full; provided that such payments or distributions shall be paid first pro rata to Holders of Notes that previously paid amounts then pro rata to all Holders of Notes.

SECTION 10.08 Relative Rights

This Article 10 defines the relative rights of Holders of Notes and holders of Senior Debt of the Company. Nothing in this Indenture shall:

(1) impair, as between the Company and Holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of, premium, if any, interest and Liquidated Damages, if any, on the Notes in accordance with their terms;

(2) affect the relative rights of Holders of Notes and creditors of the Company other than their rights in relation to holders of Senior Debt of the Company; or

(3) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or an Event of Default, subject to the rights of holders and

owners of Senior Debt of the Company to receive distributions and payments otherwise payable to Holders of Notes.

If the Company fails because of this Article 10 to pay principal of, premium, if any, interest or Liquidated Damages, if any, on, a Note on the due date, the failure is nevertheless a Default or an Event of Default.

SECTION 10.09 Subordination May Not be Impaired by Company

No right of any holder of Senior Debt of the Company to enforce the subordination of the Indebtedness evidenced by the Notes shall be impaired by any act or failure to act by the Company or any Holder or by the failure of the Company or any Holder to comply with this Indenture.

SECTION 10.10 Distribution or Notice to Representative

Whenever a distribution is to be made or a notice given to holders of Senior Debt of the Company, the distribution may be made and the notice given to their representative.

Upon any payment or distribution of assets of the Company referred to in this Article 10, the Trustee and the Holders of the Notes shall be entitled to conclusively rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of the Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.11 Rights of Trustee and Paying Agent

Notwithstanding the provisions of this Article 10 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless a Responsible Officer of the Trustee shall have received at its Corporate Trust Office at least five Business Days prior to the date of such payment written notice of facts that would cause the payment of any principal of, premium, if any, interest or Liquidated Damages, if any, on, the Notes to violate this Article 10. Only the Company or a representative may give the notice. Nothing in this Article 10 shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 10.12 Authorization to Effect Subordination

Each Holder of a Note by the Holder's acceptance thereof authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 10, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, a representative of Designated Senior Debt of the Company is hereby authorized to file an appropriate claim for and on behalf of the Holders of Notes.

ARTICLE 11.

SATISFACTION AND DISCHARGE

Section 11.01 Satisfaction and Discharge of Indenture

This Indenture shall be discharged and will cease to be of further effect as to all Notes issued hereunder, except for Sections 7.07 and 8.05(b) hereof, which shall survive the satisfaction and discharge of this Indenture, when either

(a) all such Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(b) (i) all such Notes not theretofore delivered to the Trustee for cancellation have become due and payable, will become due and payable within one year or are to be called for redemption within one year under irrevocable arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name and at the expense of the Company and the Company has irrevocably deposited or caused to be deposited with the Trustee, in trust, funds in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of (and premium, if any, on) and interest and Liquidated Damages, if any, to the date of maturity or date of redemption,

(ii) the Company has paid or caused to be paid all sums payable by the Company under this Indenture, and

(iii) the Company has delivered an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

SECTION 11.02 Application of Trust Money

Subject to the provisions of the last paragraph of Section 4.03 all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to Persons entitled thereto, of the principal (and premium, if any) and interest and Liquidated Damages, if any, for whose payment such money has been deposited with the Trustee.

If the Trustee or Paying Agent is unable to apply any money in accordance with Section 11.01 hereof by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no such deposit had occurred pursuant to Section 11.01 hereof; provided that if the Company or any Guarantor has made any payment of principal of, premium, if any, or interest or Liquidated Damages, if any, on, any Notes following the reinstatement of its obligations, the Company or such Guarantor shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 12.

SUBSIDIARY GUARANTEES

SECTION 12.01 Subsidiary Guarantee

For value received, the Guarantors, jointly and severally, hereby unconditionally guarantee to the Holders of the Notes and to the Trustee the due and punctual payment of the principal of, premium, if any, and interest and Liquidated Damages, if any, (including interest and Liquidated Damages, if any, accruing on or after the filing of a petition in bankruptcy or reorganization relating to the Company, whether or not a claim for post-filing interest or Liquidated Damages is allowed in such proceeding) on, the Notes, and all other amounts payable by the Company under the Notes and under this Indenture (collectively, the "Guaranteed Obligations"), when and as the same shall become due and payable, whether at the stated maturity or by declaration of acceleration, call for redemption or otherwise, according to the terms of the Notes and this Indenture. Each Subsidiary Guarantee pursuant to this Article 12 constitutes a guarantee of payment in full when due and not merely a guarantee of collectibility. Notwithstanding the foregoing, each Guarantor's liability under this Section 12.01 shall be limited to the maximum amount that would not result in such Guarantor's Subsidiary Guarantee under this Section 12.01 constituting a fraudulent conveyance or fraudulent transfer under applicable law.

SECTION 12.02 Obligation of the Guarantors Unconditional

Except as provided in Section 12.06 hereof, the obligations of each Guarantor hereunder shall be as aforesaid absolute and unconditional, and shall not be impaired, modified, released or limited by any occurrence or condition whatsoever, including, without limitation, (i) any compromise, settlement, release, waiver, renewal, extension, indulgence or modification of, or any change in, any of the obligations and liabilities of the Company contained in the Notes or this Indenture, (ii) any impairment, modification, release or limitation of the liability of the Company or its estate in bankruptcy, or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of any applicable Bankruptcy Law, as amended, or other statute or from the decision of any court, (iii) the assertion or exercise by the Company, the Holders of Notes or the Trustee of any rights or remedies under the Notes or this Indenture or their delay in or failure to assert or exercise any such rights or remedies, (iv) the assignment or the purported assignment of any property as additional security for the Notes, including all or any part of the rights of the Company under this Indenture, (v) the extension of the time for payment by the Company of any payments or other sums or any part thereof owing or payable under any of the terms and provisions of the Notes or this Indenture or of the time for performance by the Company of any other obligations under or arising out of any such terms and provisions or the extension or the renewal of any thereof, (vi) the modification or amendment (whether material or otherwise) of any duty, agreement or obligation of the Company set forth in this Indenture or the Notes, (vii) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceeding affecting, the Company, or any of the Guarantors or any of their respective assets, or the disaffirmance of this Subsidiary Guarantee pursuant to this Article 12 or the Notes or this Indenture in any such proceeding, (viii) the release or discharge of the Company from the performance or observance of any agreement, covenant, term or condition contained in any of such instruments by operation of law, (ix) the unenforceability of the Notes or this Indenture or any Subsidiary Guarantee pursuant to this Article 12, or (x) any other circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

SECTION 12.03 Waiver Relating to Subsidiary Guarantees

Each Guarantor hereby (i) waives diligence, presentment, demand of payment, filing of claims with a court in the event of the merger, insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company or to realize on any collateral, protest or notice with respect to the Guaranteed Obligations and all demands whatsoever, (ii) acknowledges that any agreement, instrument or document evidencing the Guaranteed Obligations may be transferred and that the benefit of its obligations hereunder shall extend to each holder of any agreement, instrument or document evidencing the Guaranteed Obligations without notice to them, and (iii) covenants that its Subsidiary Guarantee pursuant to this Article 12 will not be discharged except pursuant to Section 12.05 hereof or by complete payment and performance of the Guaranteed Obligations and of its Subsidiary Guarantee pursuant to this Article 12.

SECTION 12.04 Subordination of Subsidiary Guarantees

Each Guarantee of a Guarantor under this Article 12 is subordinate and junior in right of payment to the prior payment in full, in cash, or at the option of the holders of Senior Debt of such Guarantor, in Cash Equivalents, of all Senior Debt of such Guarantor, including any Guarantee issued by such Guarantor that constitutes Senior Debt of such Guarantor, to the same extent and in the same manner to which the Notes are subordinated pursuant to Article 10 hereof to the Senior Debt of the Company, and all provisions of Article 10 hereof applicable to the subordination of the Notes shall similarly apply to the subordination of the Subsidiary Guarantees pursuant to this Article 12.

SECTION 12.05 Guarantors May Consolidate, etc., on Certain Terms

Subject to Section 12.06 hereof, no Guarantor (including any existing or future Restricted Subsidiary that becomes an additional Guarantor) may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, whether or not affiliated with such Guarantor, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to another Person, unless (i) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person organized and existing under the laws of the United States of America, any state thereof, or the District of Columbia and expressly assumes all the obligations of such Guarantor, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, under the Notes and this Indenture and (ii) immediately after giving effect to such transaction, no Default or Event of Default exists. In connection with any consolidation or merger contemplated by this Section 12.05, the Company shall deliver to the Trustee prior to the consummation of the proposed transaction an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation or merger and such supplemental indenture comply with this Article 12 and that all conditions precedent herein provided relating to such transaction have been complied with.

The provisions of clause (i) of the preceding paragraph shall not apply if the Person formed by or surviving the relevant consolidation or merger or to which the relevant sale, assignment, transfer, lease, conveyance or other disposition shall have been made is the Company, a Guarantor or a Person that is not, after giving effect to such transaction, a Restricted Subsidiary of the Company.

SECTION 12.06 Release of Subsidiary Guarantee

In the event of (i) a merger or consolidation to which a Guarantor is a party, then the Person formed by or surviving such merger or consolidation (if, after giving effect to such transaction, other than the Company or a Restricted Subsidiary of the Company) shall be released and discharged from the obligations of such Guarantor under its Subsidiary Guarantee, (ii) a sale or other disposition (whether by merger, consolidation or otherwise) of all of the Equity Interests of a Guarantor at the time owned by the Company and its

Restricted Subsidiaries to any Person that, after giving effect to such transaction, is neither the Company nor a Restricted Subsidiary of the Company, or (iii) the release and discharge of a Guarantor from all obligations under Guarantees of (x) Obligations under the Credit Agreement and (y) any other Indebtedness of the Company or any of its Restricted Subsidiaries, then, in each such case, such Guarantor shall be released and discharged from its obligations under its Subsidiary Guarantee; provided that, in the case of each of clauses (i) and (ii) above, (A) the relevant transaction is in compliance with the terms of this Indenture and (B) the Person being released and discharged shall have been released and discharged from all obligations it might otherwise have under Guarantees of Indebtedness of the Company or any of its Restricted Subsidiaries and, in the case of each of clauses (i), (ii) and (iii) above, immediately after giving effect to such transaction, no Default or Event of Default shall exist.

Upon any Guarantor ceasing to be a Guarantor pursuant to any provision of this Indenture, at the request of the Company which request shall be accompanied by an Officers' Certificate and an Opinion of Counsel, each certifying that no Event of Default (or event or condition which with the giving of notice or the passage of time would become an Event of Default) exists and is continuing and that all conditions precedent herein provided relating to this Section 12.06 have been complied with, the Trustee shall execute and deliver an appropriate instrument evidencing any such release. Any Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount of principal of, premium, if any, and interest and Liquidated Damages, if any, on the Notes and for the other obligations of such Guarantor under this Indenture as and to the extent provided in this Indenture.

SECTION 12.07 Contribution of Guarantors

In the event that any Guarantor (such Guarantor being herein referred to as the "Funding Party") shall make a payment under its Subsidiary Guarantee pursuant to this Article 12, it shall be entitled to a contribution from each other Guarantor (each, a "Contri butor") in the amount of such Contributor's pro rata share of the amount of such payment by such Funding Party so long as exercise of such right does not impair the rights of Holders of Notes under any Subsidiary Guarantee. The failure of a Contributor to discharge its obligations under this Section 12.07 shall not affect the obligations of any Guarantor under its Subsidiary Guarantee pursuant to this Article 12. The obligations under this Section 12.07 shall be unaffected by any of the events described in Section 12.02 or any comparable events pertaining to the Funding Party, its Subsidiary Guarantee or the undertakings in this Section 12.07.

SECTION 12.08. Reinstatement of Subsidiary Guarantees

Each Guarantee pursuant to this Article 12 shall, to the fullest extent permitted by law, continue to be effective or be reinstated, as the case may be, if at any time payment and performance of any of the Guaranteed Obligations is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any Holder of Notes or by the Trustee, whether as a "voidable preference," "fraudulent conveyance," "fraudulent

transfer," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Guaranteed Obligations shall, to the fullest extent permitted by law, be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

ARTICLE 13.

MISCELLANEOUS

SECTION 13.01 Trust Indenture Act Controls

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA (S) 318(c), the imposed duties shall control.

SECTION 13.02 Notices

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered by hand delivery, by first-class mail (registered or certified, return receipt requested), by facsimile or by overnight air courier guaranteeing next day delivery, to the others' addresses as follows:

If to the Company or any Guarantor:

Vail Resorts, Inc.
137 Benchmark Road
Avon, Colorado 81620
Attention: James P. Donohue
Chief Financial Officer
Telecopier No.: (970) 845-2511

If to the Trustee:

United States Trust Company of New York
114 West 47th Street, Floor 25
New York, New York 10036
Attention: Corporate Trust Department
Telecopier No.: (212) 852-1625

The Company, any Guarantor or the Trustee by notice to the others may designate additional or different addresses of subsequent notices or communications.

All notices and communications (other than those sent to Holders of Notes) shall be deemed to have been duly received: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt

is confirmed, if sent by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder of Notes shall be mailed by first-class mail, certified or registered, return receipt requested, to his address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder of Notes or any defect in it shall not affect its sufficiency with respect to other Holders of Notes.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders of Notes, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 13.03 Communication by Holders with Other Holders

Holders of Notes may communicate pursuant to TIA (S)312(b) with other Holders of Notes with respect to their rights under this Indenture or the Notes. The Company, any Guarantor, the Trustee, the Registrar and anyone else shall have the protection of TIA (S)312(c). Upon qualification of this Indenture under the TIA, the Trustee shall otherwise comply with TIA (S)312(b).

SECTION 13.04 Certificate and Opinion as to Conditions Precedent

Upon any request or application by the Company and/or any Guarantor to the Trustee to take any action under this Indenture, the Company and/or any Guarantor, as the case may be, shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 1.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 1.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been complied with.

SECTION 13.05 Rules by Trustee and Agents

The Trustee may make reasonable rules for action by or at a meeting of Holders of Notes. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.06 Legal Holidays

In any case where any Interest Payment Date, any date established for payment of Defaulted Interest pursuant to Section 2.12 hereof, or any Maturity with respect to any Note shall not be a Business Day, then (notwithstanding any other provisions of this Indenture) or the Notes payment of interest or Liquidated Damages, if any, or principal (and premium, if any) need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date or date established for payment of Defaulted Interest pursuant to Section 2.12 hereof or Maturity, and no interest shall accrue with respect to such payment for the period from and after such Interest Payment Date or date established for payment of Defaulted Interest pursuant to Section 2.12 or Maturity, as the case may be, to the next succeeding Business Day.

SECTION 13.07 No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or such Guarantor under the Notes or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release shall be part of the consideration for the issuance of the Notes.

SECTION 13.08 Governing Law; Submission to Jurisdiction

THIS INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS. BY THE EXECUTION AND DELIVERY OF THIS INDENTURE, EACH OF THE COMPANY AND THE GUARANTORS SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT IN THE STATE OF NEW YORK IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE.

SECTION 13.09 No Adverse Interpretation of Other Agreements

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10 Successors and Assigns

All covenants and agreements in this Indenture and the Notes by the Company and the Guarantors shall bind their respective successors and assigns. All covenants and agreements in this Indenture by the Trustee shall bind its successor and assigns.

SECTION 13.11 Severability

In case any one or more of the provisions in this Indenture or in the Notes shall be held invalid, illegal or unenforceable in any jurisdiction, in any respect for any reason, the validity, legality and enforceability of any such provision in every other jurisdiction and in every other respect, and of the remaining provisions, shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 13.12 Counterpart Originals

This Indenture may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of them together shall represent the same agreement.

SECTION 13.13 Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned have caused this Indenture to be executed as of the date first above written.

VAIL RESORTS, INC.

By: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President and Chief Financial Officer

[Indenture Signature Page for the Company]

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

Each by its authorized officer:

By: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President

[Indenture Signature Page for Guarantors]

UNITED STATES TRUST COMPANY
OF NEW YORK, as Trustee

By: /s/ Cynthia Chaney

Name: CYNTHIA CHANEY
Title: ASSISTANT VICE PRESIDENT

[Indenture Signature Page for Trustee]

EXHIBIT A

[Face of Note]

[FOR GLOBAL NOTES: THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.]

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 QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), OR (F) 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. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN ONE YEAR AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, IF THE PROPOSED TRANSFEREE IS AN ACCREDITED INVESTOR, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF

THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. 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.

CUSIP: _____

No. ____ U.S.$_____

VAIL RESORTS, INC.

8 3/4% Senior Subordinated Notes due 2009

VAIL RESORTS, INC., a Delaware corporation. for value received, promises to pay to _____, or its registered assigns, the principal sum of _____ AND NO/100 UNITED STATES DOLLARS (U.S.$_____) on May 15, 2009.

Interest Payment Dates: May 15 and November 15

Record Dates: May 1 and November 1

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

VAIL RESORTS, INC.

By:

Name:
Title:

By:

Name:
Title:

Dated:
(Trustee's Certificate of Authentication)

This is one of the Notes referred to
in the within-mentioned Indenture:

UNITED STATES TRUST COMPANY
OF NEW YORK, as Trustee

By:

Authorized Signatory

[Reverse Side of Note]

VAIL RESORTS, INC.

8 3/4% Senior Subordinated Notes due 2009

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest.

VAIL RESORTS, INC., a Delaware corporation (the "Company", which term includes any successor under the Indenture hereinafter referred to), promises to pay interest on the principal amount of this Note at 8 3/4% per annum from May 11, 1999 until maturity and to pay Liquidated Damages, if any, payable pursuant to the Registration Rights Agreement referred to below. The Company will pay interest and Liquidated Damages, if any, semi-annually in arrears on May 15 and November 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided, further, that the first Interest Payment Date shall be November 15, 1999. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate equal to 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages, if any (without regard to any applicable grace periods), from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. Method of Payment.

The Company will pay interest on the Notes (except defaulted interest) and Liquidated Damages, if any, to the Persons who are registered Holders of Notes at the close of business on the May 1 or November 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. Paying Agent and Registrar.

Initially, United States Trust Company of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may not act in any such capacity.

4. Indenture.

The Company issued the Notes under an Indenture dated as of May 11, 1999 (the "Indenture") among the Company, the Guarantors named on the signature pages thereto and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code (S)(S) 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are general obligations of the Company limited to $300 million in aggregate principal amount.

5. Optional Redemption.

(a) Except as set forth in subparagraph (b) of this Paragraph 5, the Company shall not have the option to redeem the Notes prior to May 15, 2004. Thereafter, the Company shall have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below:

Year	Percentage
2004.....	104.375%
2005.....	102.916%
2006.....	101.458%
2007 and thereafter.....	100.000%

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to May 15, 2002, the Company may on one or more occasions redeem up to 35% of the aggregate principal amount of Notes theretofore issued under the Indenture at a redemption price of 108.75% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that (i) at least 65% of the aggregate principal amount of Notes theretofore issued remains outstanding immediately following each such redemption and (ii) the redemption shall occur within 60 days of the closing of any such Equity Offering.

(c) In addition, at any time prior to May 15, 2004, following the occurrence of a Change of Control, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice given within 30 days

following such Change of Control, at the Make-Whole Price, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable Redemption Date.

6. Notice of Redemption.

A notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000. On and after the redemption date, unless the Company defaults in making the redemption payments, interest and Liquidated Damages, if any, ceases to accrue on Notes or portions thereof called for redemption.

7. Mandatory Redemption.

Except as set forth in paragraph 8 below, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

8. Repurchase at Option of Holder.

(a) If there is a Change of Control, unless notice of redemption of the Notes in whole has been given pursuant to Sections 3.04 and 3.08 of the Indenture, the Company shall be required to make an offer (a "Change of Control Offer") to purchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase (the "Change of Control Payment"). Notice of a Change of Control Offer shall be mailed within 30 days following a Change of Control to each Holder of the Notes containing the information set forth in Section 4.17 of the Indenture.

(b) When the aggregate amount of Excess Proceeds from one or more Asset Sales exceeds $10.0 million, the Company shall make an offer to all Holders of Notes (and holders of other Indebtedness of the Company to the extent required by the terms of such other Indebtedness) (an "Asset Sale Offer") to purchase the maximum principal amount of Notes (and other such Indebtedness) that does not exceed the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the date of purchase, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate principal amount of Notes (and other such Indebtedness) tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. If the aggregate principal amount of Notes (and such other Indebtedness) tendered exceeds the amount of Excess Proceeds, the Notes (and such other Indebtedness) to be purchased shall be selected on a pro rata basis.

9. Denominations, Transfer, Exchange.

The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and

the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before the day of any selection of Notes to be redeemed or during the period between a record date and the day of any selection of Notes for the corresponding Interest Payment Date.

10. Persons Deemed Owners.

The registered Holder of a Note may be treated as its owner for all purposes.

11. Amendment, Supplement And Waiver.

Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes, and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes. Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's or any Guarantor's obligations to Holders of the Notes in case of a merger, consolidation or sale of assets, to provide security for the Notes, to add a Guarantor, to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder in any material respect, or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

12. 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); (iii) failure by the Company or its Restricted Subsidiaries to comply with the provisions of Article 5 of the Indenture; (iv) failure by the Company to comply with Sections 3.10, 4.16 or 4.17 of the Indenture (whether or not prohibited by Article 10 of the Indenture), other than a failure to purchase Notes pursuant to an offer commenced under such provisions, which shall be subject to clause (ii) above, for 30 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes; (v) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in the Indenture or the Notes other than those referred to in clauses (i) through (iv) above; (vi) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Significant Subsidiaries (or the payment of which is guaranteed by the Company or any of its Significant Subsidiaries), whether such Indebtedness

or guarantee now exists, or is created after the Closing Date, which default (a) is caused by a failure to pay principal after final maturity of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10 million or more without such Indebtedness being discharged or such acceleration having been cured, waived or rescinded within 30 days of acceleration; (vii) failure by the Company or any of its Significant Subsidiaries to pay final judgments aggregating in excess of $10.0 million and either (a) any creditor commences enforcement proceedings upon any such judgment or (b) such judgments are not paid, discharged or stayed for a period of 60 days; (viii) except as permitted by the Indenture, any Guarantee of the Notes by a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any other reason to be in full force and effect, or any Guarantor which is a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and (ix) certain events of bankruptcy or insolvency with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary. 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 provided 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.

13. Subordination.

Each Holder by accepting a Note agrees that the payment (by set-off, redemption, repurchase or otherwise) of principal of, and premium, if any, and interest and Liquidated Damages, if any, on, the Notes (including with respect to any repurchases of the Notes) is subordinated in right of payment, to the extent and in the manner provided in Article 10 of the Indenture, to the prior payment in full in cash, or, at the option of holders of Senior Debt of the Company, in Cash Equivalents, of all Obligations in respect of Senior Debt of the Company, whether outstanding on the date of the Indenture or thereafter incurred.

14. Subsidiary Guarantees.

Pursuant to the Indenture, payment of the Notes is guaranteed, jointly and severally, on a senior subordinated basis by GHTV, Inc., a Delaware corporation, Gillett Broadcasting of Maryland, Inc., a Delaware corporation, Gillett Broadcasting, Inc., a Delaware corporation, Gillett Group Management, Inc., a Delaware corporation, Vail Holdings, Inc., a Colorado corporation, The Vail Corporation, a Colorado corporation, Beaver Creek Associates, Inc., a Colorado corporation, Beaver Creek Consultants, Inc., a Colorado corporation, Lodge Properties, Inc., a Colorado corporation, Piney River Ranch, Inc., a Colorado corporation, Vail Food Services, Inc., a Colorado corporation, Vail Resorts Development Company, a Colorado corporation, Vail Summit Resorts, Inc., a Colorado corporation, Vail Trademarks, Inc., a Colorado corporation, Vail/Arrowhead, Inc., a Colorado corporation, Vail/Beaver Creek Resort Properties, Inc., a Colorado corporation, Beaver Creek Food Services, Inc., a Colorado corporation, Lodge Realty, Inc., a Colorado corporation, Vail Associates Consultants, Inc., a Colorado corporation, Vail Associates Holdings, Ltd., a Colorado corporation, Vail Associates Management Company, a Colorado corporation, Vail Associates Real Estate, Inc., a Colorado corporation, Vail/Battle Mountain, Inc., a Colorado corporation, Keystone Conference Services, Inc., a Colorado corporation, Keystone Development Sales, Inc., a Colorado corporation, Keystone Food and Beverage Company, a Colorado corporation, Keystone Resort Property Management Company, a Colorado corporation, Property Management Acquisition Corp., Inc., a Tennessee corporation, The Village at Breckenridge Acquisition Corp., Inc., a Tennessee corporation, and, under certain circumstances set forth in the Indenture, may be guaranteed by certain other Restricted Subsidiaries of the Company. Under certain circumstances set forth in the Indenture, each of the Guarantors may be released from its obligations under the Indenture and the Notes.

15. Trustee Dealings With Company.

The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company, any Guarantor or any Affiliate of the Company, and may otherwise deal with the Company, any Guarantor or any Affiliate of the Company, as if it were not the Trustee.

16. No Recourse Against Others.

No director, officer, employee, incorporator or stockholder, of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or such Guarantor under the Notes or the Indenture or for any claim based on, in respect of, or by

reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. Authentication.

This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

18. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. Additional Rights of Holders of Restricted Global Notes and Restricted Definitive Notes.

In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes shall have all the rights set forth in the Registration Rights Agreement dated as of May 11, 1999 (the "Registration Rights Agreement"), among the Company, the Guarantors and the Initial Purchasers.

20. Governing Law.

THE INDENTURE AND THE NOTES SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, AS APPLIED TO CONTRACTS MADE AND PERFORMED ENTIRELY WITHIN THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

21. CUSIP Numbers.

Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

VAIL RESORTS, INC.
137 Benchmark Road
Avon, Colorado 81620
Attention: James P. Donohue
Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:

(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint

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to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*:

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* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.16 or 4.17 of the Indenture, check the appropriate box below:

[_] Section 4.16 [_] Section 4.17

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.16 or Section 4.17 of the Indenture, state the amount you elect to have purchased:

$ ----------

Date: ----------

Your Signature: ----------
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: ----------

Signature Guarantee*: ----------

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized signatory of Trustee or Note Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

VAIL RESORTS, INC.
137 Benchmark Road
Avon, Colorado 81620
Attention: James P. Donohue

UNITED STATES TRUST COMPANY OF NEW YORK
114 West 47th Street
New York, New York 10036
Attention: Corporate Trust Trustee Administration

ss Re: 8 3/4% Senior Subordinated Notes due 2009

Reference is hereby made to the Indenture, dated as of May 11, 1999 (the "Indenture"), among VAIL RESORTS, INC., as issuer (the "Company"), the Guarantors named on the signature pages thereto and UNITED STATES TRUST COMPANY OF NEW YORK, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Definitive Note Pursuant to Rule 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

2. [ ] Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Definitive Note pursuant to Regulation S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities

Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note, the Temporary Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

3. [ ] Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) [ ] such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which

certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel
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provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or Definitive Notes and in the Indenture and the Securities Act.

4. [ ] Check if Transferee will take delivery of a beneficial
----
interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.
- ---

(a) [ ] Check if Transfer is pursuant to Rule 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) [ ] Check if Transfer is Pursuant to Regulation S. (i) The Transfer is being effected pursuant to and in accordance with Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) [ ] Check if Transfer is Pursuant to Other Exemption. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By:

Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP 91879QAA7); or

(ii) [ ] Regulation S Global Note (CUSIP U90984AA0); or

(iii) [ ] IAI Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP 91879QAA7); or

(ii) [ ] Regulation S Global Note (CUSIP U90984AA0); or

(iii) [ ] IAI Global Note (CUSIP _____); or

(iv) [ ] Unrestricted Global Note (CUSIP); or

(b) [ ] a Restricted Definitive Note; or

(c) [ ] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

VAIL RESORTS, INC.
137 Benchmark Road
Avon, Colorado 81620
Attention: James P. Donohue

UNITED STATES TRUST COMPANY OF NEW YORK
114 West 47th Street
New York, New York 10036
Attention: Corporate Trust Trustee Administration

Re: 8 3/4% Senior Subordinated Notes due 2009

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of May 11, 1999 (the "Indenture"), among VAIL RESORTS, INC., as issuer (the "Company"), the Guarantors named on the signature pages thereto and UNITED STATES TRUST COMPANY OF NEW YORK, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note,

the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) [ ] Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) [ ] Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] [ ] 144A Global Note, [ ] Regulation S Global Note, [ ] IAI Global Note with an equal principal amount,

the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By:

Name:
Title:

Dated:

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

VAIL RESORTS, INC.
137 Benchmark Road
Avon, Colorado 81620
Attention: James P. Donohue

UNITED STATES TRUST COMPANY OF NEW YORK
114 West 47th Street
New York, New York 10036
Attention: Corporate Trust Trustee Administration

Re: 8 3/4% Senior Subordinated Notes due 2009

Reference is hereby made to the Indenture, dated as of May 11, 1999 (the "Indenture"), among VAIL RESORTS, INC., as issuer (the "Company"), the Guarantors named on the signature pages thereto and UNITED STATES TRUST COMPANY OF NEW YORK, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Definitive Note,

we confirm that:

1. We understand that the Notes have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be sold except as permitted in the following sentence. We agree on our own behalf and on behalf of any investor account for which we are purchasing the Notes to offer, sell or otherwise transfer such Notes prior to the date which is two years after the later of the date of original issue and the last date on which the Company or any affiliate of the Company was the owner of such Notes, or any predecessor thereto (the "Resale Restriction Termination Date") only (a) to the Company, (b) pursuant to a registration statement which has been declared effective under the Securities Act, (c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person we reasonably believe is a qualified institutional buyer under Rule 144A (a "QIB") that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (d) pursuant to offers and sales to non-U.S. Persons that occur outside the United States within the meaning of Regulations S under the Securities Act, (e) to an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) of Rule 501 under the Securities Act that is acquiring the Notes for its own account or for the account of such an institutional "accredited investor" for investment purposes and not with a view to, or

for offer or sale in connection with, any distribution thereof in violation of the Securities Act or (f) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of our property and the property of such investor account or accounts be at all times within our or their control and to compliance with any applicable state securities laws. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. If any resale or other transfer of the Notes is proposed to be made pursuant to clause (e) above prior to the Resale Restriction Termination Date, the transferor shall deliver a letter from the transferee substantially in the form of this letter to the Trustee, which shall provide, among other things, that the transferee is an institutional "accredited investor" within the meaning of subparagraph (a)(1), (2), (3) or (7) or Rule 501 under the Securities Act and that it is acquiring such Notes for investment purposes and not for distribution in violation of the Securities Act. We acknowledge that the Company and the Trustee reserve the right prior to any offer, sale or other transfer prior to the Resale Restriction Termination Date of the Notes pursuant to clauses (d), (e) and (f) above to require the delivery of an Opinion of Counsel, certifications and/or other information satisfactory to the Company and the Trustee.

2. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) purchasing for our own account or for the account of such an institutional "accredited investor", and we are acquiring the Notes for investment purposes and not with a view to, or for offer or sale in connection with, any distribution in violation of the Securities Act and we have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

3. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Insert Name of Accredited Investor]

By:

Name:
Title:

Dated:

EXHIBIT 4.5

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

by and among

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

and

Bear, Stearns & Co. Inc.
NationsBanc Montgomery Securities LLC
BT Alex. Brown Incorporated
Lehman Brothers Inc.
Salomon Smith Barney Inc.

Dated as of May 11, 1999

This Registration Rights Agreement (this "Agreement") is made and entered into as of May 11, 1999, 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 8 3/4% Senior Subordinated Notes due 2009 (the "Restricted Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated as of May 6, 1999 (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 May 11, 1999, between the Company, the Guarantors and United States Trust Company of New York, as Trustee, relating to the Restricted Notes and the Exchange Notes (the "Indenture").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

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

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.

Effectiveness Target Date: As defined in Section 5.

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

Exchange Notes: The 8 3/4% Senior Subordinated Notes due 2009, 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.

Holders: As defined in Section 2(b) hereof.

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

Indenture: As defined in the Preamble hereto.

Initial Purchaser(s): 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.

Interest Payment Date: As defined in the Notes.

Liquidated Damages: As defined in Section 5 hereto.

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.

Registration Default: As defined in Section 5 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 8 3/4% Senior Subordinated Notes due 2009 of the same class under the Indenture as the Exchange Notes, for so long as such securities constitute Transferred Restricted Securities.

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

Shelf Filing Deadline: As defined in Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 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 Act or is distributed to the public pursuant to Rule 144 under the Act.

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

SECTION 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").

SECTION 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 180 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 made 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 Distribution" 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.

SECTION 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 its commercially reasonable best efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or prior to the 180th 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.

SECTION 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 amendment 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
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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 for 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 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.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange
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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 distribution 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
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Holdings Corporation (available May 13, 1988), as interpreted in the
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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 directly from the Issuer.

(b) Shelf Registration Statement. In connection with the Shelf
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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
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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 objection 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 information 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 long 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 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 reasonable 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
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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 receipt 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 is 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.

SECTION 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 disbursements 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 Kramer Levin Naftalis & Frankel 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.

SECTION 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 which 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 the 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 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 duties 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 Registration 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 the 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.

SECTION 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.

SECTION 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.

SECTION 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.

SECTION 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 Issuer 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) 845-2521
Attention: Chief Executive Officer

with a copy to:

Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Telecopier No.: (212) 269-5420
Attention: James 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: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President and Chief Financial Officer

[Registration Rights Signature Page for Company]

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

Each by its authorized officer:

By: /s/ James P. Donohue

Name: James P. Donohue
Title: Senior Vice President of each Guarantor listed above

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

BEAR, STEARNS & CO. INC.

By: /s/ Steve Winograd

Name: Steve Winograd
Title: Senior Managing Director

NATIONSBANC MONTGOMERY SECURITIES LLC

By:

Name:
Title:

BT ALEX. BROWN INCORPORATED

By:

Name:
Title:

LEHMAN BROTHERS INC.

By:

Name:
Title:

SALOMON SMITH BARNEY INC.

By:

Name:
Title:

[Registration Rights Agreement Signature Page for Initial Purchasers]

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

BEAR, STEARNS & CO. INC.

By:

Name:
Title:

NATIONSBANC MONTGOMERY SECURITIES LLC

By: /s/ Sam A. Wilkins, III

Name: Sam A. Wilkins, III
Title: Senior Managing Director

BT ALEX. BROWN INCORPORATED

By:

Name:
Title:

LEHMAN BROTHERS INC.

By:

Name:
Title:

SALOMON SMITH BARNEY INC.

By:

Name:
Title:

[Registration Rights Agreement Signature Page for Initial Purchasers]

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

BEAR, STEARNS & CO. INC.

By:

Name:
Title:

NATIONSBANC MONTGOMERY SECURITIES LLC

By:

Name:
Title:

BT ALEX. BROWN INCORPORATED

By: /s/ Larry Zimmerman

Name: Larry Zimmerman
Title: Managing Director

LEHMAN BROTHERS INC.

By:

Name:
Title:

SALOMON SMITH BARNEY INC.

By:

Name:
Title:

[Registration Rights Agreement Signature Page for Initial Purchasers]

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

BEAR, STEARNS & CO. INC.

By:

Name:
Title:

NATIONSBANC MONTGOMERY SECURITIES LLC

By:

Name:
Title:

BT ALEX. BROWN INCORPORATED

By:

Name:
Title:

LEHMAN BROTHERS INC.

By: /s/ John Russell

Name: John Russell
Title: Managing Director

SALOMON SMITH BARNEY INC.

By:

Name:
Title:

[Registration Rights Agreement Signature Page for Initial Purchasers]

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

BEAR, STEARNS & CO. INC.

By:

Name:
Title:

NATIONSBANC MONTGOMERY SECURITIES LLC

By:

Name:
Title:

BT ALEX. BROWN INCORPORATED

By:

Name:
Title:

LEHMAN BROTHERS INC.

By:

Name:
Title:

SALOMON SMITH BARNEY INC.

By: /s/ Wendell M. Brooks

Name: Wendell M. Brooks
Title: Director

[Registration Rights Agreement Signature Page for Initial Purchasers]

EXHIBIT 5.1

[Letterhead of Cahill Gordon & Reindel]

June 14, 1999

VAIL RESORTS, INC.
137 Benchmark Road
Avon, Colorado 81620

Re: 8 3/4% Senior Subordinated Notes due 2009, Series B, of Vail Resorts, Inc. and related Guarantees

Ladies and Gentlemen:

We have acted as counsel for Vail Resorts, Inc. (the "Company") and GHTV, Inc., Gillett Broadcasting of Maryland, Inc., Gillett Broadcasting, Inc. and Gillett Group Management, Inc. (collectively, the "Delaware Guarantors" and, together with Company, the "Issuers") in connection with the Registration Statement on Form S-4 (the "Registration Statement") filed by, among others, the Company and the Delaware Guarantors with the Securities and Exchange Commission (the "Commission") for registration under the Securities Act of 1933, as amended (the "Act"), of (i) up to $200,000,000 principal amount of 8 3/4% Senior Subordinated Notes due 2009, Series B, of the Company (the "Exchange Notes"), and (ii) the Delaware Guarantors' unconditional guarantee of the Exchange Notes (the "Guarantees," and together with the Exchange Notes, the "Securities"). The Securities will be issued pursuant to an indenture dated as of May 11, 1999 (the "Indenture"), between the Company, the Delaware Guarantors. and the United States Trust Company of New York, as trustee, in connection with the exchange offer (the "Exchange Offer") pursuant to which the Securities will be issued for a like principal amount of the Company's outstanding 8 3/4% Senior Subordinated Notes due

2009. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Registration Statement.

In connection therewith, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the Certificates of Incorporation of the Issuers, resolutions of the Boards of Directors of the Issuers with respect to the filing of the Registration Statement and such other documents as we have deemed necessary or appropriate for the purpose of rendering this opinion.

In our examination of documents, instruments and other papers, we have assumed the genuineness of all signatures on original and certified documents and the conformity to original and certified documents of all copies submitted to us as conformed, photostatic or other copies. As to matters of fact, we have relied upon representations of officers of the Issuers.

Based upon the foregoing, and subject to the qualifications stated herein, it is our opinion that:

1. The Exchange Notes have been duly authorized for issuance by the Company and, when duly executed, authenticated and delivered in exchange for the Initial Notes in accordance with the terms of the Exchange Offer and the Indenture as contemplated by the Registration Statement, will constitute valid and legally binding obligations of the Company, entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

2. The Guarantees of the Delaware Guarantors have been duly authorized by the Delaware Guarantors and, when the Exchange Notes have been duly executed, authenticated and delivered in accordance with the terms of the Exchange Offer and the Indenture as contemplated by the Registration Statement and the Guarantees of the Delaware Guarantors have been duly executed and delivered, the Guarantees of the Delaware Guarantors will constitute valid and legally binding obligations of the Delaware Guarantors, entitled to the benefits of the Indenture and enforceable against the Delaware Guarantors in accordance with their terms except that the enforcement thereof may be subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity and the discretion of the court before which any proceeding therefor may be brought.

We are attorneys admitted to practice in the State of New York. We express no opinion concerning the laws of any jurisdiction other than the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States of America.

CAHILL GORDON & REINDEL

We hereby consent to the reference to our firm in the Registration Statement under the caption "Legal Matters," and to the inclusion of this opinion as an exhibit to the Registration Statement. Our consent to such reference does not constitute a consent under Section 7 of the Securities Act and in consenting to such reference we have not certified any part of the Registration Statement and do not otherwise come within the categories of persons whose consent is required under Section 7 or under the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Cahill Gordon & Reindel

EXHIBIT 12

Vail Resorts, Inc.
Computation of Ratio of Earnings to Fixed Charges

	Twelve Month Fiscal Year Ended September 30,			Ten Month Fiscal Year Ended July 31,	Pro forma Twelve Months Ended July 31,	Twelve Months Ended July 31,	Twelve Months Ended January 31,
	1995	1996	1997	1998	1997	1998	1999
Fixed charges:							
Interest on long-term debt	19,498	14,904	20,308	17,789	16,799	20,891	21,534
Interest component of renewal expense	242	266	435	449	435	539	435
Total	19,740	15,170	20,743	18,238	17,234	21,430	21,969
Earnings (before fixed charges and income taxes):							
Income before income taxes	2,718	8,958	33,683	70,164	44,190	51,499	36,052
Fixed Charges as above	19,740	15,170	20,743	18,238	17,234	21,430	21,969
Total	22,458	24,128	54,426	88,402	61,424	72,929	58,021
Retain of earnings to fixed charges	1.14	1.59	2.62	4.85	3.56	3.40	2.64

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use in this Form S-4 Registration Statement of our report dated October 15, 1998 included herein, pertaining to the consolidated financial statements of Vail Resorts, Inc. and subsidiaries as of July 31, 1998 and September 30, 1997 and for the ten-month period ended July 31, 1998 and the years ended September 30, 1997 and 1996, and to all references to our Firm included in this Registration Statement.

/s/ Arthur Andersen LLP

Denver, Colorado
June 14, 1999