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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended July 31, 2009

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 001-09614

Vail Resorts, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**51-0291762**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
390 Interlocken Crescent **Broomfield, Colorado**	**80021**
(Address of Principal Executive Offices)	(Zip Code)

(303) 404-1800
(Registrant's Telephone Number, Including Area Code)

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. x Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes x No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
x Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☐ Yes ☐ No

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
☐ Yes x No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of $23.32 per share as reported on the New York Stock Exchange Composite Tape on January 30, 2009 (the last business day of the Registrant's most recently completed second quarter) was $700,131,580.

As of September 18, 2009, 36,174,979 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The Proxy Statement for the Annual Meeting of Shareholders is incorporated by reference herein into Part III, Items 10 through 14.

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FORWARD-LOOKING STATEMENTS

Except for any historical information contained herein, the matters discussed in this Annual Report on Form 10-K (this "Form 10-K") contain certain 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. 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 include, but are not limited to:

- *prolonged downturn in general economic conditions, including continued adverse affects on the overall travel and leisure related industries;*
- *unfavorable weather conditions or natural disasters;*
- *competition in our mountain and lodging businesses;*
- *our ability to grow our resort and real estate operations;*
- *our ability to successfully complete real estate development projects and achieve the anticipated financial benefits from such projects;*
- *further adverse changes in real estate markets;*
- *continued volatility in credit markets;*
- *our ability to obtain financing on terms acceptable to us to finance our real estate development, capital expenditures and growth strategy;*
- *our reliance on government permits or approvals for our use of Federal land or to make operational improvements;*
- *adverse consequences of current or future legal claims;*
- *our ability to hire and retain a sufficient seasonal workforce;*
- *willingness of our guests to travel due to terrorism, the uncertainty of military conflicts or outbreaks of contagious diseases, and the cost and availability of travel options;*
- *negative publicity or unauthorized use of our trademarks which diminishes the value of our brands;*
- *our ability to integrate and successfully operate future acquisitions; and*
- *implications arising from new Financial Accounting Standards Board ("FASB")/governmental legislation, rulings or interpretations.*

All forward-looking statements attributable to us or any persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this Form 10-K, including investors and prospective investors, are cautioned not to place undue reliance on such forward-looking statements. Actual results may differ materially from those suggested by the forward-looking statements that the Company makes for a number of reasons including those described in Part I, Item 1A, "Risk Factors" of this Form 10-K. All forward-looking statements are made only as of the date hereof. Except as may be required by law, the Company does not intend to update these forward-looking statements, even if new information, future events or other circumstances have made them incorrect or misleading.

PART I

ITEM 1. BUSINESS.

General

Vail Resorts, Inc. was organized as a public holding company in 1997 and operates through various subsidiaries (collectively, the "Company"). The Company's operations are grouped into three business segments: Mountain, Lodging and Real Estate, which represented approximately 63%, 18% and 19%, respectively, of the Company's net revenue for the year ended July 31, 2009 ("Fiscal 2009"). The Company's Mountain segment owns and operates five world-class ski resort properties as well as ancillary businesses, primarily including ski school, dining and retail/rental operations, which provide a comprehensive resort experience to a diverse clientele with an attractive demographic profile. The Company's Lodging segment owns and/or manages a collection of luxury hotels under its RockResorts brand, as well as other strategic lodging properties and a large number of condominiums located in proximity to the Company's ski resorts, the Grand Teton Lodge Company ("GTLC"), which operates three destination resorts at Grand Teton National Park (the "Park"), Colorado Mountain Express ("CME"), a resort ground transportation company, and golf courses. Collectively, the Mountain and Lodging segments are considered the Resort segment. The Company's Real Estate segment owns and develops real estate in and around the Company's resort communities. Financial information by segment is presented in Note 15, Segment Information, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K.

Mountain Segment

The Company's portfolio of world-class ski resorts currently includes:

- Vail Mountain ("Vail Mountain") – the single most visited ski resort in the United States for the 2008/2009 ski season and the single largest ski mountain in the United States. Vail offers some of the most expansive and varied terrain with approximately 5,300 skiable acres including seven world renowned back bowls and the rustic Blue Sky Basin area of the resort.

- Breckenridge Ski Resort ("Breckenridge") – the second most visited ski resort in the United States for the 2008/2009 ski season and host of the highest chairlift in North America, the Imperial Express Super Chair, reaching 12,840 feet and offering above tree line expert terrain. Breckenridge is well known for its historic town, vibrant night-life and progressive and award-winning pipes and parks.

- Keystone Resort ("Keystone") – the fourth most visited ski resort in the United States for the 2008/2009 ski season and home to the highly renowned A51 Terrain Park as well as the largest area of night skiing in Colorado. Keystone also offers guests a unique skiing opportunity through guided snow cat ski tours accessing five bowls.

- Beaver Creek Resort ("Beaver Creek") – the seventh most visited ski resort in the United States for the 2008/2009 ski season. Beaver Creek is a European –style resort with multiple villages and also includes a world renowned children's ski school program focused on providing a first-class experience with unique amenities such as a dedicated children's gondola.

- Heavenly Mountain Resort ("Heavenly") – the ninth most visited ski resort in the United States for the 2008/2009 ski season and the second largest ski resort in the United States with over 4,800 skiable acres. Heavenly straddles the border of California and Nevada and offers unique and spectacular views of Lake Tahoe. Heavenly boasts the largest snowmaking capacity in the Lake Tahoe region and offers great night life including its proximity to several casinos.

Vail Mountain, Beaver Creek, Breckenridge and Keystone, all located in the Colorado Rocky Mountains, and Heavenly, located in the Lake Tahoe area of California/Nevada, are year-round mountain resorts. Each offers a full complement of recreational activities, including skiing, snowboarding, snowshoeing, sight-seeing, mountain biking, guided hiking, children's activities and other recreational activities.

The Company's Mountain segment derives revenue through the sale of lift tickets and season passes as well as a comprehensive offering of amenities available to guests, including ski and snowboard lessons, equipment rentals and retail merchandise sales, a variety of dining venues, private club operations and other recreational activities. In addition to providing extensive guest amenities, the Company also engages in, among other activities, the leasing out of the Company's owned commercial space around its base resorts for restaurants and retail stores.

Ski Industry/Market

There are approximately 760 ski areas in North America and approximately 470 in the United States, ranging from small ski area operations that service day skiers to large resorts that attract both day skiers and destination resort guests looking for a comprehensive vacation experience. One of the primary ski industry statistics for measuring performance is "skier visit," which represents a person utilizing a ticket or pass to access a mountain resort for any part of one day, and includes both paid and complimentary access. During the 2008/2009 ski season, combined skier visits for all the United States ski areas were approximately 57.4 million and all North American skier visits were approximately 76.1 million. The Company's ski resorts had 5.9 million skier visits during the 2008/2009 ski season, or approximately 10.3% of United States skier visits, and an approximate 7.8% share of the North American market's skier visits.

The Company's Colorado ski resorts appeal to both day skiers and destination guests due to the resorts' proximity to Colorado's Front Range (Denver/Colorado Springs/Boulder metropolitan areas), accessibility from several airports, including Denver International Airport and Eagle County Airport, and the wide range of amenities available at each resort. Colorado has 29 ski areas, six of which are considered "Front Range Destination Resorts," including all of the Company's Colorado resorts, catering to both the Colorado Front Range and destination-skier markets. All Colorado ski resorts combined recorded approximately 11.9 million skier visits for the 2008/2009 ski season with skier visits at the Company's Colorado ski resorts totaling 5.1 million, or approximately 42.9% of all Colorado skier visits for the 2008/2009 ski season.

Lake Tahoe, which straddles the border of California and Nevada, is a major skiing destination less than 100 miles from Sacramento and Reno and approximately 200 miles from San Francisco, making it a convenient destination for both day skiers and destination guests. South Lake Tahoe, where Heavenly is located, is also a popular year-round vacation destination, featuring extensive summer attractions and casinos in addition to its winter sports offerings. Heavenly is proximate to both the Reno/Tahoe International Airport and the Sacramento International Airport. California and Nevada have 33 ski

areas. Heavenly had 802,000 skier visits for the 2008/2009 ski season, capturing approximately 11.8% of California's and Nevada's 6.8 million total skier visits for the 2008/2009 ski season.

Competition

There are significant barriers to entry for new ski areas due to the limited private lands on which ski areas could be built, the difficulty in getting the appropriate governmental approvals to build on public lands and the significant capital needed to construct the necessary infrastructure. As such, there has been virtually no new supply of major resorts in North America for the past 25 years which has and should continue to allow the best positioned resorts, including all of the Company's resorts, to capture a majority of future industry growth. The Company's resorts compete with other major ski resorts, including Aspen/Snowmass, Copper Mountain, Deer Valley, Mammoth Mountain, Northstar-at-Tahoe, Park City Mountain Resort, Squaw Valley USA, Steamboat, Whistler Blackcomb and Winter Park, as well as other ski areas in Colorado and the Lake Tahoe area, other destination ski areas worldwide and non-ski related vacation destinations.

While the ski industry has performed well in recent years in terms of number of skier visits, with the eight best seasons occurring in the past nine years for United States visitation, a particular ski area's growth is also largely dependent on either attracting skiers away from other resorts, generating more revenue per skier visit and/or generating more visits from each skier. Better capitalized ski resorts, including all five mountain resorts operated by the Company, are expanding their offerings, as well as enhancing the quality and experience by adding new high speed chairlifts, gondolas, terrain parks, state of the art grooming machines, expanded terrain and amenities at the base areas of the resorts, all of which are aimed at increasing guest visitation and revenue per skier visit. The Company believes it invests more in capital improvements than the vast majority of its competitors and can also create synergies by operating multiple resorts thus enhancing the Company's profitability. Additionally, the Company through its sales of season passes (including the new Epic Season Pass introduced in the 2008/2009 ski season, which offers unrestricted and unlimited access to all five of its resorts) provides its guests with a strong value option, in return for the guest committing to ski at its resorts prior to, or very early into the ski season, which the Company believes attracts more guests to its resorts. All five of the Company's resorts typically rank in the top ten most visited ski resorts in the United States. Additionally, all of the Company's resorts consistently rank in the top 25 ranked ski resorts in North America according to industry surveys, which the Company attributes to its resorts' ability to provide a high-quality experience.

The ski industry statistics stated in this section have been derived from data published by Colorado Ski Country USA, Canadian Ski Council, Kottke National End of Season Survey 2008/2009 (the "Kottke Survey") and other industry publications.

All of the Company's ski resorts maintain the unique distinction of competing effectively as both market share leaders and quality leaders. The following inherent and strategic factors contribute directly to each resort's success:

Exceptional mountain experience --

- World-Class Mountain Resorts and Integrated Base Resort Areas

  All five of the Company's mountain resorts offer a multitude of skiing and snowboarding experiences for the beginner, intermediate, advanced and expert levels. Each resort is also fully integrated into expansive resort areas offering a broad array of lodging, dining, retail, spas, nightlife and other amenities to the resort's guests, some of which are owned or managed by the Company.

- Snow Conditions

  The Company's resorts are located in areas that receive significantly higher than average snowfall compared to most other ski resort locations in the United States. The Company's resorts in the Colorado Rocky Mountains and Heavenly in the Sierra Nevada Mountains all receive average yearly snowfall between 20 and 30 feet. Even in these abundant snowfall areas, the Company has significant snowmaking systems that can help provide a more consistent experience, especially in the early season. Additionally, the Company provides many acres of groomed terrain at its resorts with extensive fleets of snow grooming equipment.

- Lift Service

  The Company systematically upgrades its lifts to streamline skier traffic and maximize guest experience. For the 2008/2009 ski season, the Company replaced its existing gondola at Keystone with an eight-passenger gondola including a mid-station feature. In the past three fiscal years, the Company has installed several high-speed chairlifts and gondolas across its resorts, including an eight-passenger gondola at Breckenridge with two mid-station features; an eight-passenger gondola at Beaver Creek; two four-passenger high-speed chairlifts at Vail Mountain; and a four-passenger high-speed chairlift at Heavenly.

- Terrain Parks

  The Company's resorts are committed to leading the industry in terrain park design, education and events for the growing segment of freestyle skiers and snowboarders. Each resort has multiple terrain parks that include progressively-challenging features. This park structure, coupled with new freestyle ski school programs, promotes systematic learning from basic to professional skills.

Extraordinary service and amenities --

- Commitment to Guest Service

  The Company's mission is to provide quality service at every level of the guest experience. Prior to arrival, guests can receive personal assistance through the Company's full-service, in-house travel center to book desired lodging accommodations, lift tickets, ski school lessons, equipment rentals and air and ground travel. On-mountain ambassadors engage guests and answer questions and all personnel, from lift operators to ski patrol, convey a guest-oriented culture. The Company solicits guest feedback through a variety of surveys and results are utilized to ensure high levels of customer satisfaction to understand trends and develop future resort programs and amenities.

- Season Pass Products

The Company offers a variety of season pass products for all of its ski resorts, marketed towards both out-of-state and international guests ("Destination") and in-state and local guests ("In-State"). The Company's season pass products are available for purchase predominately during the period prior to the start of the ski season. The Company's season pass products provide a value option to its guests and in turn develops a loyal customer base that commit to ski at the Company's resorts, ski multiple days each season at the Company's resorts and return to purchase season pass products year after year. In addition, the Company's season pass products attract new guests to its resorts. Growth in sales of season pass products is a key strategic factor for the Company and also creates strong synergies between its resorts. In the 2008/2009 ski season the Company introduced a new pass product, (the "Epic Season Pass") primarily marketed to its Destination guests (and also available to In-State guests) allowing pass holders unlimited and unrestricted access to all five ski resorts. Season pass products provided approximately 34% of the Company's total lift ticket revenue for the 2008/2009 ski season.

· Premier Ski Schools

The Company's resorts are home to some of the finest and most recognized ski and snowboard schools in the industry. Through a combination of outstanding training and abundant work opportunities, the schools have become home to many of the most experienced and credentialed professionals in the business. The Company complements its instructor staff with state-of-the-art facilities and extensive learning terrain, all with a keen attention to guest needs, including offering a wide variety of adult and child group and private lesson options with a goal of creating lifelong skiers and riders.

· On-Mountain Activities

The Company is a ski industry leader in providing comprehensive destination vacation experiences, including on-mountain activities designed to appeal to a broad range of interests. In addition to the Company's exceptional ski experiences, guests can choose from a variety of non-ski related activities including snow tubing, snow shoeing, guided snowmobile and scenic cat tours, horse-drawn sleigh rides and a year-round zip line in addition to high altitude dining. During the summer, on-mountain recreational activities provide guests with a wide array of options including scenic chairlift and gondola rides, mountain biking, alpine slide and zip-line rides, horseback riding and hiking.

· Dining

The Company's resorts provide a variety of quality on-mountain and base village dining venues, ranging from top-rated fine dining restaurants to trailside express food service outlets. The Company operates over 90 of such dining options at its five mountain resorts. Furthermore, the Company is committed to serving healthy food options to its guests at these dining venues through the Company's "Appetite for Life" program.

· Retail/rental

The Company, through SSI Venture, LLC ("SSV"), has over 150 retail/rental locations specializing in sporting goods including ski, snowboard, golf and cycling equipment. In addition to providing a major retail/rental presence at each of the Company's ski resorts, the Company also has retail/rental locations throughout the Colorado Front Range and at other Colorado, California and Utah ski resorts, as well as the San Francisco Bay Area and Salt Lake City. Many of the locations in the Colorado Front Range and in the San Francisco Bay Area also offer a prime venue for selling the Company's season pass products.

· Lodging and Real Estate Development

Quality lodging options are an integral part of providing a complete resort experience. The Company's 14 owned and managed hotels proximate to its five mountain resorts, including four RockResorts branded hotels, and a significant inventory of managed condominium rooms provide numerous accommodation options for the Company's mountain resort guests. The Company's real estate development efforts provide the Company with the ability to add profitability to the Company while expanding the destination bed base and upgrading its resorts through the development of amenities such as luxury hotels, private clubs, spas, parking and commercial space for restaurants and retail shops. The Company's Lodging and Real Estate segments have and continue to invest in resort related assets as part of their initiatives which enhance the overall resort experience. Examples include: the Arrabelle at Vail Square hotel (the "Arrabelle"), a RockResort property which opened in the 2007/2008 ski season; the major renovation of The Osprey at Beaver Creek (formerly the Inn at Beaver Creek), a RockResort property that opened in the 2008/2009 ski season; a new spa, guest rooms and renovated ballroom and meeting spaces at The Lodge at Vail for the 2008/2009 ski season; the Crystal Peak Lodge in Breckenridge which opened for the 2008/2009 ski season; and the Vail Mountain and Arrabelle Clubs, private mountain clubs which opened for the 2008/2009 ski season.

· Environmental Stewardship

As part of the Company's long-standing commitment to responsible stewardship of its natural mountain settings, the Company has several initiatives in environmental sustainability which transcend throughout all of the Company's operations. During Fiscal 2009, the Company announced an "energy layoff" initiative aimed at reducing overall energy consumption by 10%, with a goal of a 5% reduction in the first year and a 5% reduction in the second year. The Company reduced its energy consumption by 6.1% in Fiscal 2009, exceeding its first year goal. In addition, the Company recently introduced a "paperless" initiative with plans to substantially eliminate the internal use of paper by the end of calendar year 2011. In Fiscal 2009, the Company has also offset approximately 100% of its electrical usage by purchasing megawatt-hours of wind energy credits for its five mountain resorts, its lodging properties including RockResorts, its retail/rental locations and its corporate headquarters in Broomfield, Colorado. The Company's headquarters is LEED-certified and the Company's planned Ever Vail project is expected to be the largest LEED-certified project for resort use in North America. Additionally, the Company has partnered with the National Forest Foundation to raise funds for various conservation projects in the White River National Forest in Colorado and the National Forest of Tahoe Basin in California/Nevada where the Company operates its five mountain resorts. As a result of these efforts, the Company was honored by *Conde Nast Traveler* as a leader in social responsibility in the travel industry as a winner of the magazine's 2008 World Savers Awards in the category of environmental protection.

A*ccessibility from major metropolitan areas* --

The Company's ski resorts are well located and easily accessible by both Destination and In-State guests.

· Colorado resorts

The Colorado Front Range market, with a population of approximately 4.3 million, and growing faster than the national average, is within approximately 100 miles from each of the Company's Colorado resorts, with access via a major interstate highway. Additionally, the Company's Colorado resorts are proximate to both Denver International Airport and Eagle County Airport.

- Heavenly

Heavenly is proximate to two large California population centers, the Sacramento/Central Valley and the San Francisco Bay Area. Heavenly is within 100 miles of Sacramento/Central Valley and approximately 200 miles from the San Francisco Bay area via major interstate highways. Heavenly is serviced by the Reno/Tahoe International Airport, Sacramento International Airport and the San Francisco International Airport.

Marketing and Sales

The Company promotes its resorts through extensive marketing and sales programs, which include direct marketing to a targeted audience, promotional programs, print media advertising in lifestyle and industry publications, loyalty programs that reward frequent guests and sales and marketing directed at attracting groups, corporate meetings and convention business. Additionally, the Company markets directly to many of its guests through its websites and internet presence, including using social media outlets, which provides guests with information regarding each of the Company's resorts, including services and amenities, reservations information and virtual tours (nothing contained on the websites shall be deemed incorporated herein). The Company also enters into strategic sponsorships with selected “name brand” companies to increase its market exposure and create opportunities for cross-marketing.

Seasonality

Ski resort operations are highly seasonal in nature, with a typical ski season beginning in mid-November and running through mid-April. In an effort to partially counterbalance the concentration of revenue in the winter months, the Company offers non-ski season attractions such as sight-seeing, mountain biking, guided hiking, alpine slides and zip-line rides, children’s activities and other recreational activities such as golf (included in the operations of the Lodging segment). These activities also help attract destination conference and group business to the Company's resorts.

Lodging Segment

The Company's Lodging segment includes the following operations:

- RockResorts -- a luxury hotel management company with a current portfolio of eight properties, including four Company-owned and four managed third-party owned resort hotels with locations in Colorado, Wyoming, New Mexico and St. Lucia, West Indies as well as six properties currently under development that the Company will manage;

- Six additional independently flagged Company-owned hotels, management of the Vail Marriott Mountain Resort & Spa (“Vail Marriott”), Mountain Thunder Lodge, Crystal Peak Lodge and Austria Haus Hotel and condominium management operations, all of which are in and around the Company's Colorado ski resorts;

- GTLC -- a summer destination resort with three resort properties in the Grand Teton National Park and the Jackson Hole Golf & Tennis Club (“JHG&TC”) near Jackson, Wyoming;

- CME -- a resort ground transportation company; and

- Five Company-owned resort golf courses in Colorado and one in Wyoming.

The Lodging segment currently includes approximately 3,900 owned and managed hotel and condominium rooms. The Company's resort hotels collectively offer a wide range of services to guests.

The Company's portfolio of owned or managed luxury resort hotels and other hotels and resorts currently includes:

Name	Location	Own/Manage	Rooms
RockResorts:			
The Lodge at Vail	Vail, CO	Own	169*
The Arrabelle at Vail Square	Vail, CO	Own	88*
The Pines Lodge	Beaver Creek, CO	Own	68*
The Osprey at Beaver Creek	Beaver Creek, CO	Own	47*
La Posada de Santa Fe	Santa Fe, NM	Manage	157
Snake River Lodge & Spa	Teton Village, WY	Manage	153
Hotel Jerome	Aspen, CO	Manage	94
The Landings St. Lucia	St. Lucia, West Indies	Manage	71
Other Hotels and Resorts:			
The Great Divide Lodge	Breckenridge, CO	Own	208
The Keystone Lodge	Keystone, CO	Own	152
Inn at Keystone	Keystone, CO	Own	103
Breckenridge Mountain Lodge	Breckenridge, CO	Own	71
Village Hotel	Breckenridge, CO	Own	60
Ski Tip Lodge	Keystone, CO	Own	10
Jackson Lake Lodge	Grand Teton Nat'l Pk., WY	Concessionaire Contract	385
Colter Bay Village	Grand Teton Nat'l Pk., WY	Concessionaire Contract	166

Jenny Lake Lodge	Grand Teton Nat'l Pk., WY	Concessionaire Contract	37
Vail Marriott Mountain Resort & Spa	Vail, CO	Manage	344
Mountain Thunder Lodge	Breckenridge, CO	Manage	100
Crystal Peak Lodge	Breckenridge, CO	Manage	26
Austria Haus Hotel	Vail, CO	Manage	25

*Includes individual owner units that are in a rental program managed by the Company.

Created by Laurance S. Rockefeller in 1956, the portfolio of RockResorts properties was purchased by the Company in December 2001. The RockResorts collection includes luxury hotels influenced by a strong connection to the natural surrounding environment and feature award-winning dining, and state-of-the-art RockResorts spas and fitness centers. The properties incorporate the indigenous environment into the guest experience and feature access to a variety of year-round outdoor activities ranging from skiing to golf.

The Company's lodging strategy seeks to complement and enhance its mountain resort operations through the ownership or management of lodging properties and condominiums in proximity to its mountain resorts and management of luxury resorts in premier destination locations. Additionally, the Company continues to pursue new management contracts, which may include, in addition to management fees, marketing license fees and technical service fees in conjunction with a project's design, development and sales.

The Company's lodging strategy, through RockResorts, is focused on the resort hotel niche within the luxury segment and competes for boutique full-service hotel management contracts with other hotel management companies, including Rosewood Hotels & Resorts, the KOR group and Auberge Resorts.

During Fiscal 2009, RockResorts announced the addition of two luxury properties, which are currently under development, to its managed hotel portfolio; Balcones Del Atlantico, a beachfront resort in the village of Las Terrenas on the Samana Peninsula of the Dominican Republic, and the Mansfield Inn at Stowe, a mountain resort property located in the mountain resort community of Stowe, Vermont. Additionally, current properties under development as RockResorts managed resorts include: Tempo Miami, Miami, Florida; One Ski Hill Place, Breckenridge; Rum Cay Resort Marina, Bahamas and the Third Turtle Club & Spa, Turks & Caicos.

In November 2008, the Company acquired CME, which represents the first point of contact with many of the Company's guests when they arrive by air to Colorado. CME offers year-round ground transportation from Denver International Airport and Eagle County Airport to the Vail Valley (locations in and around Vail, Beaver Creek, Avon and Edwards), Aspen (locations in and around Aspen and Snowmass) and Summit County (includes Keystone, Breckenridge, Copper Mountain, Frisco and Silverthorne) for ski and snowboard and other mountain resort experiences. CME offers four primary types of services; including door-to-door shuttle business, point-to-point shuttle business with centralized drop-off at transportation hubs, private chartered vans and premier luxury charter vehicles. The vehicle fleet consists of approximately 250 vans and luxury SUV's, and transported approximately 300,000 resort guests over the past year.

Lodging Industry/Market

Hotels are categorized by Smith Travel Research, a leading lodging industry research firm, as luxury, upper upscale, upscale, mid-price and economy. The service quality and level of accommodations of the RockResorts' hotels place them in the luxury category, which represents hotels achieving the highest average daily rates ("ADR") in the industry, and includes such brands as the Four Seasons, Ritz-Carlton and Starwood's Luxury Collection hotels. The Company's other hotels are categorized in the upper upscale and upscale segments of the hotel market. The luxury and upper upscale segments consist of approximately 695,000 rooms at approximately 1,950 properties in the United States as of July 2009. For Fiscal 2009, the Company's owned hotels, which includes a combination of certain RockResorts, as well as other hotels in proximity to the Company's ski resorts, had an overall ADR of $183.59, a paid occupancy rate of 58.3% and revenue per available room ("RevPAR") of $107.06, as compared to the upper upscale segment's ADR of $149.49, a paid occupancy rate of 64.5% and RevPAR of $96.40. The Company believes that this comparison to the upper upscale category is appropriate as its mix of owned hotels include those in the luxury and upper upscale categories, as well as certain of its hotels that fall in the upscale category. The highly seasonal nature of the Company's lodging properties generally results in lower average occupancy as compared to the upper upscale segment of the lodging industry.

Competition

Competition in the hotel industry is generally based on quality and consistency of rooms, restaurant and meeting facilities and services, attractiveness of locations, availability of a global distribution system, price and other factors. The Company's properties compete within their geographic markets with hotels and resorts that include locally owned independent hotels, as well as facilities owned or managed by national and international chains, including such brands as Four Seasons, Hilton, Hyatt, Marriott, Ritz-Carlton, Starwood's Luxury Collection and Westin. The Company's properties also compete for convention and conference business across the national market. The Company believes it is highly competitive in the resort hotel niche for the following reasons:

- All of the Company's hotels are located in unique highly desirable resort destinations.
- The Company's hotel portfolio has achieved some of the most prestigious hotel designations in the world, including seven properties and five hotel restaurants in its portfolio that are currently rated as AAA 4-Diamond.
- The RockResorts brand is a historic brand name with a rich tradition associated with high quality luxury resort hotels.
- Many of the Company's hotels (both owned and managed) are designed to provide a look that feels indigenous to their surroundings, enhancing the guest's vacation experience.
- Each RockResorts hotel provides the same high level of quality and services, while still providing unique characteristics which distinguish the resorts from one another. This appeals to travelers looking for consistency in quality and service offerings together with an experience more unique than typically offered by larger luxury hotel chains.
- Many of the hotels in the Company's portfolio provide a wide array of amenities available to the guest such as access to world-class ski and golf resorts, spa and fitness facilities, water sports and a number of other outdoor activities as well as highly acclaimed dining options.

- Conference space with the latest technology is available at most of the Company's hotels. In addition, guests at Keystone can use the Company-owned Keystone Conference Center, the largest conference facility in the Colorado Rocky Mountain region with more than 100,000 square feet of meeting, exhibit and function space.

- The Company has a central reservations system that leverages off of its ski resort reservations system and has a brand new online planning and booking platform, offering guests a much more seamless and useful way to make reservations at the Company's resorts.

- The Company actively upgrades the quality of the accommodations and amenities available at its hotels through capital improvements. Capital funding for third-party owned properties is provided by the owners of those properties to maintain standards required by our management contracts. Recently completed projects include a full renovation of The Osprey at Beaver Creek (formerly known as the Inn at Beaver Creek), extensive upgrades to The Lodge at Vail including a fully renovated ballroom and meeting spaces, room upgrades and the addition of a 7,500 square foot spa and extensive room upgrades at GTLC's historic Jackson Lake Lodge.

National Park Concession

The Company owns GTLC, which is based in the Jackson Hole area in Wyoming and operates within the Grand Teton National Park under a 15 year concessionaire agreement (that expires December 31, 2021) with the National Park Service ("NPS"). GTLC also owns JHG&TC, which is located outside of the Grand Teton National Park near Jackson, Wyoming. GTLC's operations within the Grand Teton National Park and JHG&TC have operating seasons that generally run from mid-May to mid-October.

There are 391 areas within the National Park System covering approximately 85 million acres across the United States and its territories. Of the 391 areas, 58 are classified as National Parks. While there are more than 500 NPS concessionaires, ranging from small privately-held businesses to large corporate conglomerates, the Company primarily competes with such companies as Aramark Parks & Resorts, Delaware North Companies Parks & Resorts, Forever Resorts and Xanterra Parks & Resorts in retaining and obtaining National Park Concessionaire agreements. The NPS uses "recreation visits" to measure visitation within the National Park System. In calendar 2008, areas designated as National Parks received approximately 61.2 million recreation visits. The Grand Teton National Park, which spans approximately 310,000 acres, had 2.5 million recreation visits during calendar 2008, or approximately 4% of total National Park recreation visits. Four concessionaires provide accommodations within the Grand Teton National Park, including GTLC. GTLC offers three lodging options within the Grand Teton National Park: Jackson Lake Lodge, a full-service, 385-room resort with 17,000 square feet of conference facilities which can accommodate up to 600 people; the Jenny Lake Lodge, a small, rustically elegant retreat with 37 cabins; and Colter Bay Village, a facility with 166 log cabins, 66 tent cabins, 361 campsites and a 112-space RV park. GTLC offers dining options as extensive as its lodging options, with cafeterias, casual eateries and fine dining establishments. GTLC's resorts provide a wide range of activities for guests to enjoy, including cruises on Jackson Lake, boat rentals, horseback riding, guided fishing, float trips, golf and guided Grand Teton National Park tours. As a result of the extensive amenities offered as well as the tremendous popularity of the National Park System, GTLC's accommodations within the Grand Teton National Park operate near full capacity during their operating season.

Marketing and Sales

The Company promotes its luxury and resort hotels and seeks to maximize lodging revenue by using its marketing network established at the Company's ski resorts. This network includes local, national and international travel relationships which provide the Company's central reservation systems with a significant volume of transient guests. The Company also promotes a comprehensive vacation experience through various package offerings and promotions (combining lodging, lift tickets, transportation and dining). Additionally, the individual hotels and the Company have active sales forces to generate conference and group business.

Seasonality

The Company's lodging business is highly seasonal in nature, with peak seasons primarily in the winter months (with the exception of GTLC, certain managed properties and golf operations). In recent years, the Company has grown its business by promoting its extensive conference facilities and offering more off-season activities to help offset the seasonality of the Company's lodging business. The Company owns and operates six golf courses: The Beaver Creek Golf Club, The Keystone Ranch Golf Course, The River Course at Keystone, JHG&TC and the Tom Fazio and Greg Norman courses at Red Sky Ranch near the Beaver Creek Resort. JHG&TC was ranked the fourth best course in Wyoming for 2009 by *Golf Digest*, the Tom Fazio course was ranked the fourth best course in Colorado in the State by State ranking for 2009 by *Golfweek* and ranked the fourteenth best course in Colorado for 2009 by *Golf Digest*, and the Greg Norman course was ranked the eighth best course in Colorado in the State by State ranking for 2009 by *Golfweek* and ranked the tenth best course in Colorado for 2009 by *Golf Digest*. Red Sky Ranch was ranked one of America's Top 100 Golf Communities in 2009 by *Travel & Leisure Golf*.

Real Estate Segment

The Company has extensive holdings of real property at its resorts throughout Summit and Eagle Counties in Colorado. The Company's real estate operations, through Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary of the Company, include the planning, oversight, infrastructure improvement, development, marketing and sale of the Company's real property holdings. In addition to the cash flow generated from real estate development sales, these development activities benefit the Company's Mountain and Lodging segments through (i) the creation of additional resort lodging and other resort related facilities and venues (primarily restaurants, spas, commercial space, private mountain clubs, skier services facilities and parking structures) which provide the Company with the opportunity to create new sources of recurring revenue, enhance the guest experience at the resort and expand the destination bed base; (ii) the ability to control the architectural themes of the Company's resorts; and (iii) the expansion of the Company's property management and commercial leasing operations. Additionally, in order to facilitate the sale of real estate development projects, these projects have included the construction of resort assets benefiting the development, such as chairlifts, gondolas, ski trails or golf courses. While these improvements enhance the value of the real estate held for sale (for example, by providing ski-in/ski-out accessibility), they also benefit the Mountain and Lodging segments' operations.

In recent years the Company has primarily focused on projects that involve significant vertical development. In addition to recently completed projects including the Arrabelle, Vail's Front Door and Crystal Peak Lodge at Breckenridge, the Company has two vertical development projects currently under construction: One Ski Hill Place at Breckenridge and The Ritz-Carlton Residences, Vail. The Company attempts to mitigate the risk of vertical development by often utilizing guaranteed maximum price construction contracts (although certain construction costs may not be covered by contractual limitations), pre-selling all or a portion of the project, requiring significant non-refundable deposits, and potentially obtaining non-recourse financing for certain projects. In some instances as warranted by the Company's business model, VRDC occasionally attempts to minimize the Company's exposure to development risks and maximize the long-term value of the Company's real property holdings by selling improved and entitled land to third-party developers while often retaining

the right to approve the development plans, as well as an interest in the developer's profit. The Company also typically retains the option to purchase, at cost, any retail/commercial space created in a development.

VRDC's principal activities include (i) the vertical development of certain residential mixed-use projects that consist of both the sales of real estate units to third parties and the construction of resort depreciable assets such as hotels, restaurants, spas, private clubs, commercial space, skier service facilities, parking structures and other amenities that the Company will own and operate and that will benefit the Company's Mountain and Lodging segments; (ii) the sale of single-family homesites to individual purchasers; (iii) the sale of certain land parcels to third-party developers for condominium, townhome, cluster home, single family home, lodge and mixed use developments; (iv) the zoning, planning and marketing of resort communities; (v) arranging for the construction of the necessary roads, utilities and resort infrastructure for new resort communities; and (vi) the purchase of selected strategic land parcels for future development.

VRDC's current construction activities include the following major projects:

- *One Ski Hill Place at Breckenridge* -- This development consists of 88 ski-in/ski-out residences and certain amenities which include a slopeside skiers' plaza, a skier restaurant, après-ski bar, owner's ski lounge, parking garage, conference space and retail space, all of which are located at the base of Peak 8 and will connect to the Town of Breckenridge via the BreckConnect gondola. This development will be branded a RockResorts property upon completion.

- *The Ritz-Carlton Residences, Vail* -- Located in the western part of Vail, this project consists of 71 whole ownership luxury residences and 45 Ritz-Carlton Club fractional ownership units. This development will offer exclusive amenities, including a great room with bar, fitness facility and a heated parking garage with valet service.

Additionally, VRDC continues to plan for numerous projects at all five of its mountain resorts, including the Ever Vail project in Vail.

Employees

The Company, through certain operating subsidiaries, currently employs approximately 3,500 year-round employees and during the height of its operating season employs approximately 10,600 seasonal employees. In addition, the Company manages approximately 700 year-round and 160 seasonal employees on behalf of the owners of the managed hotel properties. None of the Company's employees are unionized. The Company considers employee relations to be good.

Regulation and Legislation

Federal Regulation

The 1986 Ski Area Permit Act (the "1986 Act") allows the USDA Forest Service (the "Forest Service") to grant Term Special Use Permits (each, an "SUP") for the operation of ski areas and construction of related facilities on National Forest lands. In addition, the 1986 Act requires a Master Development Plan for each ski area that is granted an SUP. Each of the Company's five ski resorts operates under an SUP.

Each distinct area of National Forest lands is required by the National Forest Management Plan to develop and maintain a Land and Resource Management Plan (a "Forest Plan"), which establishes standards and guidelines for the Forest Service to follow and consider in reviewing and approving proposed actions by the Company.

Under the 1986 Act, 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. Virtually all of the skiable terrain on Vail Mountain, Breckenridge, Heavenly and Keystone is located on Forest Service land. While Beaver Creek also operates on Forest Service land, a significant portion of the skiable terrain, primarily in the lower main mountain, Western Hillside, Bachelor Gulch and Arrowhead Mountain areas, is located on Company-owned land.

Special Use Permits

Vail Mountain operates under an SUP for the use of 12,226 acres that expires October 31, 2031. Breckenridge operates under an SUP for the use of 5,702 acres that expires December 31, 2029. Keystone operates under an SUP for the use of 8,376 acres that expires December 31, 2032. Beaver Creek operates under an SUP for the use of 3,849 acres that expires December 31, 2038. Heavenly operates under an SUP for the use of 7,050 acres that expires May 1, 2042.

Each SUP contains a number of requirements, including that the Company indemnify the Forest Service from third-party claims arising out of its operation under the SUP and that it comply with applicable laws, such as those relating to water quality and endangered or threatened species.

For use of the SUPs, the Company pays a fee to the Forest Service ranging from 1.5% to 4.0% of sales for services occurring on Forest Service land. Included in the calculation are sales from, among other things, lift tickets, season passes, ski school lessons, food and beverages, equipment rentals and retail merchandise.

The SUPs may be amended by the Company or by the Forest Service to change the permit area or permitted uses. The Forest Service may amend an SUP if it determines that such amendment is in the public interest to do so. While the Forest Service is required to seek the permit-holders consent to any amendment, an amendment can be finalized over permit-holder objections. Permit amendments must be consistent with the Forest Plan and are subject to the provisions of the National Environmental Policy Act ("NEPA"), both of which are discussed below.

The Forest Service can also terminate a SUP if it determines that termination is required in the public interest. However, to the Company's knowledge, no SUP has ever been terminated by the Forest Service over the opposition of the permitee.

Master Development Plans

All improvements that the Company proposes to make on National Forest lands under any of its SUPs must be included in a Master Development Plan. Master Development Plans describe the existing and proposed facilities, developments and area of activity within the permit area. Master Development

Plans are prepared by the Company and set forth a conceptual overview of all potential projects at each resort. The Master Development Plans are reviewed by the Forest Service for compliance with the Forest Plan and other applicable law and, if found to be compliant, are accepted by the Forest Service. Notwithstanding acceptance by the Forest Service of the conceptual Master Development Plans, individual projects still require separate applications to be submitted evidencing compliance with NEPA and other applicable laws before the Forest Service will approve such projects. The Company updates or amends its Master Development Plans for Vail Mountain, Beaver Creek, Keystone, Breckenridge and Heavenly from time to time.

White River National Forest Plan

Operational and development activities on National Forest System lands at the Company's four Colorado ski resorts are subject to the additional regulatory and planning requirements set forth in the April 2002 Record of Decision ("ROD") for the White River National Forest Land and Resources Management Plan (the "White River Forest Plan").

When approving Company applications for development, area expansion and other activities on National Forest lands in Colorado, the Forest Service must adhere to the White River Forest Plan and ROD. Any such decision may be subject to judicial review in Federal court if a party, with standing, challenges a Forest Service decision that applies the ROD at one of the Company's four Colorado ski resorts.

National Environmental Policy Act; California Environmental Quality Act

NEPA requires an assessment of the environmental impacts of "major" proposed actions of the Company on National Forest land, such as expansion of a ski area, installation of new lifts or snowmaking facilities, or construction of new trails or buildings. The Company must comply with NEPA when seeking Forest Service approval of such improvements. The Forest Service is responsible for preparing and compiling the required environmental studies, usually through third-party consultants. NEPA allows for different types of environmental studies, depending on the scope and size of the expected impact of the proposed project. An Environmental Assessment ("EA") is typically used for projects where the environmental impact is expected to be limited. For projects with more significant expected impacts, an Environmental Impact Statement ("EIS") is more commonly required. An EIS is more detailed and broader in scope than an EA. The Forest Service usually takes more time to compile, review and issue an EIS. Consequently, projects that require an EIS typically take longer to approve.

During the requisite environmental study, the Forest Service is required to analyze alternatives to the proposed action (including not taking the proposed action) as well as impacts that may be unavoidable. Following completion of the requisite environmental study, the Forest Service may decide not to approve the proposed action or may decide to approve an alternative. In either case the Company may be forced to abandon or alter its development or expansion plans.

In limited cases, projects can be subject to a Categorical Exclusion, which allows approval by the Forest Service without preparation of an environmental study required by NEPA. The Forest Service has a list of available Categorical Exclusions, which typically are only available for projects that are not expected to have an environmental impact, such as certain utilities installed in an existing, previously disturbed corridor.

Proposed actions at Heavenly may also be subject to the California Environmental Quality Act ("CEQA"), which is similar to NEPA in that it requires that the California governmental entity approving any proposed action on the California portion of Heavenly study potential environmental impacts. Projects with significant expected impacts require an Environmental Impact Report while more limited projects may be approved based on a Mitigated Negative Declaration.

Breckenridge Regulatory Matters

The Company submitted an updated Master Development Plan for Breckenridge, which was accepted by the Forest Service in January 2008. The Master Development Plan was updated to include, among other things, additional skiable area, snowmaking and lift improvements.

In January 2008, the Forest Service commenced public scoping of the Company's proposal to develop a portion of Peak 6, which adjoins the Breckenridge Ski Area to the north. Approval of the Peak 6 development requires the preparation of an EIS, in compliance with NEPA. The initial round of public scoping has been completed and the Forest Service is preparing the EIS. It is not possible at this time to determine whether the expansion will be approved as proposed.

Keystone Regulatory Matters

In November 2007, the Forest Service approved the extension and replacement of the River Run Gondola, as contemplated by the Keystone Ski Area Master Development Plan. This approval did not require extensive review under NEPA as it qualified for a Categorical Exclusion. The new gondola was installed during summer 2008 and was operational for the 2008/2009 ski season.

The Company has submitted an updated Keystone Ski Area Master Development Plan which includes, among other things, ski area expansion, construction of new lifts, trails and snowmaking systems, and construction or redevelopment of skier buildings and other facilities. The Company anticipates acceptance of the updated Master Development Plan by the Forest Service prior to the beginning of the 2009/2010 ski season.

Vail Regulatory Matters

In September 2007, the updated Vail Master Development Plan was accepted by the Forest Service. The Vail Master Development Plan includes, among other things, additional snowmaking on Vail Mountain, additional lifts, and a race facility expansion at Vail's Golden Peak. In October 2007, the Company submitted to the Forest Service its first proposal under the updated Master Development Plan to install a new chair lift in Vail's Sundown Bowl and to upgrade the existing chair 5 to a high-speed, detachable quad chair lift. NEPA requires that an EIS be prepared in connection with the approval of this proposal. Due to proposed project changes, the Forest Service is preparing a supplement to the EIS, which the Company anticipates will be issued in September 2009, with the final EIS and approval of the projects anticipated by November 2009.

In March 2006, the Forest Service approved a proposal to construct a chairlift to service existing and potential future residential and commercial development in the proposed Ever Vail area. However, since receiving approval, the Company has modified the plans for the chairlift and has requested approval from the

Forest Service of the modified plans. The Company anticipates approval by May 2010.

Beaver Creek Regulatory Matters

The Company is in the final stages of updating the Beaver Creek Master Development Plan to include, among other things, certain chairlift and snowmaking upgrades and adjustments to visitor capacity parameters in light of prior lift and trail upgrades contemplated in the Master Development Plan. The Company intends to submit the updated Master Development Plan to the Forest Service in December 2009.

Heavenly Regulatory Matters

During summer 2007, an amendment to the Heavenly Master Plan (the "Master Plan Amendment") to include new and upgraded trails, lifts, snowmaking, lodges and other facilities was accepted by the Forest Service and approved by the Tahoe Regional Planning Agency ("TRPA") and the underlying units of local government with jurisdiction. Portions of the Master Plan Amendment applying to the California side of the resort were subject to the approval of TRPA and El Dorado County, which required compliance with CEQA. The Master Plan Amendment was approved by TRPA and El Dorado County after completion of a joint TRPA/Forest Service EIS/Environmental Impact Report to comply with both CEQA and NEPA. Approval of the Master Plan Amendment included approval by the Forest Service and TRPA of the Phase I projects contemplated in the Master Plan Amendment. The Company has begun planning for the implementation of the next phase of projects contemplated in the Master Plan Amendment, which will require compliance with NEPA, CEQA and TRPA regulations and other local laws.

The Company has been conducting ongoing monitoring of groundwater contamination levels using three existing monitoring wells and a seasonal, downstream seep as required by the State of California Regional Water Quality Control Board, Lahontan Region ("Lahontan"), and the El Dorado County Department of Environmental Management. This requirement was imposed in response to an accidental release of waste oil at a vehicle maintenance shop in 1998 by the prior owner/operator of Heavenly. All cleanup work has been completed in accordance with the approved work plan. The Company has filed its final monitoring report and closure request and is waiting for a decision from Lahontan.

In July 2003, Heavenly received updated waste discharge requirements ("WDRs") relating to storm runoff on the California portions of the resort. WDRs are normally valid for ten years. The approved WDRs will permit Heavenly to continue year round operations and to continue with implementation of the approved Master Plan Amendment. The WDRs required the retrofit of certain existing facilities within California. All of the required work has been completed.

GTLC Concession Contract

GTLC operates three lodging properties, food and beverage services, retail, camping and other services within the Grand Teton National Park under a concession contract with the NPS. The Company's concession contract with the NPS for GTLC expires on December 31, 2021. Upon expiration of the concession contract, the Company will have to bid against other prospective concessionaires for award of a new contract.

The NPS may suspend operation under the concession contract at any time if the NPS determines it is necessary to protect visitors or resources within the National Park. NPS also has the right to terminate the contract for breach, following notice and a 15 day cure period or if it believes termination is necessary to protect visitors or resources within the National Park.

The Company pays a fee to the NPS of 8.01% on the majority of sales occurring in the Grand Teton National Park.

Water

The Company relies on a supply of water for operation of its ski areas for domestic and snowmaking purposes and for real estate development. Availability of water depends on existence of adequate water rights as well as physical delivery of the water when and where it is needed.

Snowmaking

To provide a level of predictability in dates of operation of its ski areas, the Company relies on snowmaking. Snowmaking requires a significant volume of water, which is viewed as a non-consumptive use – approximately 80% of the water is returned to the watershed at spring runoff.

In Colorado, the Company owns or has ownership interest in water rights in reservoir companies, reservoirs, groundwater wells, and other sources. The primary source of water for Keystone and Breckenridge is the Clinton Reservoir, in which the Company owns a non-controlling interest. For Vail Mountain and Beaver Creek, the primary water source is Eagle Park Reservoir, in which the Company owns a controlling interest. The Company believes that it has rights to sufficient quantities of water for the operation of the Company's four Colorado resorts for the foreseeable future.

Delivery of the water to each resort is typically by stream, from which the water is diverted by the Company to on-site storage facilities or directly into the snowmaking system. The streams that deliver the water are subject to minimum stream flows, freezing and other limitations that may prevent or reduce the amount of water physically available to the resort.

Unlike the Company's other Colorado resorts, Keystone does not have on-site storage for snowmaking water and so is more vulnerable to interruptions in delivery of a physical supply of water.

Heavenly's primary sources of water are the South Tahoe Public Utility District and Kingsbury General Improvement District, which are California and Nevada public utilities, respectively. Heavenly has short term contracts with both utility companies and pays prevailing rates. While the Company believes that both sources of water will be available long term, the Company has no contractual guaranty of service, delivery or future pricing. Further, the delivery systems of each utility are limited and may not be able to provide the immediate physical supply of water needed for optimal snowmaking.

Available Information

The Company reports to the Securities and Exchange Commission ("SEC") information, including its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Act") that are available free of charge on the Company's corporate website (www.vailresorts.com) as soon as reasonably practicable after the information is electronically

filed with or furnished to the SEC. In addition, the Company's Code of Ethics and Business Conduct is available on its website. None of the content of the Company's corporate website is incorporated by reference herein. Copies of any materials the Company files with the SEC can be obtained at www.sec.gov or at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISK FACTORS.

The risks described below should carefully be considered together with the other information contained in this report. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially affect our business, financial condition and results of operations.

Risks Related to Our Business

We are subject to the risk of a prolonged economic downturn including continued adverse affects on the overall travel and leisure related industries. The economic recession that has affected the U.S. and global economies, the tightened credit markets and eroded consumer confidence had a negative impact on overall trends in the travel and leisure industries and on our results of operations for Fiscal 2009. As a result of the economic downturn we experienced, among other items: a decrease in overall visitation at our resorts, primarily as a result of decreased visitation from Destination guests; a significant decrease in overall guest spending on ancillary services including ski school, dining and retail/rental; and a change in booking trends such that guest reservations were made much closer to the actual date of stay. We cannot predict at what level these negative trends will continue, worsen or improve and the ultimate impact it will have on our future results of operations. The actual or perceived fear of the extent of the recession could also lead to continued decreased spending by our guests. Skiing, travel and tourism are discretionary recreational activities that can entail a relatively high cost of participation and is adversely affected by economic slowdown or recession. This could further be exacerbated by the fact that we charge some of the highest prices for our lift tickets and ancillary services in the ski industry. In the event of a further decrease in visitation and overall guest spending we may be required to offer a higher amount of discounts and incentives than we have historically.

Leisure and business travel are particularly susceptible to various factors outside of our control, including terrorism, the uncertainty of military conflicts, outbreaks of contagious diseases and the cost and availability of travel options. Our business is sensitive to the willingness of our guests to travel. Acts of terrorism, the spread of contagious diseases, regional political events and developments in military conflicts in areas of the world from which we draw our guests could depress the public’s propensity to travel and cause severe disruptions in both domestic and international air travel and consumer discretionary spending, which could reduce the number of visitors to our resorts and have an adverse affect on our results of operations. Many of our guests travel by air and the impact of higher prices for commercial airline services and availability of air services could cause a decrease in visitation by Destination guests to our resorts. Also, many of our guests travel by vehicle and higher gasoline prices could adversely impact our guests’ willingness to travel to our resorts. Higher cost of travel may also affect the amount that guests are willing to spend at our resorts and could negatively impact our revenue particularly for lodging, ski school, dining and retail/rental.

Our business is highly seasonal. Our mountain and lodging operations are highly seasonal in nature. In particular, revenue and profits from our mountain and most of our lodging operations are substantially lower and historically result in losses from late spring to late fall. Conversely, peak operating seasons for GTLC, certain managed hotel properties and our golf courses occur during the summer months while the winter season generally results in operating losses. Revenue and profits generated by GTLC's summer operations, management fees from certain managed properties, certain other lodging properties and golf operations are not nearly sufficient to fully offset our off-season losses from our mountain and other lodging operations. For Fiscal 2009, 79% of total combined Mountain and Lodging segment net revenue was earned during our fiscal second and third quarters. In addition, the timing of major holidays can impact vacation patterns and therefore visitation at our ski resorts. If we were to experience an adverse event or realized a significant deterioration in our operating results during our peak periods (our fiscal second and third quarters) we would be unable to fully recover any significant declines due to the seasonality of our business. Operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full fiscal year (see Note 16, Selected Quarterly Financial Data, of the Notes to Consolidated Financial Statements).

We are vulnerable to the risk of unfavorable weather conditions and the impact of natural disasters. The ability to attract visitors to our resorts is influenced by weather conditions and by the amount and timing of snowfall during the ski season. Unfavorable weather conditions can adversely affect skier visits and our revenue and profits. Unseasonably warm weather may result in inadequate natural snowfall and reduce skiable terrain which increases the cost of snowmaking and could render snowmaking wholly or partially ineffective in maintaining quality skiing conditions, including in areas which are not accessible by snowmaking equipment. In addition, a severe and prolonged drought could affect our otherwise adequate snowmaking water supplies or increase the cost of snowmaking. Excessive natural snowfall may materially increase the costs incurred for grooming trails and may also make it difficult for visitors to obtain access to our mountain resorts. In the past 20 years, our ski resorts have averaged between 20 and 30 feet of annual snowfall which is significantly in excess of the average for United States ski resorts. However, there is no assurance that our resorts will receive seasonal snowfalls near the historical average in the future. Also, the early season snow conditions and skier perceptions of early season snow conditions influence the momentum and success of the overall season. Unfavorable weather conditions can adversely affect our resorts and lodging properties as vacationers tend to delay or postpone vacations if conditions differ from those that typically prevail at such resorts for a given season. There is no way for us to predict future weather patterns or the impact that weather patterns may have on our results of operations or visitation.

A severe natural disaster, such as a forest fire, may interrupt our operations, damage our properties and reduce the number of guests who visit our resorts in affected areas. Damage to our properties could take a long time to repair and there is no guarantee that we would have adequate insurance to cover the costs of repair. Furthermore, such a disaster may interrupt or impede access to our affected properties or require evacuations and may cause visits to our affected properties to decrease for an indefinite period. The ability to attract visitors to our resorts is also influenced by the aesthetics and natural beauty of the outdoor environment where our resorts are located. A severe forest fire or other severe impacts from naturally occurring events could negatively impact the natural beauty of our resorts and have a long-term negative impact on our overall guest visitation as it would take several years for the environment to recover.

We face significant competition. The ski resort and lodging industries are highly competitive. The number of people who ski in the United States (as measured in skier visits) has generally ranged between 52 million and 61 million annually over the last decade, with approximately 57.4 million visits for the 2008/2009 ski season. The factors that we believe are important to 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 lift tickets and/or season passes and the number, quality and price of related ancillary services (ski school, dining and retail/rental), amenities and lodging;
- snowmaking facilities;
- type and quality of skiing and snowboarding offered;
- duration of the ski season;
- weather conditions; and
- reputation.

We have many competitors for our ski vacationers, including other major resorts in Colorado, the Lake Tahoe area and other major destination ski areas worldwide. Our guests can choose from any of these alternatives, as well as non-skiing vacation destinations around the world. In addition, other forms of leisure such as sporting events and participation in other competing indoor and outdoor recreational activities are available to potential guests.

RockResorts hotels and our other hotels compete with numerous other hotel companies that may have greater financial resources than we do and they may be able to adapt more quickly to changes in customer requirements or devote greater resources to promotion of their offerings than us. We believe that developing and maintaining a competitive advantage will require us to make continued capital investment in our resorts. We cannot assure that we will have sufficient resources to make the necessary capital investments to do so, and we cannot assure that we will be able to compete successfully in this market or against such competitors.

The high fixed cost structure of ski resort operations can result in significantly lower margins if revenues decline. The cost structure of ski resort operations is primarily fixed, with variable expenses including, but not limited to, Forest Service fees, other resort related fees, credit card fees, retail/rental operations, ski school labor and dining operations. Any material declines in the economy, elevated geopolitical uncertainties and/or significant changes in historical snowfall patterns, as well as other risk factors discussed herein could adversely affect revenue. As such, our margins, profits and cash flows may be materially reduced due to declines in revenue given our high fixed cost structure. In addition, increases in wages and other labor costs, energy, healthcare, insurance, transportation and fuel, and other expenses included in our fixed cost structure may also reduce our margin, profits and cash flows.

Our future real estate development projects might not be successful. We have significant development plans for our properties and/or operations. We could experience significant difficulties in initiating or completing these projects, due to among other things:

- sustained deterioration in real estate markets;
- escalation in construction costs due to price increases in commodities, unforeseen conditions, inadequate design or drawings, or other causes;
- difficulty in selling units or the ability of buyers to obtain necessary funds to close on units;
- work stoppages;
- weather interferences;
- shortages in obtaining materials;
- difficulty in financing real estate development projects;
- difficulty in receiving the necessary regulatory approvals;
- difficulty in obtaining qualified contractors or subcontractors; and
- unanticipated incremental remediation costs related to design and construction issues.

Our real estate development projects are designed to make our resorts attractive to our guests and to maintain competitiveness. If these projects are not successful, in addition to not realizing intended profits from the real estate developments, our guests may choose to go to other resorts that they perceive have better amenities and our results of operations could be materially adversely affected.

There are significant risks associated with our current real estate projects under development, which could adversely affect our financial condition, results of operations or anticipated cash flows from these projects. We currently have two real estate projects under development, One Ski Hill Place in Breckenridge and The Ritz-Carlton Residences, Vail. We have increased risk associated with selling and closing units for these projects as a result of the instability in the capital and credit markets and a slowdown in the overall real estate market. For instance, we may have difficulty selling units due to a reduction in demand or oversupply and, as a result we may not be able to sell such properties for a profit or at the prices or selling pace we anticipate. Furthermore, given the current economic climate, certain buyers may be unable to close on their units due to a reduction in funds available to buyers and/or decreases in mortgage availability, or certain buyers who have entered into purchase and sales contracts with us may attempt to challenge the legality of the contracts in an effort to invalidate their purchase commitment and obtain a refund of their deposit. We are currently self funding the development for these two projects and estimate to incur between $190 million and $210 million in cash expenditures subsequent to July 31, 2009 to complete these projects which will cause a decline in future cash being generated from operating activities, potentially requiring us to borrow under the revolver component of our senior credit facility (the "Credit Facility") from time to time, which would increase our leverage until we close and receive proceeds from the sale of units from these projects. As such, due to the overall macro-economic environment, the ensuing deterioration in real estate markets and the tightening of credit markets, among other factors, there is no assurance that units will be sold and/or closed upon completion of these projects which could increase our leverage, including related interest costs, for a prolonged period of time which could have an adverse effect on our results of operations.

We may not be able to fund resort capital expenditures and investment in real estate. In addition to the self funding of real estate under development, we currently anticipate resort capital expenditures (primarily related to the Mountain and Lodging segments) will be approximately $50 million to $60 million for calendar year 2009. Our ability to fund these investments will depend on our ability to generate sufficient cash flow from operations, obtain pre-sale deposits and/or to borrow from third parties. We cannot provide assurances that our operations will be able to generate sufficient cash flow to fund such development costs, or that we will be able to obtain sufficient financing on adequate terms, or at all. Our ability to generate cash flow and to obtain third-party financing will depend upon many factors, including:

- our future operating performance;
- general economic conditions and economic conditions affecting the resort industry, the ski industry and the general capital markets;
- our ability to meet our pre-sell targets on our vertical real estate development projects;
- competition; and
- legislative and regulatory matters affecting our operations and business.

We could finance future expenditures from any combination of the following sources:

- cash flow from operations;
- construction financing, including non-recourse or other financing;
- bank borrowings;
- public offerings of debt or equity; and
- private placements of debt or equity.

Any inability to generate sufficient cash flows from operations or to obtain adequate third-party financing could cause us to delay or abandon certain development projects and/or plans.

We rely on government permits. Our resort operations require permits and approvals from certain Federal, state, and local authorities, including the Forest Service and U.S. Army Corps of Engineers. Virtually all of our ski trails and related activities at Vail Mountain, Breckenridge, Keystone and Heavenly and a majority of Beaver Creek are located on Federal land. The Forest Service has granted us permits to use these lands, but maintains the right to review and approve many operational matters, as well as the location, design and construction of improvements in these areas. Currently, our permits expire December 31, 2029 for Breckenridge, October 31, 2031 for Vail Mountain, December 31, 2032 for Keystone, December 31, 2038 for Beaver Creek and May 1, 2042 for Heavenly. The Forest Service can terminate or amend these permits if, in its opinion, such termination is required in the public interest. A termination or amendment of any of our permits could have a materially adverse affect on our business and operations.

In order to undertake improvements and new development, we must apply for permits and other approvals. These efforts, if unsuccessful, could impact our expansion efforts. Furthermore, Congress may materially increase the fees we pay to the Forest Service for use of these Federal lands.

We are subject to extensive environmental laws and regulations in the ordinary course of business. Our operations are subject to a variety of Federal, state and local environmental laws and regulations including those relating to emissions to the air, discharges to water, storage, treatment and disposal of wastes, land use, remediation of contaminated sites and protection of natural resources such as wetlands. For example, future expansions of certain of our ski facilities must comply with applicable forest plans approved under the National Forest Management Act or local zoning requirements. In addition, most projects to improve, upgrade or expand our ski areas are subject to environmental review under the NEPA and, for California projects at Heavenly, the CEQA. Both acts require that the Forest Service study any proposal for potential environmental impacts and include in its analysis various alternatives. Our ski area improvement proposals may not be approved or may be approved with modifications that substantially increase the cost or decrease the desirability of implementing the project. Our facilities are subject to risks associated with mold and other indoor building contaminants. From time to time our operations are subject to inspections by environmental regulators or other regulatory agencies. We are also subject to worker health and safety requirements. We believe our operations are in substantial compliance with applicable material environmental, health and safety requirements. However, our efforts to comply do not eliminate the risk that we may be held liable, incur fines or be subject to claims for damages, and that the amount of any liability, fines, damages or remediation costs may be material for, among other things, the presence or release of regulated materials at, on or emanating from properties we now or formerly owned or operated, newly discovered environmental impacts or contamination at or from any of our properties, or changes in environmental laws and regulations or their enforcement.

Failure to maintain the integrity of guest data could result in damages of reputation and/or subject us to costs, fines or lawsuits. We collect personally identifiable information relating to our guests for various business purposes, including marketing and promotional purposes. The integrity and privacy of our guest's information is important to us and our guests have a high expectation that we will adequately protect their personal information. The regulatory environment governing privacy laws is increasingly demanding and privacy laws continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Maintaining compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our guests. Furthermore, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us), breach of security on systems storing our guest data, a loss of guest data or fraudulent use of guest data could adversely impact our reputation or result in fines or other damages and litigation.

We are subject to litigation in the ordinary course of business. We are, from time to time, subject to various asserted or unasserted legal proceedings and claims. Any such claims, regardless of merit, could be time-consuming and expensive to defend and could divert management's attention and resources. While we believe we have adequate insurance coverage and/or accrue for loss contingencies for all known matters that are probable and can be reasonably estimated, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us and our results of operations. For a more detailed discussion of our legal proceedings see Legal Proceedings under Item 3 and Note 14, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

Any failure to protect our trademarks could have a negative impact on the value of our brand names and adversely affect our business. Our trademarks are an important component of our business and the continued success of our business depends in part upon our continued ability to use our trademarks to increase brand awareness and further develop our brand in both domestic and international markets. The unauthorized use of our trademarks could diminish the value of our brand and its market acceptance, competitive advantages or goodwill, which could adversely affect our business. Litigation has been and may continue to be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Additionally, negative public image or other adverse events which become associated with one of our brands could adversely affect our revenue and profitability.

We depend on a seasonal workforce. Our mountain and lodging operations are highly dependent on a large seasonal workforce. We recruit year-round to fill thousands of seasonal staffing needs each season and work to manage seasonal wages and the timing of the hiring process to ensure the appropriate workforce is in place. We cannot guarantee that material increases in the cost of securing our seasonal workforce will not be necessary in the future. Furthermore, we cannot guarantee that we will be able to recruit and hire adequate seasonal personnel as the business requires. Increased seasonal wages or an inadequate workforce could have an adverse impact on our results of operations.

If we do not retain our key personnel, our business may suffer. The success of our business is heavily dependent on the leadership of key management personnel, including our Chief Executive Officer, Chief Financial Officer, Co- Presidents of our Mountain Division, President of VRDC, General Counsel and each of our Senior Vice Presidents. If any of these persons were to leave, it could be difficult to replace them, and our business could be harmed. We do not maintain “key-man” life insurance on any of our employees.

Our future acquisitions might not be successful. Historically, we have acquired certain ski resorts, other destination resorts, hotel properties and businesses complementary to our own, as well as developable land in proximity to our resorts. We cannot make assurances that we will be able to successfully integrate and manage acquired properties and businesses and increase our profits from these operations. We continually evaluate potential acquisitions and intend to actively pursue acquisition opportunities, some of which could be significant. We could face various risks from additional acquisitions, including:

- inability to integrate acquired businesses into our operations;
- diversion of our management’s attention;
- potential increased debt leverage;
- litigation arising from acquisition activity; and
- unanticipated problems or liabilities.

In addition, we run the risk that any new acquisitions may fail to perform in accordance with expectations, and that estimates of the costs of improvements for such properties may prove inaccurate.

We may be required to write-off a portion of our goodwill and/or indefinite lived intangible asset balances as a result of a more prolonged and severe economic recession. Under accounting principles generally accepted in the United States of America (“GAAP”), we are required to test goodwill for impairment annually as well as on an interim basis to the extent factors or indicators become apparent that could reduce the fair value of our goodwill or indefinite lived intangible assets below book value. We evaluate the recoverability of goodwill by estimating the future discounted cash flows of our reporting units and terminal values of the businesses using projected future levels of income as well as business trends, prospects and market and economic conditions. We evaluate the recoverability of indefinite lived intangible assets using the income approach based upon estimated future revenue streams (see Critical Accounting Policies in Item 7 of this Form 10-K). If a more severe prolonged economic downturn were to occur it could cause less than expected growth and/or reduction in terminal values of our reporting units and could result in a goodwill and/or indefinite lived intangible asset impairment charge attributable to certain goodwill and/or indefinite lived intangible assets, negatively impacting our results of operations and stockholders’ equity.

We are subject to accounting regulations and use certain accounting estimates and judgments that may differ significantly from actual results. Implementation of existing and future legislation, rulings, standards and interpretations from the FASB or other regulatory bodies could affect the presentation of our financial statements and related disclosures. Future regulatory requirements could significantly change our current accounting practices and disclosures. Such changes in the presentation of our financial statements and related disclosures could change an investor’s interpretation or perception of our financial position and results of operations.

We use many methods, estimates and judgments in applying our accounting policies (see Critical Accounting Policies in Item 7 of this Form 10-K). Such methods, estimates and judgments are, by their nature, subject to substantial risks, uncertainties and assumptions, and factors may arise over time that lead us to change our methods, estimates and judgments. Changes in those methods, estimates and judgments could significantly affect our results of operations.

Risks Relating to Our Capital Structure

Our stock price is highly volatile. The market price of our stock is highly volatile and subject to wide fluctuations in response to factors such as the following, some of which are beyond our control:

- quarterly variations in our operating results;
- operating results that vary from the expectations of securities analysts and investors;
- change in valuations, including our future real estate developments;
- changes in the overall travel, gaming, hospitality and leisure industries;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors or such guidance provided by us;
- announcements by us or companies in the travel, gaming, hospitality and leisure industries of significant contracts, acquisitions, dispositions,

strategic partnerships, joint ventures, capital commitments, plans, prospects, service offerings or operating results;

- additions or departures of key personnel;
- future sales of our securities;
- trading and volume fluctuations;
- other risk factors as discussed above; and
- other unforeseen events.

Stock markets in the United States have and often experience extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions such as acts of terrorism, a recession or interest rate or currency rate fluctuations, could adversely affect the market price of our stock.

We have not historically paid cash dividends to our common stockholders. We have not declared or paid any cash dividends on our common shares since becoming publicly traded in 1997. Payment of any future dividends on our common stock will depend upon our earnings and capital requirements, the terms of our debt instruments and other factors the Board of Directors considers appropriate.

Anti-takeover provisions affecting us could prevent or delay a change of control that is beneficial to our shareholders. Provisions of our certificate of incorporation and bylaws, provisions of our debt instruments and other agreements and provisions of applicable Delaware law and applicable Federal and state regulations may discourage, delay or prevent a merger or other change of control that holders of our securities may consider favorable. These provisions could:

- delay, defer or prevent a change in control of the Company;
- discourage bids for our securities at a premium over the market price;
- adversely affect the market price of, and the voting and other rights of the holders of our securities; or
- impede the ability of the holders of our securities to change our management.

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations. Our level of indebtedness could have important consequences even though principal payments on the vast majority of our long-term debt are not due until fiscal 2014 and beyond. For example, it could:

- make it more difficult for us to satisfy our obligations;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, real estate developments, marketing efforts and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds.

We may be able to incur substantial additional indebtedness in the future. The terms of our Indenture (as defined below) do not fully prohibit us from doing so. Our Credit Facility permits additional borrowings of up to $304.7 million as of July 31, 2009. If new debt is added to our current debt levels, the related risks that we face could intensify.

There are restrictions imposed by the terms of our indebtedness. The operating and financial restrictions and covenants in our Credit Facility and the Indenture, dated as of January 29, 2004 among us, the guarantors therein and the Bank of New York Mellon Trust Company, N.A., as Trustee ("Indenture"), governing the 6.75% Senior Subordinated Notes due 2014 ("6.75% Notes") may adversely affect our ability to finance future operations or capital needs or to engage in other business activities that may be in our long-term best interests. For example, the Indenture and the Credit Facility contain a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur additional debt;
- pay dividends, repurchase our stock and make other restricted payments;
- create liens;
- make investments;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with affiliates;

- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and

- make capital expenditures.

In addition, there can be no assurance that we will meet the financial covenants contained in our Credit Facility. 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 not be able to borrow funds thereunder without a waiver, which inability could have an adverse effect on our business, financial condition and results of operations. In addition, a breach, if uncured, could cause a default under the 6.75% 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 6.75% Notes.

Our Credit Facility is scheduled to mature in 2012 and our 6.75% Notes are due in 2014. Recent events in the financial markets have had an adverse impact on the credit markets and, as a result, credit has become significantly more expensive and difficult to obtain, if available at all. We currently have no borrowings under our Credit Facility, which is scheduled to mature in 2012; however, a sustained economic recession and its potential impact on our cash flows from operating activities, combined with our plan to self-fund our current real estate under development could require us to borrow significant funds under the revolver component of our Credit Facility. In addition to our Credit Facility, we have outstanding $390.0 million of 6.75% Notes due in 2014. The credit markets are volatile and may pose challenges and have an adverse effect on our ability to re-finance or obtain new financing on terms that are acceptable to us. There is no assurance that we will be able to obtain new financing or financing on acceptable terms.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

The following table sets forth the principal properties owned or leased by the Company for use in its operations:

Location	Ownership	Use
Arrowhead Mountain, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
BC Housing Riveredge, CO	26% Owned	Employee housing facilities
Bachelor Gulch Village, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements and commercial space
Beaver Creek Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Beaver Creek Mountain, CO (3,849 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Beaver Creek Mountain Resort, CO	Owned	Golf course, clubhouse, commercial space and residential spaces
Breckenridge Ski Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Breckenridge Mountain, CO (5,702 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Breckenridge Mountain Lodge	Owned	Lodging
Breckenridge Terrace, CO	50% Owned	Employee housing facilities
Broomfield, CO	Leased	Corporate offices
Colter Bay Village, WY	Concessionaire contract	Lodging and dining facilities
Eagle-Vail, CO	Owned	Warehouse facility
Edwards, CO	Leased	Administrative offices
Great Divide Lodge, CO	Owned	Lodging, dining and conference facilities
Heavenly Mountain Resort, CA & NV	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements and commercial space
Heavenly Mountain Resort, CA & NV (7,050 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Inn at Keystone, CO	Owned	Lodging, dining and conference facilities
Jackson Hole Golf & Tennis Club, WY	Owned	Golf course, clubhouse, tennis facilities, dining and real estate held for sale or development
Jackson Lake Lodge, WY	Concessionaire contract	Lodging, dining and conference facilities
Jenny Lake Lodge, WY	Concessionaire contract	Lodging and dining facilities
Keystone Conference Center, CO	Owned	Conference facility
Keystone Lodge, CO	Owned	Lodging, spa, dining and conference facilities
Keystone Resort, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space, dining and real estate held for sale or development
Keystone Mountain, CO (8,376 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Keystone Ranch, CO	Owned	Golf course, clubhouse and dining facilities
Red Sky Ranch, CO	Owned	Golf courses, clubhouses, dining facilities and real estate held for sale or development
River Course at Keystone, CO	Owned	Golf course and clubhouse
Seasons at Avon, CO	Leased/50% Owned	Administrative offices
Ski Tip Lodge, CO	Owned	Lodging and dining facilities
The Arrabelle at Vail Square, CO	Owned	Lodging, spa, dining and conference facilities
The Lodge at Vail, CO	Owned	Lodging, spa, dining and conference facilities
The Osprey at Beaver Creek, CO	Owned	Lodging, dining and conference facilities

The Tarnes at Beaver Creek, CO	31% Owned	Employee housing facilities
Tenderfoot Housing, CO	50% Owned	Employee housing facilities
The Pines Lodge at Beaver Creek, CO	Owned	Lodging, dining and conference facilities
Vail Mountain, CO	Owned	Ski resort operations, including ski lifts, ski trails, buildings and other improvements, commercial space and real estate held for sale or development
Vail Mountain, CO (12,226 acres)	Special Use Permit	Ski trails, ski lifts, buildings and other improvements
Village at Breckenridge, CO	Owned	Lodging, dining, conference facilities and commercial space
SSV Properties	69.3% Owned	Over 150 retail stores (of which 71 stores are currently held under lease) for recreational products including rental

The Forest Service SUPs are encumbered under certain debt instruments of the Company. Many of the Company's properties are used across all segments in complementary and interdependent ways.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a party to various lawsuits arising in the ordinary course of business, including Resort (Mountain and Lodging) related cases and contractual and commercial litigation that arises from time to time in connection with the Company's real estate and other business operations. Management believes the Company has adequate insurance coverage and/or has accrued for loss contingencies for all known matters and that, although the ultimate outcome of such claims cannot be ascertained, current pending and threatened claims are not expected to have a material, individually and in the aggregate, adverse impact on the financial position, results of operations and cash flows of the Company.

The Canyons Ski Resort Litigation

During the fourth quarter of the year ended July 31, 2007 (“Fiscal 2007”), the Company entered into an agreement with Peninsula Advisors, LLC (“Peninsula”) for the negotiation and mutual acquisition of The Canyons and the land underlying The Canyons. On July 15, 2007, American Skiing Company (“ASC”) entered into an agreement to sell The Canyons to Talisker Corporation and Talisker Canyons Finance Company, LLC (together “Talisker”). On July 27, 2007, the Company filed a complaint in the District Court in Colorado against Peninsula and Talisker claiming, among other things, breach of contract by Peninsula and intentional interference with contractual relations and prospective business relations by Talisker and seeking damages, specific performance and injunctive relief. On October 19, 2007, the Company’s request for a preliminary injunction to prevent the closing of the acquisition by Talisker of The Canyons from ASC was denied. On November 8, 2007, Talisker filed an answer to the Company’s complaint along with three counterclaims. On November 12, 2007, Peninsula filed a motion to dismiss and for partial summary judgment, which was heard on March 21, 2009 and denied. The matter has been set for trial commencing July 19, 2010. The Company is unable to predict the ultimate outcome of the above described actions.

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

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The Company's common stock is traded on the New York Stock Exchange under the symbol “MTN”. As of September 18, 2009, 36,174,979 shares of common stock were outstanding, held by approximately 392 holders of record.

The declaration of cash dividends in the future will depend on the Company's earnings, financial condition, capital needs, restrictions under debt instruments and on other factors deemed relevant by the Board of Directors at that time. It is the current policy of the Company's Board of Directors to retain earnings to finance the operations and expansion of the Company's business.

The following table sets forth, for Fiscal 2009 and the year ended July 31, 2008 (“Fiscal 2008”), and quarters indicated (ended October 31, January 31, April 30, and July 31) the range of high and low per share sales prices of the Company’s common stock as reported on the New York Stock Exchange Composite Tape.

	Vail Resorts Common Stock	
	High	**Low**
Year Ended July 31, 2009		
1st Quarter	$ 52.00	$ 21.67
2nd Quarter	33.43	14.79
3rd Quarter	30.42	14.76
4th Quarter	31.10	23.71
Year Ended July 31, 2008		
1st Quarter	$ 66.25	$ 48.41
2nd Quarter	60.15	40.94
3rd Quarter	51.65	39.32
4th Quarter	51.38	30.03

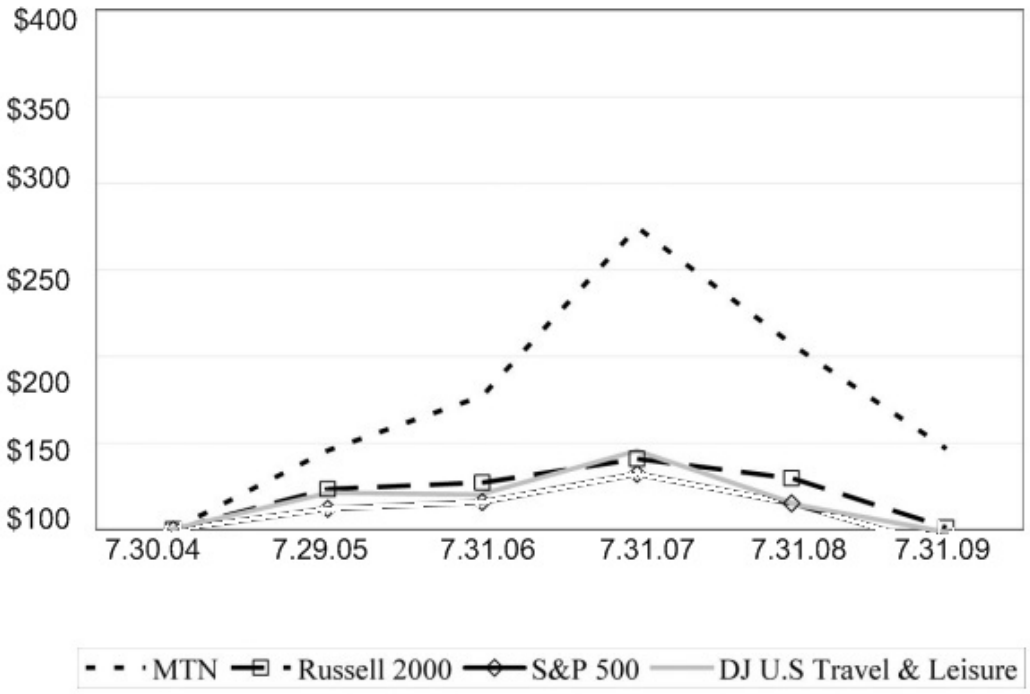
Repurchase of Equity Securities

The following table summarizes the purchase of the Company’s equity securities during the fourth quarter of Fiscal 2009:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
May 1, 2009 – May 31, 2009	--	$ --	--	2,399,765
June 1, 2009 – June 30, 2009	278,300	26.93	278,300	2,121,465
July 1, 2009 – July 31, 2009	--	--	--	2,121,465
Total	278,300	$ 26.93	278,300	

(1) On March 9, 2006, the Company’s Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company’s common stock repurchase authorization by an additional 3,000,000 shares. Acquisitions under the share repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The stock repurchase program may be discontinued at any time.

Performance Graph



The total return graph is presented for the period from the end of the Company's 2004 fiscal year through the end of Fiscal 2009. The comparison assumes that $100 was invested at the beginning of the period in the common stock of the Company ("MTN"), The Russell 2000, The Standard & Poor's 500 Stock Index and the Dow Jones U.S. Travel and Leisure Stock Index. The Company included the Dow Jones U.S. Travel and Leisure Index as the Company believes it competes in the travel and leisure industry.

The performance graph is not deemed filed with the SEC and is not to be incorporated by reference into any of the Company's filings under the Securities Act of 1933 or the Exchange Act of 1934, unless it specifically incorporates the performance graph by reference therein.

ITEM 6. SELECTED FINANCIAL DATA.

The following table presents selected historical consolidated financial data of the Company derived from the Company's Consolidated Financial Statements for the periods indicated. The financial data for Fiscal 2009, Fiscal 2008 and Fiscal 2007 and as of July 31, 2009 and 2008 should be read in conjunction with the Consolidated Financial Statements, related notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained elsewhere in this Form 10-K. The table presented below is unaudited. The data presented below are in thousands, except for diluted net income per share, effective ticket price ("ETP"), ADR and RevPAR amounts.

	Year Ended July 31,				
	2009[1]	**2008**[1]	**2007**[1]	**2006**[1]	**2005**[1]
Statement of Operations Data:					
Revenue:					
Mountain	$ 614,597	$ 685,533	$ 665,377	$ 620,441	$ 540,855
Lodging	176,241	170,057	162,451	155,807	196,351
Real estate	186,150	296,566	112,708	62,604	72,781
Total net revenue	976,988	1,152,156	940,536	838,852	809,987
Segment operating expense:					
Mountain	451,025	470,362	462,708	443,116	391,889
Lodging	169,482	159,832	144,252	142,693	177,469
Real estate	142,070	251,338	115,190	56,676	58,254
Total segment operating expense	762,577	881,532	722,150	642,485	627,612
Depreciation and amortization	(107,213)	(93,794)	(87,664)	(86,098)	(89,968)
Gain on sale of real property	--	709	--	--	--
Mountain equity investment income, net	817	5,390	5,059	3,876	2,303
Lodging equity investment loss, net	--	--	--	--	(2,679)
Real estate equity investment income, net	--	--	--	791	(102)
Investment income, net	1,793	8,285	12,403	7,995	2,066
Interest expense, net	(27,548)	(30,667)	(32,625)	(36,478)	(40,298)
Contract dispute credit (charges), net	--	11,920	(4,642)	(3,282)	--
Income before provision for income taxes	79,594	166,013	100,651	75,010	37,623
Net income	$ 48,950	$ 102,927	$ 61,397	$ 45,756	$ 23,138
Diluted net income per share	$ 1.33	$ 2.64	$ 1.56	$ 1.19	$ 0.64
Other Data:					
Mountain					
Skier visits[2]	5,864	6,195	6,219	6,288	5,940
ETP[3]	$ 47.16	$ 48.74	$ 46.15	$ 41.83	$ 39.30
Lodging					
ADR[4]	$ 225.12	$ 230.17	$ 216.83	$ 202.27	$ 196.26
RevPAR[5]	$ 93.10	$ 106.43	$ 99.58	$ 92.41	$ 90.98

Real Estate					
Real estate held for sale and investment[6]	$ 311,485	$ 249,305	$ 357,586	$ 259,384	$ 154,874
Other Balance Sheet Data					
Cash and cash equivalents[7]	$ 69,298	$ 162,345	$ 230,819	$ 191,794	$ 136,580
Total assets	$ 1,884,480	$ 1,925,954	$ 1,909,123	$ 1,687,643	$ 1,525,921
Long-term debt (including long-term debt due within one year)	$ 491,960	$ 556,705	$ 594,110	$ 531,228	$ 521,710
Net debt[8]	$ 422,662	$ 394,360	$ 363,291	$ 339,434	$ 385,130
Stockholders' equity	$ 765,295	$ 728,756	$ 714,039	$ 642,777	$ 540,529

(footnotes to selected financial data appear on following page)

Footnotes to Selected Financial Data:

(1) *The Company has made several acquisitions and dispositions which impact comparability between years during the past five years. The more significant of those include the acquisitions of: Colorado Mountain Express ("CME") (acquired in November 2008), 18 retail/rental locations (acquired by SSV in June 2007), two licensed Starbucks stores (acquired in June 2007) and six retail locations (acquired by SSV in August 2006). Additionally, the Company sold its majority interest in RTP, LLC ("RTP") (sold in April 2007), Snake River Lodge & Spa ("SRL&S") (sold in January 2006), The Lodge at Rancho Mirage ("Rancho Mirage") (sold in July 2005), Vail Marriott (sold in June 2005) and its minority interest in Ritz-Carlton, Bachelor Gulch ("BG Resort") (sold in December 2004). Effective August 1, 2005, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R, "Share-Based Payment" ("SFAS 123R"). See Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K for the impact to the Consolidated Statements of Operations as a result of the adoption of SFAS 123R.*

(2) *A skier visit represents a person utilizing a ticket or pass to access a mountain resort for any part of one day, and includes both paid and complimentary access.*

(3) *ETP is calculated by dividing lift ticket revenue by total skier visits during the respective periods.*

(4) *ADR is calculated by dividing total room revenue (includes both owned and managed condominium room revenue) by the number of occupied rooms during the respective periods.*

(5) *RevPAR is calculated by dividing total room revenue (includes both owned and managed condominium room revenue) by the number of rooms that are available to guests during the respective periods.*

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

(7) *Cash and cash equivalents excludes restricted cash.*

(8) *Net debt is defined as long-term debt plus long-term debt due within one year less cash and cash equivalents.*

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

The following Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company should be read in conjunction with the Consolidated Financial Statements and notes related thereto included in this Form 10-K. To the extent that the following Management's Discussion and Analysis contains statements which are not of a historical nature, such statements are forward-looking statements which involve risks and uncertainties. These risks include, but are not limited to, those discussed in Item 1A, "Risk Factors" in this Form 10-K. The following discussion and analysis should be read in conjunction with the Forward-Looking Statements and Item 1A, "Risk Factors" each included in this Form 10-K.

Management's Discussion and Analysis includes discussion of financial performance within each of the Company's segments. The Company has chosen to specifically include Reported EBITDA (defined as segment net revenue less segment operating expense, plus or minus segment equity investment income or loss and for the Real Estate segment, plus gain on sale of real property) and Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents), in the following discussion because management considers these measurements to be significant indications of the Company's financial performance and available capital resources. Reported EBITDA and Net Debt are not measures of financial performance or liquidity under GAAP. The Company utilizes Reported EBITDA in evaluating performance of the Company and in allocating resources to its segments. Refer to the end of the Results of Operations section for a reconciliation of Reported EBITDA to net income. Management also believes that Net Debt is an important measurement as it is an indicator of the Company's ability to obtain additional capital resources for its future cash needs. Refer to the end of the Results of Operations section for a reconciliation of Net Debt.

Items excluded from Reported EBITDA and Net Debt are significant components in understanding and assessing financial performance or liquidity. Reported EBITDA and Net Debt should not be considered in isolation or as an alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presented in the Consolidated Financial Statements as indicators of financial performance or liquidity. Because Reported EBITDA and Net Debt are not measurements determined in accordance with GAAP and are thus susceptible to varying calculations, Reported EBITDA and Net Debt as presented may not be comparable to other similarly titled measures of other companies.

Overview

The Company's operations are grouped into three integrated and interdependent segments: Mountain, Lodging and Real Estate. Resort is the combination of the Mountain and Lodging segments. Revenue from the Mountain, Lodging and Real Estate segments represented 63%, 18% and 19%, respectively, of the Company's net revenue for Fiscal 2009.

Mountain Segment

The Mountain segment is comprised of the operations of five ski resort properties as well as ancillary businesses, primarily including ski school, dining and retail/rental operations. The Company's five ski resorts were open for business for the 2008/2009 ski season from mid-November through mid-April, which is the peak operating season for the Mountain segment. The Company's single largest source of Mountain segment revenue is the sale of lift tickets (including season passes), which represented approximately 45%, 44% and 43% of Mountain segment net revenue for Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively.

Lift ticket revenue is driven by volume and pricing. Pricing is impacted by both absolute pricing as well as the demographic mix of guests, which impacts the price points at which various products are purchased. The demographic mix of guests is divided into two primary categories: (i) Destination guests and (ii) In-State guests. For the 2008/2009 ski season, Destination guests comprised approximately 57% of the Company's skier visits, while In-State guests comprised approximately 43% of the Company's skier visits, which compares to approximately 63% and 37%, respectively, for the 2007/2008 ski season and 64% and 36%, respectively, for the 2006/2007 ski season.

Destination guests generally purchase the Company's higher-priced lift ticket products and utilize more ancillary services such as ski school, dining and retail/rental, as well as the lodging at or around the Company's resorts. Destination guest visitation is less likely to be impacted by changes in the weather due to the advance planning generally required for vacation trips, but can be more impacted by adverse economic conditions or the global geopolitical climate. In-State guests tend to be more value-oriented and weather sensitive. Prior to the 2008/2009 ski season, the Company primarily marketed season passes to In-State guests in an effort to offer a value option in turn for a commitment predominately prior to the beginning of the ski season by In-State guests to ski at the Company's resorts. This in turn has developed a loyal customer base that generally skis multiple days each season at the Company's resorts and provides a more stabilized stream of lift revenue to the Company. Given the success of In-State pass products, the Company introduced a new season pass product (the "Epic Season Pass") for the 2008/2009 ski season, marketed to its Destination guests (and also marketed to In-State guests) allowing pass holders unlimited and unrestricted access to all five of its ski resorts during the entire ski season. All of the Company's season pass products, including the Epic Season Pass, are sold predominately prior to the start of the ski season. Season pass revenue, although primarily collected prior to the ski season, is recognized in the Consolidated Condensed Statement of Operations ratably over the ski season. For the 2008/2009, 2007/2008 and 2006/2007 ski season approximately 34%, 26% and 25%, respectively, of total lift revenue recognized was comprised of season pass revenue.

The cost structure of ski resort operations is primarily fixed, with variable expenses including, but not limited to, USDA Forest Service ("Forest Service") fees, credit card fees, retail/rental cost of goods sold and labor, ski school labor and dining operations; as such, profit margins can fluctuate greatly based on the level of revenues.

Lodging Segment

Operations within the Lodging segment include (i) ownership/management of a group of luxury hotels through the RockResorts brand, including several proximate to the Company's ski resorts; (ii) ownership/management of non-RockResorts branded hotels and condominiums proximate to the Company's ski resorts; (iii) Grand Teton Lodge Company ("GTLC"); (iv) Colorado Mountain Express ("CME"), a resort ground transportation company acquired in November 2008; and (v) golf courses.

Lodging properties (including managed condominium rooms) at or around the Company's ski resorts, and CME, are closely aligned with the performance of the Mountain segment, particularly with respect to visitation by Destination guests and represented approximately 68%, 63% and 61% of Lodging segment revenue for Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively. Revenue of the Lodging segment during the Company's first and fourth fiscal quarters is generated primarily by the operations of GTLC (as GTLC's operating season generally occurs from mid-May to mid-October), golf operations and seasonally low operations from the Company's other owned and managed properties as well as CME.

Real Estate Segment

The Real Estate segment owns and develops real estate in and around the Company's resort communities and primarily engages in the vertical development of projects, as well as, occasionally the sale of land to third-party developers which often includes a contingent revenue structure based on the ultimate sale of the developed units. Revenue from vertical development projects is not recognized until closing of individual units within a project which occurs after substantial completion of the project. Contingent future profits from land sales, if any, are recognized only when received. The Company attempts to mitigate the risk of vertical development by often utilizing guaranteed maximum price construction contracts (although certain construction costs may not be covered by contractual limitations), pre-selling a portion of the project, requiring significant non-refundable deposits, and potentially obtaining non-recourse financing for certain projects. The Company's real estate development projects also may result in the creation of certain resort assets that provide additional benefit to the Mountain and Lodging segments. The Company's revenue from the Real Estate segment, and associated expense, fluctuate based upon the timing of closings and the type of real estate being sold, causing volatility in the Real Estate segment's operating results from period to period.

Recent Trends, Risks and Uncertainties

The data provided in this section should be read in conjunction with the risk factors identified in Item 1A and elsewhere in this Form 10-K. The Company's management has identified the following important factors (as well as uncertainties associated with such factors) that could impact the Company's future financial performance:

- The economic recession that has affected the U.S. and global economies, the tightened credit markets and eroded consumer confidence had a negative impact on overall trends in the travel and leisure industries and on the Company's results of operations for Fiscal 2009. In this environment, the Company experienced a 5.3% decrease in overall skier visitation for the 2008/2009 ski season and a 4.5 percentage point decrease in occupancy at the Company's owned hotels and managed condominium properties (all proximate to the Company's ski resorts) for Fiscal 2009. Additionally, the Company experienced, a decrease in overall guest spending on ancillary services, including ski school, dining and retail/rental. Furthermore, the Company experienced a change in booking trends such that guest reservations were made much closer to the actual date of stay. The Company cannot predict the extent to which these negative trends will continue, worsen or improve or the timing and nature of any changes to the macroeconomic environment, including the impact it may have on the Company's future results of operations, in particular on the 2009/2010 ski season.
- The timing and amount of snowfall can have an impact on Mountain and Lodging revenue particularly in regards to skier visits and the duration and frequency of guest visitation. To mitigate this impact, the Company focuses efforts on the sale of season passes prior to the beginning of the season to In-State guests and Destination guests. Additionally, the Company has invested in snowmaking upgrades in an effort to address the inconsistency of early season snowfall where possible. During the past two ski seasons, early season snowfall has been significantly lower than average, which the Company believes had a negative impact on early season visitation.
- The Company's season pass products provide a value option to its guests which in turn provides a guest commitment predominately prior to the start of the ski season resulting in a more stabilized stream of lift revenue for the Company. The Company introduced the Epic Season Pass for the 2008/2009 ski season, which largely contributed to season pass revenue as a percentage of total lift revenue increasing from 26% for the 2007/2008 ski season to 34% for the 2008/2009 ski season. In March 2009, the Company began its pass sales campaign for the 2009/2010 ski season, including the Epic Season Pass, and as of July 31, 2009 season pass sales have increased $10.0 million, or 32.2%, compared to season pass sales as of July 31, 2008 for the 2008/2009 ski season. The Company cannot predict if this trend will continue through the fall 2009 pass sales campaign or the impact that season pass sales may have on total lift revenue or ETP for the 2009/2010 ski season.
- The Company has historically implemented annual price increases. However, the Company held prices flat for most multi-day lift ticket and certain other products and services for the 2008/2009 ski season. Prices for the 2009/2010 ski season have not yet been finalized; and as such there are no assurances as to the level of price increases, if any, which will occur or the impact that pricing may have on visitation or revenue.
- The Company operates its ski areas under various Forest Service permits, and many of the Company's operations require permits and approval from governmental authorities; therefore many of the Company's on-mountain capital improvements must go through an approval process. Changes or impacts to the applicable regulatory environment may have detrimental effects on the Company.
- Real Estate Reported EBITDA is highly dependent on, among other things, the timing of closings on real estate under contract, which determines when revenue and associated cost of sales is recognized. Changes to the anticipated timing or mix of closing on one or more real estate projects, or unit closings within a real estate project, could materially impact Real Estate Reported EBITDA for a particular quarter or fiscal year. The Company has two real estate projects currently under development which are scheduled to be completed in the spring/summer of 2010 (One Ski Hill Place in Breckenridge) and the fall of 2010 (The Ritz-Carlton Residences, Vail) and has entered into definitive sales contracts with a value of approximately $324.3 million, which represents approximately 68% of the total current estimated sales value for these two projects. The Company has increased risk associated with selling and closing real estate as a result of the continued instability in the capital and credit markets and slowdown in the overall real estate market. In April 2009, in response to current market conditions, the Company announced a reduction of approximately 20% to the listed selling prices of its Ritz-Carlton Residences, Vail, as well as price reductions of approximately 15% for purchasers currently under contract. The Company cannot predict the ultimate number of units that it will sell, the ultimate price it will receive, or when the units will sell. Additionally, if a more severe prolonged economic downturn were to occur the Company may have to further adjust its selling prices in an effort to sell and close on units currently under development, although it currently has no plans to do so.
- The Company had $69.3 million in cash and cash equivalents as of July 31, 2009 as well as $304.7 million available under the revolver component of its Credit Facility. The Company's plan to continue to self-fund its current real estate projects under construction (the Company estimates to incur between $190 million and $210 million in cash expenditures subsequent to July 31, 2009) combined with historically low operating cash flows during the Company's first fiscal quarter will likely require the Company to borrow under the revolver component of its Credit Facility from time to time beginning in the first quarter of fiscal 2010. The Company currently believes it has adequate capacity under its revolver to address potential borrowing needs, even in the event of a more sustained negative economic environment.
- Under GAAP, the Company is required to test goodwill for impairment annually, which the Company does so during the fourth quarter of each fiscal year. The Company evaluates the recoverability of its goodwill by estimating the future discounted cash flows of its reporting units and terminal values of the businesses using projected future levels of income as well as business trends, prospects and market and economic conditions. The Company evaluates the recoverability of indefinite-lived intangible assets using the income approach based upon estimated future revenue streams. The Company's 2009 annual impairment test did not result in a goodwill or indefinite-lived intangible asset impairment (see Critical Accounting Policies in this section of this Form 10-K). However, if a more severe prolonged economic downturn were to occur it could cause less than expected growth and/or reduction in terminal values of the Company's reporting units which may result in a goodwill and/or indefinite-lived intangible asset impairment charge attributable to certain goodwill and/or indefinite lived-intangible assets, particularly related to its lodging and retail/rental operations.

Results of Operations

Summary

Shown below is a summary of operating results for Fiscal 2009, Fiscal 2008 and Fiscal 2007 (in thousands):

	Year Ended July 31,		
	2009	**2008**	**2007**
Mountain Reported EBITDA	$ 164,389	$ 220,561	$ 207,728
Lodging Reported EBITDA	6,759	10,225	18,199
Resort Reported EBITDA	171,148	230,786	225,927
Real Estate Reported EBITDA	44,080	45,937	(2,482)
Income before provision for income taxes	79,594	166,013	100,651
Net income	$ 48,950	$ 102,927	$ 61,397

Mountain Segment

Mountain segment operating results for Fiscal 2009, Fiscal 2008 and Fiscal 2007 are presented by category as follows (in thousands, except ETP):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2009	**2008**	**2007**	**2009/2008**	**2008/2007**
Net Mountain revenue:					
Lift tickets	$ 276,542	$ 301,914	$ 286,997	(8.4) %	5.2 %
Ski school	65,336	81,384	78,848	(19.7) %	3.2 %
Dining	52,259	62,506	59,653	(16.4) %	4.8 %
Retail/rental	147,415	168,765	160,542	(12.7) %	5.1 %
Other	73,045	70,964	79,337	2.9 %	(10.6)%
Total Mountain net revenue	$ 614,597	$ 685,533	$ 665,377	(10.3) %	3.0 %
Mountain operating expense:					
Labor and labor-related benefits	$ 165,550	$ 175,674	$ 167,442	(5.8) %	4.9 %
Retail cost of sales	66,022	72,559	69,218	(9.0) %	4.8 %
Resort related fees	33,102	36,335	34,943	(8.9) %	4.0 %
General and administrative	83,117	81,220	81,983	2.3 %	(0.9)%
Other	103,234	104,574	109,122	(1.3) %	(4.2)%
Total Mountain operating expense	$ 451,025	$ 470,362	$ 462,708	(4.1) %	1.7 %
Mountain equity investment income, net	817	5,390	5,059	(84.8) %	6.5 %
Total Mountain Reported EBITDA	$ 164,389	$ 220,561	$ 207,728	(25.5) %	6.2 %
Total skier visits	5,864	6,195	6,219	(5.3) %	(0.4)%
ETP	$ 47.16	$ 48.74	$ 46.15	(3.2) %	5.6 %

Total Mountain Reported EBITDA includes $4.8 million, $3.8 million and $3.8 million of stock-based compensation expense for Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively.

Fiscal 2009 compared to Fiscal 2008

Lift revenue decreased $25.4 million, or 8.4%, for Fiscal 2009 compared to Fiscal 2008, primarily as a result of a $42.2 million, or 18.8%, decline in lift revenue excluding season pass revenue, partially offset by an increase in season pass revenue of $16.8 million, or 21.7%. The increase in season pass revenue was driven by higher season pass sales resulting primarily from the introduction of the Epic Season Pass in the 2008/2009 ski season. Additionally, a portion of the decline in lift revenue excluding season pass revenue was caused by a shift in Destination guests purchasing the Epic Season Pass instead of other lift ticket products.

Total skier visitation was down 5.3% in the 2008/2009 ski season compared to the 2007/2008 ski season, with overall visitation for the four Colorado resorts (excluding Heavenly) being down 3.5%. The overall visitation decline was primarily as a result of an estimated 15% decrease in visitation from Destination guests, partially offset by strong visitation from season pass holders, especially from the new Epic Season Pass holders, who on average skied more in the current year per pass than holders of our other pass products. ETP decreased 3.2%, driven by an increase in average season pass holder visitation per pass sold, partially offset by a 2.9% increase in ETP excluding season pass products, driven by price increases on certain lift ticket products.

Revenues for the Company's ski school, dining and retail/rental operations, were all negatively impacted by the severe downturn in the economic environment which resulted from the decrease in Destination guest visitation as well as overall spending per guest. Ski school revenue decreased $16.0 million, or 19.7%, in Fiscal 2009 compared to Fiscal 2008, as ski school revenue is primarily driven by Destination guests. Dining revenue decreased $10.2 million, or 16.4%, in Fiscal 2009 compared to Fiscal 2008, due to an approximate 11% decrease in the number of total on-mountain food and beverage transactions, coupled with an even greater decline in fine dining. Revenue from retail/rental operations decreased $21.4 million, or 12.7%, in Fiscal 2009 compared to Fiscal 2008 primarily due to lower sales and rental volumes at the Company’s mountain resort stores.

Other revenue mainly consists of private club revenue (which includes both club dues and amortization of initiation fees), summer visitation and other mountain activities revenue, allocated strategic alliance revenue, commercial leasing revenue, employee housing revenue, municipal services revenue and other recreation activity revenue. For Fiscal 2009 other revenues increased $2.1 million, or 2.9%, compared to Fiscal 2008, primarily due to private club operations (which revenue increased $4.1 million) resulting from the opening of the Vail Mountain Club in November 2008.

Operating expense decreased $19.3 million, or 4.1%, during Fiscal 2009 compared to Fiscal 2008. This decrease primarily resulted from a decrease in labor and labor-related benefits expense of $10.1 million, or 5.8%, due to decreased staffing levels driven by lower volume in ski school, dining and retail/rental operations as well as the impacts of cost reduction initiatives including the suspension of the Company’s matching contribution to its 401(k) program effective

January 2009 and a company-wide wage reduction plan implemented in April 2009 and a $6.5 million, or 9.0%, decrease in retail cost of sales (commensurate with the decrease in retail revenue). Additionally, resort related fees (including Forest Service fees, other resort-related fees, credit card fees and commissions) decreased $3.2 million, or 8.9%, compared to Fiscal 2008 due to overall declines in revenue that those fees are calculated on and other expenses decreased $1.3 million, or 1.3%, due primarily to lower food and beverage cost of sales, supplies and fuel expense, partially offset by higher property taxes, utilities and repairs and maintenance expense. All of the above decreases were slightly offset by a $1.9 million, or 2.3%, increase in general and administrative expenses primarily due to higher allocated corporate expenses.

Mountain equity investment income primarily includes the Company's share of income from the operations of a real estate brokerage joint venture. The decrease in equity investment income for Fiscal 2009 compared to Fiscal 2008 is primarily due to decreased commissions earned by the brokerage due to a lower level of real estate closures compared to Fiscal 2008.

Fiscal 2008 compared to Fiscal 2007

Lift ticket revenue increased $14.9 million, or 5.2%, for Fiscal 2008 compared to Fiscal 2007, primarily as a result of a 7.6% increase in ETP excluding season pass products, which was driven by an increase in absolute pricing. Season pass revenue increased $5.5 million, or 7.7%, for Fiscal 2008 compared to Fiscal 2007. This increase in season pass revenue was due to an increase in pricing, with season pass holders' average visitation per pass increasing for the 2007/2008 ski season compared to the 2006/2007 ski season which offset the increase in ETP resulting from price increases. Skier visits excluding season pass holders decreased 3.0% for the 2007/2008 ski season compared to the 2006/2007 ski season as a result of lower skier visitation excluding season pass holders in non-peak periods, including the early season (prior to December 24) due to below average snow conditions, and early March and April due in part to the timing of Easter which was in March for Fiscal 2008 versus April for Fiscal 2007. The decrease in skier visits excluding season pass holders was offset by significant increases in international visitation which was higher by an estimated 26% for Fiscal 2008.

Revenue for the Company's ski school and dining increased $2.5 million, or 3.2%, and $2.9 million, or 4.8%, respectively, for Fiscal 2008 compared to Fiscal 2007, primarily as a result of absolute price increases. The increase in ski school revenue was impacted by a decline in skier visitation excluding season pass holders (as discussed above) as these guests have a higher participation rate in ski school. The increase in dining revenue was favorably impacted by the acquisition of two licensed Starbucks stores in June 2007. Retail/rental revenue increased $8.2 million, or 5.1%, for Fiscal 2008 compared to Fiscal 2007, primarily due to increased operations related to the 18 Breeze Ski Rental locations that were acquired in June 2007.

Other revenues decreased $8.4 million, or 10.6%, in Fiscal 2008 compared to Fiscal 2007, due to the disposition of the Company's investment in RTP in April 2007. Excluding RTP, other revenue would have increased $0.6 million, or 0.8%, for Fiscal 2008 compared to Fiscal 2007.

Operating expense increased $7.7 million, or 1.7%, during Fiscal 2008 compared to Fiscal 2007. This increase primarily resulted from an increase in labor and labor-related benefits expense of $8.2 million, or 4.9%, due to wage increases, increased staffing in retail/rental due to the acquisition of 18 Breeze stores and higher workers' compensation costs and a $3.3 million, or 4.8%, increase in retail cost of sales (which was commensurate with the increase in retail revenue). Additionally, resort related fees (including Forest Service fees, other resort-related fees, credit card fees and commissions) increased $1.4 million, or 4.0%, in Fiscal 2008 compared to Fiscal 2007 and was due to overall increases in revenue that those fees are calculated on. These increases were partially offset by a decrease in other expenses of $4.5 million, or 4.2%, due to the sale of RTP (April 2007), which incurred $8.8 million in expenses (included in other operating expenses) for Fiscal 2007. Excluding the impact of RTP, other operating expenses increased $4.3 million, or 4.3%, due primarily to higher food and beverage cost of sales, property taxes, utilities and fuel expense, partially offset by lower repairs and maintenance expense.

Mountain equity investment income primarily includes the Company's share of income from operations of a real estate brokerage joint venture. The increase in equity investment income in Fiscal 2008 compared to Fiscal 2007 is due primarily to increased commissions earned by the brokerage associated with increased real estate closures surrounding the Company's Colorado resorts, both from residential and multi-unit projects.

Lodging Segment

Lodging segment operating results for Fiscal 2009, Fiscal 2008 and Fiscal 2007 are presented by category as follows (in thousands, except ADR and RevPAR):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2009	2008	2007	2009/2008	2008/2007
Lodging net revenue:					
Owned hotel rooms	$ 43,153	$ 46,806	$ 42,179	(7.8) %	11.0 %
Managed condominium rooms	34,571	37,132	36,657	(6.9) %	1.3 %
Dining	30,195	31,763	28,191	(4.9) %	12.7 %
Transportation	17,975	--	--	-- %	-- %
Golf	15,000	16,224	15,185	(7.5) %	6.8 %
Other	35,347	38,132	40,239	(7.3) %	(5.2) %
Total Lodging net revenue	$ 176,241	$ 170,057	$ 162,451	3.6 %	4.7 %
Lodging operating expense					
Labor and labor-related benefits	$ 81,290	$ 75,746	$ 67,224	7.3 %	12.7 %
General and administrative	27,823	26,877	26,408	3.5 %	1.8 %
Other	60,369	57,209	50,620	5.5 %	13.0 %
Total Lodging operating expense	$ 169,482	$ 159,832	$ 144,252	6.0 %	10.8 %
Total Lodging Reported EBITDA	$ 6,759	$ 10,225	$ 18,199	(33.9) %	(43.8) %
Owned hotel statistics:					
ADR	$ 183.59	$ 184.42	$ 167.15	(0.5) %	10.3 %
RevPar	$ 107.06	$ 118.97	$ 108.10	(10.0) %	10.1 %
Managed condominium statistics:					
ADR	$ 273.38	$ 280.37	$ 268.83	(2.5) %	4.3 %
RevPar	$ 84.50	$ 98.68	$ 94.50	(14.4) %	4.4 %

Owned hotel and managed condominium statistics (combined):					
ADR	$ 225.12	$ 230.17	$ 216.83	(2.2) %	6.2 %
RevPar	$ 93.10	$ 106.43	$ 99.58	(12.5) %	6.9 %

Total Lodging Reported EBITDA includes $1.8 million, $1.3 million and $1.1 million of stock-based compensation expense for Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively.

Fiscal 2009 compared to Fiscal 2008

Total Lodging net revenue for Fiscal 2009 increased $6.2 million, or 3.6%, compared to Fiscal 2008, primarily due to the acquisition of CME on November 1, 2008 and a full year of operations at The Arrabelle at Vail Square hotel (the "Arrabelle") which opened in January 2008. CME operations contributed $18.0 million in net revenue for Fiscal 2009 and the full year operations of the Arrabelle contributed $11.3 million in revenue for Fiscal 2009 compared to net revenue of $5.2 million for the partial year of operations of the Arrabelle in Fiscal 2008.

Revenue from owned hotel rooms, including the Arrabelle, decreased $3.7 million, or 7.8%, for Fiscal 2009 compared to Fiscal 2008, which was driven by a decrease in occupancy of 6.2 percentage points which primarily occurred at the lodging properties proximate to the Company's ski resorts. This was due to a decline in Destination visitation as discussed in the Company's Mountain segment and declines in group business (including a decrease in GTLC's room revenue of $0.8 million in the fourth quarter of Fiscal 2009 compared to the fourth quarter of Fiscal 2008 primarily due to a decline in group business) as well as decreases in ADR of 0.5%, partially offset by the full year of operations at the Arrabelle (the Arrabelle generated $0.8 million of incremental owned hotel room revenue for Fiscal 2009 compared to Fiscal 2008). Revenue from managed condominium rooms decreased $2.6 million, or 6.9%, for Fiscal 2009, due to decreases in visitation as noted above, declines in group business primarily at Keystone and decreases in ADR of 2.5%, partially offset by the full year of operations at the Arrabelle which includes condominium property management (the Arrabelle generated $2.1 million of incremental revenue from managed properties for Fiscal 2009 compared to Fiscal 2008).

Dining revenue for Fiscal 2009 decreased $1.6 million, or 4.9%, as compared to Fiscal 2008 mainly due to decreased overall guest and group visitation as well as decreases in guest spending per visit (GTLC's dining revenue decreased $1.0 million in the fourth quarter of Fiscal 2009 compared to the fourth quarter of Fiscal 2008 primarily due to a decline in group business). The decline in dining revenue was partially offset by a full year of dining operations at the Arrabelle (the Arrabelle generated $1.2 million of incremental dining revenue for Fiscal 2009 compared to Fiscal 2008).

Golf revenues decreased $1.2 million, or 7.5%, for Fiscal 2009 compared to Fiscal 2008, primarily resulting from a 6.0% decrease in the number of golf rounds played. Other revenue decreased $2.8 million, or 7.3%, in Fiscal 2009 compared to Fiscal 2008 primarily due to a reduction in commissions earned from reservations booked through the Company's central reservation system, which were partially offset by a full year of spa operations at the Arrabelle (the Arrabelle generated $0.9 million of incremental spa revenue for Fiscal 2009 compared to Fiscal 2008).

Operating expense increased $9.7 million, or 6.0%, for Fiscal 2009 compared to Fiscal 2008. Operating expenses for Fiscal 2009 included $12.8 million of CME operating expenses as well as an increase in operating expenses at the Arrabelle of $6.8 million as a result of a full year of operations in Fiscal 2009, which was partially offset by $3.1 million of start-up and pre-opening expenses associated with the Arrabelle recorded in Fiscal 2008. Excluding the impact of CME operating expenses and operating expenses for the Arrabelle due to a full year of operations (net of start-up and pre-opening expenses recorded in Fiscal 2008), total operating expenses decreased $6.9 million, or 4.6%, in Fiscal 2009 compared to Fiscal 2008, primarily due to (i) a decrease in labor and labor-related benefits of $4.9 million, or 6.9%, due primarily to lower staffing levels associated with decreased occupancy and wage decreases as a result of a company-wide wage reduction plan and (ii) a decrease in other expenses of $3.0 million, or 5.6%, primarily due to decreased variable operating costs associated with lower revenue resulting in lower food and beverage cost of sales and credit card fees, offset by an increase in general and administrative expenses of $1.0 million due to higher allocated corporate expenses.

Fiscal 2008 compared to Fiscal 2007

Total Lodging net revenue for Fiscal 2008 increased $7.6 million, or 4.7%, as compared to Fiscal 2007. Included in net revenue for Fiscal 2007 was the recognition of $5.4 million in termination fees (included in other revenue) primarily associated with the termination of the management agreements at The Equinox and The Lodge at Rancho Mirage (pursuant to the terms of the management agreements). Excluding these termination fees, Lodging net revenue would have increased $13.0 million, or 8.3% for Fiscal 2008, compared to Fiscal 2007.

Lodging net revenue was positively impacted by revenue from owned hotel rooms which increased $4.6 million, or 11.0%, for Fiscal 2008 compared to Fiscal 2007. ADR for owned hotel rooms increased 10.3% for the same period due to high demand during peak periods in the year (partially offset by lower visitation during non-peak periods, including the early season and the timing of Easter as described in the Mountain segment discussion) and as a result of the addition of the Arrabelle (which generated $2.0 million in room revenue from its opening in January 2008 through July 31, 2008). Owned hotel room RevPAR increased 10.1% for Fiscal 2008 compared to Fiscal 2007, which, in addition to increases in ADR, was driven by an increase in conference and group room nights, occurring primarily at GTLC during the Company's fourth quarter of Fiscal 2008. Revenue from managed condominium rooms remained relatively flat for Fiscal 2008 compared to Fiscal 2007 mainly due to a RevPAR increase of 4.4% which was driven by an increase in ADR of 4.3% due to high demand during peak periods as noted above and an increase in group room nights occurring primarily at Keystone, all of which was offset by a 3.4% reduction in managed condominium available room nights primarily at Keystone.

Dining revenue for Fiscal 2008 increased $3.6 million, or 12.7%, as compared to Fiscal 2007 mainly due to the addition of the Arrabelle (which generated $2.2 million in dining revenue from its opening in January 2008 through July 31, 2008) and group visitation at GTLC. Golf revenues increased $1.0 million, or 6.8%, for Fiscal 2008 compared to Fiscal 2007, primarily resulting from an increase in the number of golf rounds due to improvements made at the Company's Jackson Hole Golf & Tennis Club ("JHG&TC") and Beaver Creek Golf Club, which caused the golf courses to be shut down for a portion of the season in Fiscal 2007. Excluding the $5.4 million in termination fees, other revenues increased $3.3 million, or 9.3% for Fiscal 2008 compared to Fiscal 2007, due to higher resort amenity fees charged to guests and increases in spa and retail revenue.

Operating expense increased $15.6 million, or 10.8%, for Fiscal 2008 compared to Fiscal 2007. Operating expenses for Fiscal 2008 included approximately $3.1 million of start-up and pre-opening expenses for the Arrabelle (recorded in labor and labor-related benefits and other expenses) and incremental fees paid to the National Park Service by GTLC of $1.0 million (recorded in other expenses) resulting from a new concession contract which became effective January 2007. Excluding the Fiscal 2008 start-up and pre-opening expenses of the Arrabelle, and the increase in fees paid to the National Park Service, total operating

expenses increased by approximately $11.4 million, or 8.0%, for Fiscal 2008 compared to Fiscal 2007, which primarily includes (i) an increase in labor and labor-related benefits of $6.5 million, or 9.7%, due primarily to wage increases, increases in labor hours to support the higher Lodging segment revenues, as well as increased staffing levels due to the opening of the Arrabelle in January 2008, and (ii) an increase in other expenses of $4.4 million, or 9.1%, due to variable operating costs associated with incremental revenue resulting in higher food and beverage cost of sales and credit card fees, and higher operating costs associated with the Arrabelle after its opening, primarily in property taxes and utilities.

Real Estate Segment

Real Estate segment operating results for Fiscal 2009, Fiscal 2008 and Fiscal 2007 are presented by category as follows (in thousands):

	Year Ended July 31,			Percentage Increase/(Decrease)	
	2009	2008	2007	2009/2008	2008/2007
Total Real Estate net revenue	$ 186,150	$ 296,566	$ 112,708	(37.2) %	163.1 %
Total Real Estate operating expense	142,070	251,338	115,190	(43.5) %	118.2 %
Gain on sale of real property	--	709	--	(100.0) %	-- %
Total Real Estate Reported EBITDA	$ 44,080	$ 45,937	$ (2,482)	(4.0) %	1,950.8 %

Total Real Estate Reported EBITDA includes $4.1 million, $3.1 million and $2.1 million of stock-based compensation expense for Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively.

The Company's Real Estate operating revenue is primarily determined by the timing of closings and the mix of real estate sold in any given period. Different types of projects have different revenue and expense volumes and margins; therefore, as the real estate inventory mix changes it can greatly impact Real Estate segment net revenue, operating expense and Real Estate Reported EBITDA.

Fiscal 2009

Real Estate net revenue for Fiscal 2009 was driven primarily by the closings of eight Chalets units ($111.5 million of revenue with an average selling price per unit of $13.9 million and an average price per square foot of $2,860), 42 residences at Crystal Peak Lodge ($54.9 million of revenue with an average selling price per unit of $1.3 million and an average price per square foot of $1,038) and two condominium units at the Arrabelle ($16.7 million of revenue with an average selling price per unit of $8.4 million and an average price per square foot of $1,623). The higher average price per square foot for the Chalet units was driven by their premier location at the base of Vail mountain in Vail Village and the fact that this development consisted of only 13 exclusive chalets. The Arrabelle average price per square foot is driven by its ski-in/ski-out location in Vail, and the comprehensive offering of amenities resulting from this project. The Crystal Peak Lodge average price per square foot though significantly lower than the Vail project real estate sales, is significantly higher than historical Breckenridge project real estate sales and is primarily driven by its ski-in/ski-out location at the base of Peak 7 in Breckenridge and close proximity to the BreckConnect Gondola.

Operating expense for Fiscal 2009 included cost of sales of $101.1 million commensurate with revenue recognized, primarily driven by the closing on eight Chalets units ($54.1 million in cost of sales with an average cost per square foot of $1,387), 42 residences at Crystal Peak Lodge ($34.2 million in cost of sales with an average cost per square foot of $654) and two units at the Arrabelle ($12.4 million in cost of sales with an average cost per square foot of $1,204). The cost per square foot for the Arrabelle and Chalets are reflective of the high-end features and amenities associated with these projects and the relatively high construction costs associated with mountain resort development. The cost per square foot for Crystal Peak Lodge is reflective of its less complicated design features and fewer amenities associated with this project relative to the Arrabelle and Chalets. Operating expenses also included sales commissions of approximately $10.6 million commensurate with revenue recognized and general and administrative costs of approximately $27.6 million (including $4.1 million of stock-based compensation expense). General and administrative costs were primarily comprised of marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and labor-related benefits and allocated corporate costs. In addition, included in segment operating expense for Fiscal 2009, the Company recorded $2.8 million of estimated costs in excess of anticipated sales proceeds for an affordable housing commitment resulting from the cancellation of a contract by a third party developer related to its JHG&TC development.

Fiscal 2008

Real Estate net revenue for Fiscal 2008 was driven primarily by the closings of 64 condominium units at the Arrabelle ($213.6 million of revenue with an average selling price per unit of $3.3 million and an average price per square foot of $1,220), the closings of five Chalet units ($58.8 million of revenue with an average selling price per unit of $11.8 million and an average price per square foot of $2,336), the closings of the remaining JHG&TC cabins ($9.0 million of revenue with an average selling price per unit of $0.8 million and an average price per square foot of $360) and contingent gains of $13.0 million on development parcel sales that closed in previous periods. The higher average price per square foot for the Chalet units was driven by the premier location at the base of Vail mountain in Vail Village and the fact that this development consisted of only 13 exclusive chalets. The Arrabelle average price per square foot is driven by its ski-in/ski-out location in Vail, and the comprehensive offering of amenities resulting from this project. The JHG&TC cabins yielded a lower price per square foot as its location is proximate to golf and tennis facilities which does not have as strong of a demand compared to real estate featuring ski-in/ski-out locations proximate to our ski resorts.

Operating expense for Fiscal 2008 included cost of sales of $208.8 million commensurate with revenue recognized, primarily driven by the closing on 64 units at the Arrabelle ($171.2 million in cost of sales with an average cost per square foot of $978), the closing on five Chalet units ($27.7 million in cost of sales with an average cost per square foot of $1,100) and the closing of the remaining JHG&TC cabins ($8.9 million in cost of sales with an average cost per square foot of $355). The cost per square foot for the Arrabelle and Chalets are reflective of the high-end features and amenities associated with these projects and the relatively high construction costs associated with mountain resort development. The average cost per square foot for the JHG&TC was significantly lower than for other projects closed during the period due to the fact that this project did not include the typical high-end features of our projects that are in close proximity to our mountain resorts; however, the cost of sales for the JHG&TC cabins were relatively high compared to the revenue earned due to unanticipated incremental design and construction related costs. Operating expenses also included sales commissions of approximately $17.1 million

commensurate with revenue recognized and general and administrative costs of approximately $25.4 million (including $3.1 million of stock-based compensation expense). General and administrative costs were primarily comprised of marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and labor-related benefits and allocated corporate costs.

Fiscal 2007

Real Estate net revenue for Fiscal 2007 was driven primarily by the closings of ten residences at Gore Creek Place ($42.9 million of revenue with an average selling price per unit of $4.3 million and an average price per square foot of $1,081), 34 residences at Mountain Thunder ($24.1 million of revenue with an average selling price per unit of $0.7 million and an average price per square foot of $515) and 12 cabins at JHG&TC ($14.2 million of revenue with an average selling price per unit of $1.2 million and an average price per square foot of $502). The higher average price per square foot for the Gore Creek Place units was driven by its location in Vail's Lionshead Village and the fact that this development consisted of only 16 exclusive townhomes. The Mountain Thunder average price per square foot is reflective of its location (not at the base area of the ski mountain) in Breckenridge. The JHG&TC cabins yielded a lower price per square foot as its location is proximate to golf and tennis facilities which does not have as strong of a demand compared to real estate featuring ski-in/ski-out locations proximate to our ski resorts. In addition, Real Estate net revenue included the sale of land together with certain related infrastructure improvements in Red Sky Ranch and Breckenridge to third-party developers of $12.1 million, the sale of the sole asset in the FFT Investment Partners real estate joint venture of $6.7 million and contingent gains on development parcel sales that closed in previous periods of $7.2 million.

Operating expense for Fiscal 2007 included cost of sales of $77.9 million commensurate with revenue recognized, primarily driven by the closing on ten residences at Gore Creek Place ($29.1 million in cost of sales with an average cost per square foot of $733), 34 residences at Mountain Thunder ($19.2 million in cost of sales with an average cost per square foot of $409), and 12 cabins at JHG&TC ($13.8 million in cost of sales with an average cost per square foot of $486). The cost per square foot for the Gore Creek Place is reflective of the high-end features associated with the projects and the relatively high construction costs associated with mountain resort development. The average cost per square foot for the Mountain Thunder and JHG&TC was significantly lower than for other projects closed during the period due to the fact that the projects did not include the typical high-end features of our projects that are at the base of our mountain resorts. In addition, the cost of sales for the JHG&TC cabins were relatively high compared to the revenue earned due to unanticipated incremental design and construction related costs, which resulted in a $7.6 million charge for estimated total project costs in excess of anticipated sales proceeds which was recorded during Fiscal 2007. Operating expenses also included sales commissions of approximately $5.6 million commensurate with revenue recognized and general and administrative costs of approximately $24.0 million (including $2.1 million of stock-based compensation expense). General and administrative costs were primarily comprised of marketing expenses for the major real estate projects under development (including those that have not yet closed), overhead costs such as labor and labor-related benefits and allocated corporate costs.

Other Items

In addition to segment operating results, the following material items contribute to the Company's overall financial position.

Depreciation and amortization. Depreciation and amortization expense for Fiscal 2009 and Fiscal 2008 increased primarily due to a higher level of capital expenditures and the timing of placing in service significant resort assets, which included, among other assets, the Arrabelle (including amenities such as a private club, spa, commercial leasing space, and other skier services facilities), a new skier services building, a private club (the Vail Mountain Club) in Vail Village and multiple gondolas and lifts within the last two years.

Investment income. The decrease in investment income for Fiscal 2009 compared to Fiscal 2008 is primarily due to a reduction in the average interest earned on investments (the average annualized interest rate earned decreased by approximately 2.5 percentage points in Fiscal 2009 versus Fiscal 2008), as well as a decrease in average invested cash during Fiscal 2009 compared to Fiscal 2008. The decrease in investment income for Fiscal 2008 compared to Fiscal 2007 is primarily due to a reduction in the average interest earned on investments, a decrease in average invested cash during the period and a $1.0 million impairment on a short-term investment resulting from a commercial paper write-down.

Interest expense, net. The reduction in interest expense, net for Fiscal 2009 compared to Fiscal 2008, is attributable to the payoff of a scheduled debt maturity in the current year and capitalized interest on self-funded real estate projects. The decrease in interest expense for Fiscal 2008 compared to Fiscal 2007 is primarily due to a reduction in the average variable borrowing rate of the employee housing bonds and an increase in capitalized interest associated with real estate and related resort development.

Contract dispute credit, net. On October 19, 2007, RockResorts received payment of the final settlement from Cheeca Holdings, LLC (the "Cheeca settlement"), related to the disputed contract termination of the formerly managed RockResorts Cheeca Lodge & Spa property, in the amount of $13.5 million, of which $11.9 million (net of final attorney's fees) is recorded in "Contract dispute credit, net" in the Consolidated Condensed Statement of Operations for Fiscal 2008.

Income taxes. The Company's tax provision and effective tax rate are driven primarily by the amount of pre-tax income, which is adjusted for items that are deductible/non-deductible for tax purposes only (i.e. permanent items), and taxable income generated by state jurisdictions that varies from the consolidated pre-tax income. The effective tax rate was 38.5%, 38.0% and 39.0% in Fiscal 2009, Fiscal 2008 and Fiscal 2007, respectively. The income tax provision recorded for Fiscal 2008 reflects the impact of a favorable tax settlement with state tax authorities of $1.0 million.

In 2005, the Company amended previously filed tax returns (for the tax years from 1997 through 2002) in an effort to remove restrictions under Section 382 of the Internal Revenue Code on approximately $73.8 million of net operating losses ("NOLs") relating to fresh start accounting from the Company's reorganization in 1992. As a result, the Company requested a refund related to the amended returns in the amount of $6.2 million and has reduced its Federal tax liability in the amount of $19.6 million in subsequent tax returns. In 2006, the Internal Revenue Service ("IRS") completed its examination of the Company's filing position in its amended returns and disallowed the Company's request for refund and its position to remove the restriction on the NOLs. The Company appealed the examiner's disallowance of the NOLs to the Office of Appeals. In December 2008, the Office of Appeals denied the Company's appeal, as well as a request for mediation. The Company disagrees with the IRS interpretation disallowing the utilization of the NOLs and in August 2009, filed a complaint in the United States District Court for the District of Colorado seeking recovery of $6.2 million in over payments that were previously denied by the IRS, plus interest. Due to the uncertainty surrounding the utilization of the NOLs, the Company has not reflected any of the benefits of the utilization of the NOLs within its financial statements; thus if the Company is unsuccessful in its action regarding this matter it will not negatively impact the Company's results of operations.

Reconciliation of Non-GAAP Measures

The following table reconciles from segment Reported EBITDA to net income (in thousands):

	Year Ended July 31,		
	2009	2008	2007
Mountain Reported EBITDA	$ 164,389	$ 220,561	$ 207,728
Lodging Reported EBITDA	6,759	10,225	18,199
Resort Reported EBITDA	171,148	230,786	225,927
Real Estate Reported EBITDA	44,080	45,937	(2,482)
Total Reported EBITDA	215,228	276,723	223,445
Depreciation and amortization	(107,213)	(93,794)	(87,664)
Relocation and separation charges	--	--	(1,433)
Loss on disposal of fixed assets, net	(1,064)	(1,534)	(1,083)
Investment income, net	1,793	8,285	12,403
Interest expense, net	(27,548)	(30,667)	(32,625)
Loss on sale of business, net	--	--	(639)
Contract dispute credit (charges), net	--	11,920	(4,642)
Gain on put option, net		--	690
Minority interest in income of consolidated subsidiaries, net	(1,602)	(4,920)	(7,801)
Income before provision for income taxes	79,594	166,013	100,651
Provision for income taxes	(30,644)	(63,086)	(39,254)
Net income	$ 48,950	$ 102,927	$ 61,397

The following table reconciles Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) (in thousands):

	July 31,	
	2009	2008
Long-term debt	$ 491,608	$ 541,350
Long-term debt due within one year	352	15,355
Total debt	491,960	556,705
Less: cash and cash equivalents	69,298	162,345
Net Debt	$ 422,662	$ 394,360

Liquidity and Capital Resources

Significant Sources of Cash

Historically, the Company has lower cash available as of its fiscal year end (as well as at the end of its first fiscal quarter of each year) as compared to its second and third fiscal quarters end primarily due to the seasonality of its Mountain segment operations. Additionally, cash provided by operating activities can be significantly impacted by the timing or mix of closings on and investment in real estate development projects. The Company had $69.3 million of cash and cash equivalents as of July 31, 2009, compared to $162.3 million as of July 31, 2008. The Company generated $134.3 million of cash from operating activities during Fiscal 2009 compared to $217.0 million and $118.4 million generated during Fiscal 2008 and Fiscal 2007, respectively. The Company currently anticipates that Resort Reported EBITDA will continue to provide a significant source of future operating cash flows. Additionally, anticipated closings of real estate projects currently under development will provide a source of future cash flows from operations in fiscal year 2010 and beyond, partially offset by further investments in real estate to complete these projects (as further discussed below within Significant Uses of Cash).

In addition to the Company's $69.3 million of cash and cash equivalents at July 31, 2009, the Company has available $304.7 million under its Credit Facility (which represents the total commitment of $400.0 million less certain letters of credit outstanding of $95.3 million). The Company's plan to self-fund its current real estate under development (the Company estimates to incur between $190 million and $210 million in cash expenditures subsequent to July 31, 2009 for projects under development) combined with historically lower operating cash flows during the Company's first fiscal quarter will likely require the Company to borrow under the revolver component of its Credit Facility from time to time beginning in the first quarter of fiscal 2010. The Company expects that its liquidity needs in the near term will be met by continued utilization of operating cash flows (primarily those generated in its second and third fiscal year quarters) and borrowings under the Credit Facility. The Company believes the Credit Facility, which matures in 2012, provides adequate flexibility and is priced favorably with any new borrowings currently being priced at LIBOR plus 0.75%.

Fiscal 2009 compared to Fiscal 2008

Net cash provided by operating activities decreased $82.7 million for Fiscal 2009 compared to Fiscal 2008 and was primarily impacted by the timing and mix of real estate closings as proceeds from Real Estate sales decreased $105.7 million and deposits received on projects under development decreased $43.7 million, partially offset by a reduction in investments in real estate of $55.9 million. Further contributing to the decrease in cash provided by operating activities was a decrease in cash generated by resort operations including a decrease in Resort Reported EBITDA of $59.6 million for Fiscal 2009 compared to Fiscal 2008 and a decline in accounts payable and other accrued liabilities of $25.5 million primarily as a result of a decline in real estate investment activity and lower trade payables associated with lower operating volume, as well as the receipt of $11.9 million in cash (net of legal costs) for the Cheeca settlement in Fiscal 2008. Offsetting the above items was the receipt of $40.8 million in proceeds for the final installment related to private club initiation fees to the Vail Mountain Club that opened in November 2008 and a reduction in restricted cash of $51.1 million which became available for general purpose use due to the payoff of the Company's non-recourse real estate financings.

Cash used in investing activities decreased by $3.5 million for Fiscal 2009 due to a decrease in resort capital expenditures of $44.4 million offset by the acquisition of CME for $38.2 million.

Cash used in financing activities decreased $54.6 million primarily due to a decrease in repurchased common stock of $77.3 million in Fiscal 2009 compared to Fiscal 2008, which was partially offset by an increase in net payments of debt related to non-recourse real estate financings of $11.9 million and the payment of $15.0 million for a scheduled debt maturity during Fiscal 2009.

Fiscal 2008 compared to Fiscal 2007

Net cash provided by operating activities increased $98.6 million for Fiscal 2008 compared to Fiscal 2007 and was impacted by the timing and mix of real estate closings as proceeds from Real Estate sales increased $144.1 million which was partially offset by a decrease in deposits received on projects under development of $27.6 million and an increase in investments in real estate of $38.3 million. Additionally, the Company received $11.9 million in cash (net of legal costs) for the Cheeca settlement in Fiscal 2008. Further contributing to the increase in cash provided by operating activities was an increase in cash generated by resort operations including an increase in Resort Reported EBITDA of $4.9 million for Fiscal 2008 compared to Fiscal 2007.

Cash used in investing activities increased by $16.0 million for Fiscal 2008 due to an increase in resort capital expenditures of $31.7 million partially offset by the purchase of an additional interest in the Company's retail/rental operations, SSI Venture LLC, during Fiscal 2007 for $8.4 million.

Net cash provided by financing activities for Fiscal 2008 decreased by $190.1 million compared to Fiscal 2007 due to the decrease in net non-recourse borrowings of $111.0 million as well as an $84.6 million increase in repurchases of the Company's common stock during Fiscal 2008. Additionally, cash proceeds from the exercise of stock options decreased by $14.6 million (including tax benefits) for Fiscal 2008 compared to Fiscal 2007.

Significant Uses of Cash

The Company's cash needs currently include providing for operating expenditures as well as capital expenditures for both assets to be used in operations and real estate projects under construction.

The Company expects to spend approximately $160 million to $180 million in calendar year 2009 for real estate under development, including the construction of associated resort-related depreciable assets, of which approximately $90 million was spent as of July 31, 2009, leaving approximately $70 million to $90 million to spend in the remainder of the calendar year 2009. The Company has entered into contracts with third parties to provide services to the Company throughout the course of project development; commitments for future services to be performed under such current contracts total approximately $164 million and are expected to be performed primarily over the next two years.

The Company has historically invested significant cash in capital expenditures for its resort operations, and expects to continue to invest in the future; however, plans for such investment in the near term have been reduced given the significant level of capital expenditures made in the past few years including individually significant projects that do not annually re-occur including gondolas and major hotel renovations coupled with the current economic recession. Current capital expenditure levels will primarily include investments that allow the Company to maintain its high quality standards, as well as certain incremental discretionary improvements at the Company's five ski resorts and throughout its owned hotels. The Company evaluates additional capital improvements based on expected strategic impacts and/or expected return on investment. The Company currently anticipates it will spend approximately $50 million to $60 million of resort capital expenditures for calendar year 2009, excluding resort depreciable assets arising from real estate activities noted above, of which approximately $20 million was spent as of July 31, 2009, leaving approximately $30 million to $40 million to spend in the remainder of the calendar year 2009. Included in these capital expenditures are approximately $32 million to $37 million which are necessary to maintain appearance and level of service appropriate to the Company's resort operations, including routine replacement of snow grooming equipment and rental fleet equipment. The Company currently plans to utilize cash on hand, borrowing available under its Credit Facility and/or cash flow from future operations to provide the cash necessary to execute its capital plans.

Principal payments on the vast majority of the Company's long-term debt ($489.2 million of the total $492.0 million debt outstanding as of July 31, 2009) are not due until fiscal 2014 and beyond. As of July 31, 2009 and 2008, total long-term debt (including long-term debt due within one year) was $492.0 million and $556.7 million, respectively, with the decrease at July 31, 2009 being primarily due to the pay-off of the non-recourse real estate financings related to the Company's vertical development projects and the payment of a scheduled debt maturity. Net Debt (defined as long-term debt plus long-term debt due within one year less cash and cash equivalents) increased from $394.4 million as of July 31, 2008 to $422.7 million as of July 31, 2009 due primarily to the decrease in cash and cash equivalents partially offset by the pay-off of the Company's non-recourse real estate financings.

The Company's debt service requirements can be impacted by changing interest rates as the Company had $52.6 million of variable-rate debt outstanding as of July 31, 2009. A 100-basis point change in LIBOR would cause the Company's annual interest payments to change by approximately $0.5 million. The fluctuation in the Company's debt service requirements, in addition to interest rate changes, may be impacted by future borrowings under its Credit Facility or other alternative financing arrangements, including non-recourse real estate financings, it may enter into. The Company's long term liquidity needs are dependent upon operating results that impact the borrowing capacity under the Credit Facility, which can be mitigated by adjustments to capital expenditures, flexibility of investment activities and the ability to obtain favorable future financing. The Company can respond to liquidity impacts of changes in the business and economic environment by managing its capital expenditures and the timing of new real estate development activity.

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company's common stock repurchase authorization by an additional 3,000,000 shares. During Fiscal 2009 the Company repurchased 874,427 shares of common stock at a cost of $22.4 million. Since inception of this stock repurchase plan through July 31, 2009, the Company has repurchased 3,878,535 shares at a cost of approximately $147.8 million. As of July 31, 2009, 2,121,465 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee share award plans. Acquisitions under the stock repurchase program may be made from time to time at prevailing prices as permitted by applicable laws, and subject to market conditions and other factors. The timing as well as the number of shares that may be repurchased under the program will depend on a number of factors, including the Company's future financial performance, the Company's available cash resources and competing uses for cash that may arise in the future, the restrictions in the Company's Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005, as amended, between The Vail Corporation (a wholly-owned subsidiary of the Company), Bank of America, N.A. as administrative agent and the Lenders party thereto (the "Credit Agreement") governing the Company's Credit Facility and the Indenture, governing the 6.75% Notes, prevailing prices of the Company's common stock and the number of shares that become available for sale at prices that the Company believes are attractive. The stock repurchase program may be discontinued at any time.

Covenants and Limitations

The Company must abide by certain restrictive financial covenants under its Credit Facility and the Indenture. The most restrictive of those covenants include the following Credit Facility covenants: Net Funded Debt to Adjusted EBITDA ratio, Interest Coverage ratio and the Minimum Net Worth (each as defined in the Credit Agreement). In addition, the Company's financing arrangements, including the Indenture, limit its ability to incur certain indebtedness, make certain restricted payments, enter into certain investments, make certain affiliate transfers and may limit its ability to enter into certain mergers, consolidations or sales of assets. The Company's borrowing availability under the Credit Facility is primarily determined by the Net Funded Debt to Adjusted EBITDA ratio, which is based on the Company's segment operating performance, as defined in the Credit Agreement.

The Company was in compliance with all restrictive financial covenants in its debt instruments as of July 31, 2009. The Company expects it will meet all applicable financial maintenance covenants in its Credit Agreement, including the Net Funded Debt to Adjusted EBITDA ratio throughout the year ending July 31, 2010. However, there can be no assurance that the Company will meet such financial covenants. If such covenants are not met, the Company would be required to seek a waiver or amendment from the banks participating in the Credit Facility. While the Company anticipates that it would obtain such waiver or amendment, if any were necessary, there can be no assurance that such waiver or amendment would be granted, which could have a material adverse impact on the liquidity of the Company.

Contractual Obligations

As part of its ongoing operations, the Company enters into arrangements that obligate the Company to make future payments under contracts such as debt agreements, construction agreements in conjunction with the Company's development activities and lease agreements. Debt obligations, which total $492.0 million as of July 31, 2009, are recognized as liabilities in the Company's Consolidated Balance Sheet as of July 31, 2009. Obligations under construction contracts are not recognized as liabilities in the Company's Consolidated Balance Sheet until services and/or goods are received which is in accordance with GAAP. Additionally, operating lease and service contract obligations, which total $81.6 million as of July 31, 2009, are not recognized as liabilities in the Company's Consolidated Balance Sheet, which is in accordance with GAAP. A summary of the Company's contractual obligations as of July 31, 2009 is as follows (in thousands):

		Payments Due by Period			
Contractual Obligations	**Total**	**Fiscal 2010**	**2-3 years**	**4-5 years**	**More than 5 years**
Long-Term Debt [(1)]	$ 491,960	$ 352	$ 2,132	$ 390,538	$ 98,938
Fixed Rate Interest [(1)]	165,958	29,634	59,073	58,975	18,276
Operating Leases and Service Contracts	81,608	17,350	23,710	16,847	23,701
Purchase Obligations [(2)]	380,884	309,812	71,072	--	--
Other Long-Term Obligations [(3)]	1,882	340	132	106	1,304
Total Contractual Cash Obligations	$ 1,122,292	$ 357,488	$ 156,119	$ 466,466	$ 142,219

(1) The fixed-rate interest payments, as well as long-term debt payments, included in the table above assume that all fixed-rate debt outstanding as of July 31, 2009 will be held to maturity. Interest payments associated with variable-rate debt have not been included in the table. Assuming that the amounts outstanding under variable-rate long-term debt as of July 31, 2009 are held to maturity, and utilizing interest rates in effect at July 31, 2009, the Company's annual interest payments (including commitment fees and letter of credit fees) on variable rate long-term debt as of July 31, 2009 is anticipated to be approximately $1.0 million for at least each of the next five years. The future annual interest obligations noted herein are estimated only in relation to debt outstanding as of July 31, 2009, and do not reflect interest obligations on potential future debt.

(2) Purchase obligations include amounts which are classified as trade payables, real estate development payables, accrued payroll and benefits, accrued fees and assessments, accrued taxes (including taxes for uncertain tax positions), liabilities to complete real estate projects on the Company's Consolidated Balance Sheet as of July 31, 2009 and other commitments for goods and services not yet received, including construction contracts not included on the Company's balance sheet as of July 31, 2009 in accordance with GAAP.

(3) Other long-term obligations include amounts which become due based on deficits in underlying cash flows of the metropolitan district as described in Note 14, Commitments and Contingencies, of the Notes to Consolidated Financial Statements.

Off Balance Sheet Arrangements

The Company does not have off balance sheet transactions that are expected to have a material effect on the Company's financial condition, revenue, expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

The preparation of Consolidated Financial Statements in conformity with GAAP requires the Company to select appropriate accounting policies and to make judgments and estimates affecting the application of those accounting policies. In applying the Company's accounting policies, different business conditions or the use of different assumptions may result in materially different amounts reported in the Consolidated Financial Statements.

The Company has identified the most critical accounting policies which were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. The Company also has other policies considered key accounting policies; however, these policies do not meet the definition of critical accounting policies because they do not generally require the Company to make estimates or judgments that are complex or subjective. The Company has reviewed these critical accounting policies and related disclosures with the Company's Audit Committee of the Board of Directors.

Real Estate Revenue and Cost of Sales.

Description

The Company utilizes the relative sales value method to determine cost of sales for individual parcels of real estate and/or condominium units sold within a project, when specific identification of costs cannot be reasonably determined. The determination of cost of sales may utilize estimates for the fair value of resort depreciable assets that may be part of a mixed-use real estate development project and total costs to be incurred on a real estate development project.

Judgments and Uncertainties

Changes to either the relative sales values of the components of a project, which may include resort depreciable assets, or the total projected costs to be incurred to determine cost of sales may cause significant variances in the profit margins recognized on individual parcels of real estate and/or condominium units within a project.

Effect if Actual Results Differ From Assumptions

A 10% change in the estimates of either the relative sales values of the components of a project or remaining costs to be incurred for projects utilizing the relative sales value method would have changed the profit margin recognized by approximately $7.7 million for Fiscal 2009.

Goodwill and Intangible Assets.

Description

The carrying value of goodwill and indefinite-lived intangible assets are evaluated for possible impairment on an annual basis or between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. Other intangible assets are evaluated for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The Company is required to determine goodwill impairment using a two-step process. The first step is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, the second step of the impairment test is performed to measure the amount of impairment loss, if any. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The impairment test for indefinite-lived intangible assets consists of a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Judgments and Uncertainties

Application of the goodwill and indefinite-lived intangible asset impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determination of the fair value of reporting units and indefinite-lived intangible assets. The Company determines the estimated fair value of its reporting units using a discounted cash flow analysis. The estimated fair value of indefinite-lived intangible assets is primarily determined using the income approach based upon estimated future revenue streams. These analyses require significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, available industry/market data, estimation of the long-term rate of growth for the Company's business, estimation of the useful life over which cash flows will occur (including terminal multiples), and determination of the respective weighted average cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and impairment for each reporting unit and indefinite-lived intangible asset. The Company evaluates its reporting units on an annual basis and allocates goodwill to its reporting units based on the reporting units expected to benefit from the acquisition generating the goodwill.

Effect if Actual Results Differ From Assumptions

Goodwill and indefinite-lived intangible assets are at least tested for impairment annually as of May 1st of each year. Based upon the Company's annual impairment test during the fourth fiscal quarter of 2009 the estimated fair value of the Company's reporting units and indefinite-lived intangible assets were in excess of their respective carrying values. As such, no impairment of goodwill or indefinite-lived intangible assets was recorded.

In order to evaluate the sensitivity of the estimated fair value calculations of the Company's reporting units and indefinite-lived intangible assets, the Company applied a hypothetical 10% decrease to the estimated fair values of the Company's reporting units and indefinite-lived intangible assets. This hypothetical decrease of 10% would not have had an impact on the conclusion that the estimated fair value of the Company's reporting units and significant indefinite-lived intangible assets were in excess of their respective carrying values.

Tax Contingencies.

Description

The Company must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of tax credits and deductions and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties relating to uncertain tax positions. The calculation of the Company's tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as this requires the Company to determine the probability of various possible outcomes. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit and new audit activity. A significant amount of time may pass before a particular matter, for which the Company may have established a reserve, is audited and fully resolved.

Judgments and Uncertainties

The estimates of the Company's tax contingencies reserve contains uncertainty because management must use judgment to estimate the potential exposure associated with the Company's various filing positions.

Effect if Actual Results Differ From Assumptions

Although management believes that the estimates and judgments discussed herein are reasonable and it has adequate reserves for its tax contingencies, actual results could differ, and the Company may be exposed to increases or decreases in those reserves and tax provisions that could be material.

An unfavorable tax settlement could require the use of cash and could possibly result in an increased tax expense and effective tax rate in the year of resolution. A favorable tax settlement could possibly result in a reduction in the Company's tax expense, effective tax rate, income taxes payable, other long-term liabilities and/or adjustments to its deferred tax assets, deferred tax liabilities or intangible assets in the year of settlement or in future years.

Depreciable Lives of Assets.

Description

Mountain and lodging operational assets, furniture and fixtures, computer equipment, software, vehicles and leasehold improvements are primarily depreciated using the straight-line method over the estimated useful life of the asset. Assets may become obsolete or require replacement before the end of their useful life in which the remaining book value would be written-off or the Company could incur costs to remove or dispose of assets no longer in use.

Judgments and Uncertainties

The estimates of the Company's useful life of the assets contain uncertainty because management must use judgment to estimate the useful life of the asset.

Effect if Actual Results Differ From Assumptions

Although management believes that the estimates and judgments discussed herein are reasonable, actual results could differ, and the Company may be exposed to increased expense related to depreciable assets disposed of, removed or taken out of service prior to its originally estimated useful life, which may be material. A 10% decrease in the estimated useful lives of depreciable assets would have increased depreciation expense by approximately $11.3 million for Fiscal 2009.

New Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. In February 2008, the FASB issued Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157." This FSP delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 (the Company's fiscal year ending July 31, 2010) and interim periods within the fiscal year of adoption. The adoption of SFAS 157 for financial assets and liabilities was effective for the Company on August 1, 2008 and did not have a material impact on the Company's financial position or results of operations. The Company does not anticipate that the adoption of the provisions of SFAS 157 for nonfinancial assets and liabilities will have a material impact on the Company's financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" ("SFAS 141R"), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in an acquiree, including the recognition and measurement of goodwill acquired in a business combination. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations consummated after July 31, 2009 (the Company's fiscal year ending July 31, 2010).

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS 160"), which will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity within the balance sheet. Currently, noncontrolling interests (minority interests) are reported as a liability in the Company's consolidated balance sheet and the related income (loss) attributable to minority interests is reflected as an expense (credit) in arriving at net income. Upon adoption of SFAS 160, the Company will be required to report its minority interests as a separate component of stockholders' equity and present net income allocable to the minority interests along with net income attributable to the stockholders of the Company separately in its consolidated statement of operations. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. The requirements of SFAS 160 are effective for the Company beginning August 1, 2009 (the Company's fiscal year ending July 31, 2010).

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2") which establishes a new model for measuring other-than-temporary impairments for debt securities, including establishing criteria for when to recognize a write-down through earnings versus other comprehensive income. The FSP also requires additional interim and annual disclosures for impaired securities. The requirements of the FSP were effective for the Company as of July 31, 2009 and did not have a material impact on the Company's financial position or results of operations.

In May 2009, the FASB issued SFAS 165, "Subsequent Events" ("SFAS 165") which establishes the general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 requires entities to recognize in their financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Entities shall not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date. In addition, entities are required to disclose the period through which subsequent events have been evaluated. The provisions of SFAS 165 were effective for the Company as of July 31, 2009.

In June 2009, the FASB issued SFAS 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167") which amends the consolidation guidance under FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" ("FIN 46R"). SFAS 167 requires entities to perform a qualitative assessment in determining the primary beneficiary of a variable interest entity. The qualitative assessment includes, among other things, consideration as to whether a variable interest holder has the power to direct the activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to the variable interest entity. Pursuant to SFAS 167, the requirement to assess whether an entity should be deemed the primary beneficiary is an on-going reconsideration. The provisions of SFAS 167 are effective for the Company beginning August 1, 2011 (the Company's fiscal year ending July 31, 2012). The Company is currently evaluating the impacts, if any, the adoption of the provisions of SFAS 167 will have on the Company's financial position or results of operations.

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 costs of operating resorts increase, the Company generally has been able to pass the increase on to its customers. However, there can be no assurance that increases in labor and other operating costs due to inflation will not have an impact on the Company's future profitability.

Seasonality and Quarterly Results

The Company's mountain and lodging operations are seasonal in nature. In particular, revenue and profits for the Company's mountain and most of its lodging operations are substantially lower and historically result in losses from late spring to late fall. Conversely, peak operating seasons for GTLC, certain managed hotel properties and the Company's owned golf courses occur during the summer months while the winter season results in operating losses. Revenue and profits generated by GTLC's summer operations, management fees from certain managed properties, certain other lodging properties and golf operations are not nearly sufficient to fully offset the Company's off-season losses from its mountain and other lodging operations. During Fiscal 2009, 79% of total combined Mountain and Lodging segment net revenue was earned during the second and third fiscal quarters. Therefore, the operating results for any three-month period are not necessarily indicative of the results that may be achieved for any subsequent quarter or for a full year (see Note 16, Selected Quarterly Financial Data, of the Notes to Consolidated Financial Statements).

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

Interest Rate Risk. The Company's exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At July 31, 2009, the Company had $52.6 million of variable rate indebtedness, representing 10.7% of the Company's total debt outstanding, at an average interest rate during Fiscal 2009 of 2.8%. Based on variable-rate borrowings outstanding as of July 31, 2009, a 100-basis point (or 1.0%) change in LIBOR would result in the Company's annual interest payments to change by $0.5 million. The Company's market risk exposure fluctuates based on changes in underlying interest rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Vail Resorts, Inc.

Consolidated Financial Statements for the Years Ended July 31, 2009, 2008 and 2007

Financial Statement Schedule:

The following consolidated financial statement schedule of the Company is filed as part of this Report on Form 10-K and should be read in conjunction with the Company's Consolidated Financial Statements:

Management's Report on Internal Control over Financial Reporting

Management of Vail Resorts, Inc. (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Company's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of July 31, 2009. In making this assessment, management used the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concluded that, as of July 31, 2009, the Company's internal control over financial reporting was effective.

The Company’s independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an audit report on the Company’s internal control over financial reporting as of July 31, 2009, as stated in the Report of Independent Registered Public Accounting Firm on the following page.

Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Vail Resorts, Inc. and its subsidiaries at July 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended July 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of July 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
September 23, 2009

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

	July 31, 2009	July 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 69,298	$ 162,345
Restricted cash	11,065	58,437
Trade receivables, net of allowances of $1,877 and $1,666, respectively	58,063	50,185
Inventories, net of reserves of $1,455 and $1,211, respectively	48,947	49,708
Deferred income taxes (Note 12)	21,297	15,142
Other current assets	20,318	23,078
Total current assets	228,988	358,895
Property, plant and equipment, net (Note 5)	1,057,658	1,056,837
Real estate held for sale and investment	311,485	249,305
Deferred charges and other assets	31,976	38,054
Notes receivable	6,994	8,051
Goodwill, net (Note 5)	167,950	142,282
Intangible assets, net (Note 5)	79,429	72,530
Total assets	$ 1,884,480	$ 1,925,954
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses (Note 5)	$ 245,536	$ 294,182
Income taxes payable	5,460	57,474
Long-term debt due within one year (Note 4)	352	15,355
Total current liabilities	251,348	367,011
Long-term debt (Note 4)	491,608	541,350
Other long-term liabilities (Note 5)	233,169	183,643
Deferred income taxes (Note 12)	112,234	75,279
Commitments and contingencies (Note 14)		
Minority interest in net assets of consolidated subsidiaries	30,826	29,915
Stockholders’ equity:		
Preferred stock, $0.01 par value, 25,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, $0.01 par value, 100,000,000 shares authorized, and 40,049,988 and 39,926,496 shares issued, respectively	400	399
Additional paid-in capital	555,728	545,773
Retained earnings	356,995	308,045
Treasury stock, at cost; 3,878,535 and 3,004,108 shares, respectively (Note 17)	(147,828)	(125,461)
Total stockholders’ equity	765,295	728,756
Total liabilities and stockholders’ equity	$ 1,884,480	$ 1,925,954

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

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

	Year ended July 31,		
	2009	**2008**	**2007**
Net revenue:			
Mountain	$ 614,597	$ 685,533	$ 665,377
Lodging	176,241	170,057	162,451
Real estate	186,150	296,566	112,708
Total net revenue	976,988	1,152,156	940,536
Segment operating expense (exclusive of depreciation and amortization shown separately below):			
Mountain	451,025	470,362	462,708
Lodging	169,482	159,832	144,252
Real estate	142,070	251,338	115,190
Total segment operating expense	762,577	881,532	722,150
Other operating (expense) income:			
Gain on sale of real property	--	709	--
Depreciation and amortization	(107,213)	(93,794)	(87,664)
Relocation and separation charges (Note 9)	--	--	(1,433)
Loss on disposal of fixed assets, net	(1,064)	(1,534)	(1,083)
Income from operations	106,134	176,005	128,206
Mountain equity investment income, net	817	5,390	5,059
Investment income, net	1,793	8,285	12,403
Interest expense, net	(27,548)	(30,667)	(32,625)
Loss on sale of business, net (Note 10)	--	--	(639)
Contract dispute credit (charges), net (Note 14)	--	11,920	(4,642)
Gain on put option, net (Note 10)	--	--	690
Minority interest in income of consolidated subsidiaries, net	(1,602)	(4,920)	(7,801)
Income before provision for income taxes	79,594	166,013	100,651
Provision for income taxes (Note 12)	(30,644)	(63,086)	(39,254)
Net income	$ 48,950	$ 102,927	$ 61,397
Per share amounts (Note 3):			
Basic net income per share	$ 1.34	$ 2.67	$ 1.58
Diluted net income per share	$ 1.33	$ 2.64	$ 1.56

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

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Amount				
Balance, July 31, 2006	39,036,282	$ 390	$ 509,505	$ 143,721	$ (10,839)	$ 642,777
Net income	--	--	--	61,397	--	61,397
Stock-based compensation (Note 18)	--	--	6,965	--	--	6,965
Issuance of shares under share award plans (Note 18)	711,694	7	10,975	--	--	10,982
Tax benefit from share award plans	--	--	6,925	--	--	6,925
Repurchases of common stock (Note 17)	--	--	--	--	(15,007)	(15,007)
Balance, July 31, 2007	39,747,976	397	534,370	205,118	(25,846)	714,039
Net income	--	--	--	102,927	--	102,927
Stock-based compensation (Note 18)	--	--	8,414	--	--	8,414
Issuance of shares under share award plans (Note 18)	178,520	2	1,122	--	--	1,124
Tax benefit from share award plans	--	--	1,867	--	--	1,867
Repurchases of common stock (Note 17)	--	--	--	--	(99,615)	(99,615)
Balance, July 31, 2008	39,926,496	399	545,773	308,045	(125,461)	728,756
Net income	--	--	--	48,950	--	48,950
Stock-based compensation (Note 18)	--	--	10,741	--	--	10,741
Issuance of shares under share award plans (Note 18)	123,492	1	(550)	--	--	(549)
Tax benefit from share award plans	--	--	(236)	--	--	(236)
Repurchases of common stock (Note 17)	--	--	--	--	(22,367)	(22,367)
Balance, July 31, 2009	40,049,988	$ 400	$ 555,728	$ 356,995	$ (147,828)	$ 765,295

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

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

	Year Ended July 31,		
	2009	**2008**	**2007**
Cash flows from operating activities:			
Net income	$ 48,950	$ 102,927	$ 61,397
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	107,213	93,794	87,664
Cost of real estate sales	103,893	208,820	81,176
Stock-based compensation expense	10,741	8,414	6,998
Loss on sale of business, net	--	--	639
Deferred income taxes, net	30,767	2,980	(3,968)
Minority interest in net income of consolidated subsidiaries, net	1,602	4,920	7,801
Other non-cash (income) expense, net	(5,300)	(7,268)	720
Changes in assets and liabilities:			
Restricted cash	47,372	(3,688)	(34,427)
Accounts receivable, net	(7,833)	(12,173)	(4,496)
Inventories, net	761	(1,643)	(5,171)
Investments in real estate	(161,608)	(217,482)	(179,234)
Accounts payable and accrued expenses	(19,568)	5,946	30,691
Income taxes payable	(27,297)	20,033	19,924
Deferred real estate deposits	(46,011)	(2,308)	25,330
Private club deferred initiation fees and deposits	41,591	15,867	21,438
Other assets and liabilities, net	9,003	(2,143)	1,960
Net cash provided by operating activities	134,276	216,996	118,442
Cash flows from investing activities:			
Capital expenditures	(106,491)	(150,892)	(119,232)
Acquisition of business	(38,170)	--	--
Cash received from sale of business	--	--	3,544
Purchase of minority interests	--	--	(8,387)
Other investing activities, net	36	2,757	(8,071)
Net cash used in investing activities	(144,625)	(148,135)	(132,146)
Cash flows from financing activities:			
Repurchases of common stock	(22,367)	(99,615)	(15,007)
Proceeds from borrowings under non-recourse real estate financings	9,013	136,519	75,019
Payments of non-recourse real estate financings	(58,407)	(174,008)	(1,493)
Proceeds from borrowings under other long-term debt	67,280	77,641	64,612
Payments of other long-term debt	(82,632)	(78,121)	(75,284)
Other financing activities, net	4,415	249	4,882
Net cash (used in) provided by financing activities	(82,698)	(137,335)	52,729
Net (decrease) increase in cash and cash equivalents	(93,047)	(68,474)	39,025
Cash and cash equivalents:			
Beginning of period	162,345	230,819	191,794
End of period	$ 69,298	$ 162,345	$ 230,819
Cash paid for interest, net of amounts capitalized	$ 25,556	$ 34,298	$ 23,573
Taxes paid, net	$ 25,545	$ 35,483	$ 16,357

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

Notes to Consolidated Financial Statements

1. Organization and Business

Vail Resorts, Inc. ("Vail Resorts" or the "Parent Company") is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in three business segments: Mountain, Lodging and Real Estate. In the Mountain segment, the Company owns and operates five world-class ski resort properties at the Vail, Breckenridge, Keystone and Beaver Creek mountain resorts in Colorado and the Heavenly Mountain Resort ("Heavenly") in the Lake Tahoe area of California and Nevada, as well as ancillary businesses, primarily including ski school, dining and retail/rental operations. These resorts operate primarily on Federal land under the terms of Special Use Permits granted by the USDA Forest Service (the "Forest Service"). The Company holds a 69.3% interest in SSI Venture, LLC ("SSV"), a retail/rental company. In the Lodging segment, the Company owns and/or manages a collection of luxury hotels under its RockResorts brand, as well as other strategic lodging properties and a large number of condominiums located in proximity to the Company's ski resorts, the Grand Teton Lodge Company ("GTLC"), which operates three destination resorts at Grand Teton National Park (under a National Park Service concessionaire contract), Colorado Mountain Express ("CME"), a resort ground transportation company, and golf courses. Vail Resorts Development Company ("VRDC"), a wholly-owned subsidiary, conducts the operations of the Company's Real Estate segment, which owns and develops real estate in and around the Company's resort communities. The Company's mountain business and its lodging properties at or around the Company's ski resorts are seasonal in nature with peak operating seasons from mid-November through mid-April. The Company's operations at GTLC and its golf courses generally operate from mid-May through mid-October. The Company also has non-majority owned investments in various other entities, some of which are consolidated (see Note 6, Investments in Affiliates and Note 7, Variable Interest Entities).

2. Summary of Significant Accounting Policies

Principles of Consolidation-- The accompanying Consolidated Financial Statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities for which the Company is the primary beneficiary. Investments in which the Company does not have a controlling interest or is not the primary beneficiary are accounted for under the equity method. All significant intercompany transactions have been eliminated in consolidation.

Cash and Cash Equivalents-- The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

Restricted Cash-- Restricted cash primarily represents certain deposits received from real estate development related transactions, amounts held as state-regulated reserves for self-insured workers' compensation claims and owner and guest advance deposits held in escrow for lodging reservations.

Trade Receivables-- The Company records trade accounts receivable in the normal course of business related to the sale of products or services. The Company generally charges interest on past due accounts at a rate of 18% per annum. The allowance for doubtful accounts is based on a specific reserve analysis and on a percentage of accounts receivable, and takes into consideration such factors as historical write-offs, the economic climate and other factors that could affect collectability. Write-offs are evaluated on a case by case basis.

Inventories-- The Company's inventories consist primarily of purchased retail goods, food and beverage items and spare parts. Inventories are stated at the lower of cost or fair value, determined using primarily an average weighted cost method. The Company records a reserve for estimated shrinkage and obsolete or unusable inventory.

Property, Plant and Equipment-- Property, plant and equipment is carried at cost net of accumulated depreciation. Repairs and maintenance are expensed as incurred. Expenditures that improve the functionality of the related asset or extend the useful life are capitalized. When property, plant and equipment is retired or otherwise disposed of, the related gain or loss is included in operating income. Depreciation is calculated on the straight-line method generally based on the following useful lives:

	Estimated Life in Years
Land improvements	10-35
Buildings and building improvements	7-30
Machinery and equipment	2-30
Furniture and fixtures	3-10
Software	3
Vehicles	3-4

The Company capitalizes interest on non-real estate construction projects expected to take longer than one year to complete and cost more than $1.0 million. The Company records capitalized interest once construction activities commence and capitalized $0.8 million, $1.6 million and $1.1 million of interest on non-real estate projects during the years ended July 31, 2009, 2008 and 2007, respectively.

The Company has certain assets being used in resort operations that were constructed as amenities in conjunction with real estate development and included in project costs and expensed as the real estate was sold. Accordingly, there is no carrying value and no depreciation expense related to these assets in the Company's Consolidated Financial Statements. These assets were primarily placed in service from 1995 to 1997 with an original cost of approximately $33.0 million and an average estimated useful life of 15 years.

Real Estate Held for Sale and Investment-- The Company capitalizes as real estate held for sale and investment the original land acquisition cost, direct construction and development costs, property taxes, interest incurred on costs related to real estate under development and other related costs, including costs that will be capitalized as resort depreciable assets associated with mixed-use real estate development projects for which the Company cannot specifically identify the components at the time of incurring such cash outflows until the property reaches its intended use. Sales and marketing expenses are charged against income in the period incurred. Sales commission expenses are charged against income in the period that the related revenue is recorded. The Company records capitalized interest once construction activities commence and real estate deposits have been utilized in construction. Interest capitalized on real estate development projects during the years ended July 31, 2009, 2008 and 2007 was $6.8 million, $11.8 million and $8.2 million, 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 term of the applicable debt issues.

Goodwill and Intangible Assets-- The Company has classified as goodwill the cost in excess of fair value of the net assets of companies acquired in purchase transactions. The Company's major intangible asset classes are trademarks, water rights, customer lists, property management contracts, Forest Service permits and excess reorganization value. Goodwill and certain indefinite-lived intangible assets, including trademarks, water rights and excess reorganization value, are not amortized, but are subject to at least annual impairment testing. The Company tests annually (or more often, if necessary) for impairment as of May 1. Amortizable intangible assets are amortized over the shorter of their contractual terms or estimated useful lives.

The testing for impairment consists of a comparison of the fair value of the asset with its carrying value. If the carrying amount of the asset exceeds its fair value, an impairment will be recognized in an amount equal to that excess. If the carrying amount of the asset does not exceed the fair value, no impairment is recognized. The Company determines the estimated fair value of its reporting units using a discounted cash flow analysis. The fair value of indefinite-lived intangible assets is estimated using an income approach. The Company determined that there was no impairment to goodwill or intangible assets during the years ended July 31, 2009, 2008 and 2007.

Long-lived Assets-- The Company evaluates potential impairment of long-lived assets and long-lived assets to be disposed of whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If the sum of the expected cash flows, undiscounted and without interest, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. The Company does not believe any events or changes in circumstances indicating an impairment of the carrying amount of an asset occurred during the years ended July 31, 2009, 2008 and 2007.

Revenue Recognition-- Mountain and Lodging revenue is derived from a wide variety of sources, including, among other things, sales of lift tickets (including season passes), ski school operations, dining operations, retail sales, equipment rentals, hotel operations, property management services, private club dues and golf course greens fees, and are recognized as products are delivered or services are performed. Revenue from arrangements with multiple deliverables is bifurcated into units of accounting based on relative fair values and revenue is separately recognized for each unit of accounting. If fair market value cannot be established for an arrangement, revenue is deferred until all deliverables have been performed. Revenues from private club initiation fees are recognized over the estimated life of the club facilities on a straight-line basis upon inception of the club. As of July 31, 2009, the weighted average remaining period over which the private club initiation fees will be recognized is approximately 23 years. Certain club initiation fees are refundable in 30 years after the date of acceptance of a member. Under these memberships, the difference between the amount paid by the member and the present value of the refund obligation is recorded as deferred initiation fee revenue in the Company’s Consolidated Balance Sheet and recognized as revenue on a straight-line basis over 30 years. The present value of the refund obligation is recorded as an initiation deposit liability and accretes over the nonrefundable term using the effective interest method. The accretion is included in interest expense.

Revenue from real estate primarily involves the sale of condominium/townhome units and land parcels (including related improvements). Recognition of revenue from all condominium unit sales are recorded using the full accrual method and occurs only upon the following: (i) substantial completion of the entire development project, (ii) receipt of certificates of occupancy or temporary certificates of occupancy from local governmental agencies, if applicable, (iii) closing of the sales transaction including receipt of all, or substantially all, of sales proceeds (including any deposits previously received), and (iv) transfer of ownership. The percentage-of-completion method is used for sales of land parcels where the Company has a commitment to complete certain improvements or amenities (i.e. access roads, utilities, and site improvements) at the time of consummation of the sales transaction. The Company recorded revenue under the percentage-of-completion method of approximately $1.5 million, $1.4 million and $7.1 million for the years ended July 31, 2009, 2008 and 2007, respectively. Contingent future profits, including future profits from land sales, if any, are recognized only when received. Additionally, the Company uses the deposit method for sales that have not been completed for which payments have been received from buyers (reflected as deferred real estate deposits in the Company’s Consolidated Balance Sheets), and as such no profit is recognized until the sale is consummated.

Real Estate Cost of Sales-- Costs of real estate transactions include direct project costs, common cost allocations (primarily determined on relative sales value) and may include accrued liabilities for costs to be incurred subsequent to the sales transaction. The Company utilizes the relative sales value method to determine cost of sales for individual parcels of real estate or condominium units sold within a project, when specific identification of costs cannot be reasonably determined. Estimates of project costs and cost allocations are reviewed at the end of each financial reporting period until a project is substantially completed and available for sale. Costs are revised and reallocated as necessary for material changes on the basis of current estimates and are reported as a change in estimate in the current period. The Company recorded changes in estimates that (decreased) increased real estate cost of sales by approximately $(0.4) million, $0.1 million and $(0.6) million for the years ended July 31, 2009, 2008 and 2007, respectively. Additionally, for the year ended July 31, 2009 the Company recorded a $2.8 million charge for an affordable housing commitment related to the Jackson Hole Golf & Tennis Club (“JHG&TC”) development; and, for the year ended July 31, 2007 recorded a $7.6 million charge for incremental remediation costs to complete the JHG&TC cabins that had design and construction issues.

Deferred Revenue-- In addition to deferring certain revenue related to private club initiation fees and the real estate sales as noted above, 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, or on a straight-line basis if usage patterns cannot be determined based on available historical data.

Reserve Estimates-- The Company uses estimates to record reserves for certain liabilities, including medical claims, workers' compensation, third-party loss contingencies, liabilities for the completion of real estate sold by the Company, property taxes and loyalty reward programs among other items. The Company estimates the potential costs related to these liabilities that will be incurred and records that amount as a liability in its financial statements. These estimates are reviewed and adjusted as the facts and circumstances related to the liabilities change. The Company records legal costs related to defending claims as incurred.

Advertising Costs-- Advertising costs are expensed at the time such advertising commences. Advertising expense for the years ended July 31, 2009, 2008 and 2007 was $17.9 million, $17.6 million and $17.5 million, respectively. At both July 31, 2009 and 2008, prepaid advertising costs of $0.4 million is reported as “other current assets” in the Company's Consolidated Balance Sheets.

Income Taxes-- The Company’s provision for income taxes is based on current pre-tax income, changes in deferred tax assets and liabilities and changes in estimates with regard to uncertain tax positions. Deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying Consolidated Balance Sheets and for operating loss and tax credit carryforwards. The change in deferred tax assets and liabilities for the period measures the deferred tax provision or benefit for the period. Effects of changes in enacted tax laws on deferred tax assets and liabilities are reflected as adjustments to the tax provision or benefit in the period of enactment. The Company's deferred tax assets have been reduced by a valuation allowance to the extent it is deemed to be more likely than not that some or all of the deferred tax assets will not be realized (see Note 12, Income Taxes, for more information related to deferred tax assets and liabilities).

On August 1, 2007, the Company adopted the Financial Accounting Standards Board's ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a two-step process to determine the amount of tax benefit to be recognized. However, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then valued to determine the amount of benefit to be recognized in the financial statements (see Note 12, Income Taxes, for more information related to the application of FIN 48).

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 their short-term nature. The fair value of amounts outstanding under the Employee Housing Bonds (as defined in Note 4, Long-Term Debt) approximate book value due to the variable nature of the interest rate associated with that debt. The fair value of the 6.75% Notes (as defined in Note 4, Long-Term Debt) is based on quoted market price. The fair value of the Company's Industrial Development Bonds (as defined in Note 4, Long-Term Debt) and other long-term debt have been estimated using discounted cash flow analyses based on current borrowing rates for debt with similar remaining maturities and ratings. The estimated fair value of the 6.75% Notes, Industrial Development Bonds and other long-term debt as of July 31, 2009 and 2008 is presented below (in thousands):

	July 31, 2009		July 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
6.75% Notes	$ 390,000	$ 374,400	$ 390,000	$ 362,700
Industrial Development Bonds	$ 42,700	$ 43,702	$ 57,700	$ 57,556
Other long-term debt	$ 6,685	$ 6,651	$ 7,036	$ 6,590

Stock-Based Compensation-- Stock-based compensation expense is measured at the grant date based upon the fair value of the portion of the award that are ultimately expected to vest and is recognized as expense over the applicable vesting period of the award generally using the straight-line method (see Note 18, Stock Compensation Plan for more information). The following table shows total stock-based compensation expense for the years ended July 31, 2009, 2008 and 2007 included in the Consolidated Statements of Operations (in thousands):

	Year Ended July 31,		
	2009	2008	2007
Mountain operating expense	$ 4,826	$ 3,834	$ 3,824
Lodging operating expense	1,778	1,294	1,091
Real estate operating expense	4,129	3,136	2,083
Pre-tax stock-based compensation expense	10,733	8,264	6,998
Less: benefit for income taxes	4,071	3,134	2,628
Net stock-based compensation expense	$ 6,662	$ 5,130	$ 4,370

Concentration of Credit Risk-- The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and restricted cash. The Company places its cash and temporary cash investments in high quality credit institutions, but these investments may be in excess of FDIC insurance limits. The Company does not enter into financial instruments for trading or speculative purposes. Concentration of credit risk with respect to trade and notes receivables is limited due to the wide variety of customers and markets in which the Company transacts business, as well as their dispersion across many geographical areas. The Company performs ongoing credit evaluations of its customers and generally does not require collateral, but does require advance deposits on certain transactions.

Use of Estimates-- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements-- In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. In February 2008, the FASB issued Staff Position ("FSP") 157-2, "Effective Date of FASB Statement No. 157." This FSP delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008 (the Company's fiscal year ending July 31, 2010) and interim periods within the fiscal year of adoption. The adoption of SFAS 157 for financial assets and liabilities was effective for the Company on August 1, 2008 and did not have a material impact on the Company's financial position or results of operations. The Company does not anticipate that the adoption of the provisions of SFAS 157 for nonfinancial assets and liabilities will have a material impact on the Company's financial position or results of operations.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations" ("SFAS 141R"), which establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in an acquiree, including the recognition and measurement of goodwill acquired in a business combination. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations consummated after July 31, 2009 (the Company's fiscal year ending July 31, 2010).

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51" ("SFAS 160"), which will change the accounting and reporting for minority interests, which will be recharacterized as noncontrolling interests and classified as a component of equity within the balance sheet. Currently, noncontrolling interests (minority interests) are reported as a liability in the Company's consolidated balance sheet and the related income (loss) attributable to minority interests is reflected as an expense (credit) in arriving at net income. Upon adoption of SFAS 160, the Company will be required to report its minority interests as a separate component of stockholders' equity and present net income allocable to the minority interests along with net income attributable to the stockholders of the Company separately in its consolidated statement of operations. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. The requirements of SFAS 160 are effective for the Company beginning August 1, 2009 (the Company's fiscal year ending July 31, 2010).

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP 115-2") which establishes a new model for measuring other-than-temporary impairments for debt securities, including establishing criteria for when to recognize a write-down through earnings versus other comprehensive income. The FSP also requires additional interim and annual disclosures for impaired securities. The requirements of the FSP were effective for the Company as of July 31, 2009 and did not have a material impact on the Company's financial position or results of operations.

In May 2009, the FASB issued SFAS 165, "Subsequent Events" ("SFAS 165") which establishes the general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 requires entities to recognize in their financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. Entities shall not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date. In addition, entities are required to disclose the period through which subsequent events have been evaluated. The provisions of SFAS 165 were effective for the Company as of July 31, 2009. Accordingly, the Company evaluated events and transactions occurring after July 31, 2009 through September 23, 2009, the date these financial statements were available to be issued.

In June 2009, the FASB issued SFAS 167, "Amendments to FASB Interpretation No. 46(R)" ("SFAS 167") which amends the consolidation guidance under FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" ("FIN 46R"). SFAS 167 requires entities to perform a qualitative assessment in determining the primary beneficiary of a variable interest entity. The qualitative assessment includes, among other things, consideration as to whether a variable interest holder has the power to direct the activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits of the variable interest entity that could potentially be significant to the variable interest entity. Pursuant to SFAS 167, the requirement to assess whether an entity should be deemed the primary beneficiary is an on-going reconsideration. The provisions of SFAS 167 are effective for the Company beginning August 1, 2011 (the Company's fiscal year ending July 31, 2012). The Company is currently evaluating the impacts, if any, the adoption of the provisions of SFAS 167 will have on the Company's financial position or results of operations.

3. Net Income Per Common Share

Basic earnings per share ("EPS") excludes dilution and is computed by dividing net income available to holders of common stock 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 shares of common stock that would then share in the earnings of the Company. Presented below is basic and diluted EPS for the years ended July 31, 2009, 2008 and 2007 (in thousands, except per share amounts):

	Year Ended July 31,					
	2009		2008		2007	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income per share:						
Net income	$ 48,950	$ 48,950	$ 102,927	$ 102,927	$ 61,397	$ 61,397
Weighted-average shares outstanding	36,546	36,546	38,616	38,616	38,849	38,849
Effect of dilutive securities	--	127	--	318	--	525
Total shares	36,546	36,673	38,616	38,934	38,849	39,374
Net income per share	$ 1.34	$ 1.33	$ 2.67	$ 2.64	$ 1.58	$ 1.56

The number of shares issuable on the exercise of share based awards that were excluded from the calculation of diluted net income per share because the effect of their inclusion would have been anti-dilutive totaled 795,000, 63,000 and 18,000 for the years ended July 31, 2009, 2008 and 2007, respectively.

4. Long-Term Debt

Long-term debt as of July 31, 2009 and 2008 is summarized as follows (in thousands):

	Fiscal Year Maturity (i)	July 31, 2009	July 31, 2008
Credit Facility Revolver (a)	2012	$ --	$ --
SSV Facility (b)	2011	--	--
Industrial Development Bonds (c)	2011-2020	42,700	57,700
Employee Housing Bonds (d)	2027-2039	52,575	52,575
Non-Recourse Real Estate Financings (e)	--	--	49,394
6.75% Senior Subordinated Notes (f)	2014	390,000	390,000
Other (g)	2010-2029	6,685	7,036
Total debt		491,960	556,705
Less: Current maturities (h)		352	15,355
Long-term debt		$ 491,608	$ 541,350

(a) On March 20, 2008, The Vail Corporation ("Vail Corp."), a wholly-owned subsidiary of the Company, exercised the accordion feature under the revolver component of its senior credit facility (the "Credit Facility") as provided in the existing Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005, as amended, between The Vail Corp., Bank of America, N.A. as administrative agent and the Lenders party thereto (the "Credit Agreement") governing the Company's Credit Facility and the Indenture, dated as of January 29, 2004 among the Company, the guarantors therein and The Bank of New York Mellon Trust Company, N.A. as Trustee ("Indenture"), governing the 6.75% Senior Subordinated Notes due 2014 ("6.75% Notes"), which expanded the borrowing capacity from $300.0 million to $400.0 million at the same terms existing in the Credit Agreement.

Vail Corp. obligations under the Credit Agreement are guaranteed by the Company and certain of its subsidiaries and are collateralized by a pledge of all of the capital stock of Vail Corp., substantially all of its subsidiaries and the Company's interest in SSV. The proceeds of loans made under the Credit Agreement may be used to fund the Company's working capital needs, capital expenditures, investment in real estate, acquisitions and other general corporate purposes, including the issuance of letters of credit. Borrowings under the Credit Agreement bear interest annually at the Company's

option currently at the rate of (i) LIBOR plus 0.5% (0.78% at July 31, 2009) or (ii) the Agent's prime lending rate plus, in certain circumstances, a margin (3.25% at July 31, 2009). Interest rate margins fluctuate based upon the ratio of the Company's Net Funded Debt to Adjusted EBITDA (as defined in the Credit Agreement) on a trailing twelve-month basis. The Credit Agreement also includes a quarterly unused commitment fee, which is equal to a percentage determined by the Net Funded Debt to Adjusted EBITDA ratio, as defined in the Credit Agreement, times the daily amount by which the Credit Agreement commitment exceeds the total of outstanding loans and outstanding letters of credit. The unused amounts are accessible to the extent that the Net Funded Debt to Adjusted EBITDA ratio does not exceed the maximum ratio allowed at quarter-end. The unused amount available for borrowing under the Credit Agreement was $304.7 million as of July 31, 2009, net of certain letters of credit of $95.3 million outstanding under the Credit Agreement. The Credit Agreement provides for affirmative and negative covenants that restrict, among other things, the Company's ability to incur indebtedness, dispose of assets, make capital expenditures, make distributions and make investments. In addition, the Credit Agreement includes the following restrictive financial covenants: Net Funded Debt to Adjusted EBITDA ratio, Interest Coverage ratio, and Minimum Net Worth (each as defined in the Credit Agreement).

(b) The SSV Credit Facility ("SSV Facility") provides for financing up to an aggregate $33.0 million consisting of (i) an $18.0 million working capital revolver, (ii) a $10.0 million reducing revolver and (iii) a $5.0 million acquisition revolver. Obligations under the SSV Facility are collateralized by a first priority security interest in all the assets of SSV ($91.6 million at July 31, 2009). Availability under the SSV Facility is based on the book values of accounts receivable, inventories and rental equipment of SSV. Borrowings bear interest annually at SSV's option of (i) LIBOR plus 0.875% (1.15% at July 31, 2009) or (ii) U.S. Bank's prime rate minus 1.75% (1.50% at July 31, 2009). Proceeds under the working capital revolver are for SSV's seasonal working capital needs. No principal payments are due until maturity, and principal may be drawn and repaid at any time. Principal under the reducing revolver may be drawn and repaid at any time. The reducing revolver commitments decrease by $0.3 million on January 31, April 30, July 31 and October 31 of each year beginning January 31, 2006 ($5.3 million available at July 31, 2009). Any outstanding balance in excess of the reduced commitment amount is due on the day of each commitment reduction. The acquisition revolver is to be utilized to make acquisitions subject to U.S. Bank's approval. Principal under the acquisition revolver may be drawn and repaid at any time. The acquisition revolver commitments decrease by $0.2 million on January 31, April 30, July 31 and October 31 of each year beginning January 31, 2007 ($3.3 million available at July 31, 2009). Any outstanding balance in excess of the reduced commitment amount is due on the day of each commitment reduction. The SSV Facility contains certain restrictive financial covenants, including a Consolidated Leverage Ratio and a Minimum Fixed Charge Coverage Ratio (each as defined in the underlying credit agreement).

(c) The Company has outstanding $42.7 million of industrial development bonds (collectively, the "Industrial Development Bonds"), of which $41.2 million were issued by Eagle County, Colorado (the "Eagle County Bonds") and mature, subject to prior redemption, on August 1, 2019. These bonds accrue interest at 6.95% per annum, with interest being payable semi-annually on February 1 and August 1. The promissory note with respect to the Eagle County Bonds between Eagle County and the Company is collateralized by the Forest Service permits for Vail and Beaver Creek. The Series 1991 Sports Facilities Refunding Revenue Bonds, issued by Summit County, Colorado, have an aggregate outstanding principal amount of $1.5 million maturing in the year ending July 31, 2011 and bear interest at 7.375%. The promissory note with respect to the Summit County Bonds between Summit County and the Company is pledged and endorsed to the Bank of New York as Trustee under the Indenture of Trust underlying the Summit County Bonds. The promissory note is also collateralized in accordance with a guaranty from Ralston Purina Company (subsequently assumed by Vail Corp. to the Trustee for the benefit of the registered owners of the bonds). On August 29, 2008, $15.0 million of borrowings under the Series 1990 Sports Facilities Refunding Revenue Bonds, issued by Summit County, Colorado was paid in full.

(d) The Company has recorded for financial reporting purposes the outstanding debt of four Employee Housing Entities (each an "Employee Housing Entity" and collectively the "Employee Housing Entities"): Breckenridge Terrace, Tarnes, BC Housing and Tenderfoot. The proceeds of the Employee Housing Bonds were used to develop apartment complexes designated primarily for use by the Company's seasonal employees at its mountain resorts. The Employee Housing Bonds are variable rate, interest-only instruments with interest rates tied to LIBOR plus 0% to 0.05% (0.28% to 0.33% at July 31, 2009). Interest on the Employee Housing Bonds is paid monthly in arrears and the interest rate is adjusted weekly. No principal payments are due on the Employee Housing Bonds until maturity. Each Employee Housing Entity's bonds were issued in two series. The bonds for each Employee Housing Entity are backed by letters of credit issued under the Credit Facility. The table below presents the principal amounts outstanding for the Employee Housing Bonds as of July 31, 2009 (in thousands):

	Maturity (i)	Tranche A	Tranche B	Total
Breckenridge Terrace	2039	$ 14,980	$ 5,000	$ 19,980
Tarnes	2039	8,000	2,410	10,410
BC Housing	2027	9,100	1,500	10,600
Tenderfoot	2035	5,700	5,885	11,585
Total		$ 37,780	$ 14,795	$ 52,575

(e) In March 2007, The Chalets at The Lodge at Vail, LLC ("Chalets"), a wholly-owned subsidiary of the Company, entered into a construction loan agreement ("Chalets Facility") in the amount of up to $123.0 million with Wells Fargo, as administrative agent, book manager, and joint lead arranger, U.S. Bank as joint lead arranger and syndication agent, and the lenders party thereto. Borrowings under the Chalets Facility were non-revolving and had to be used for the payment of certain costs associated with the construction and development of The Lodge at Vail Chalets, a residential development consisting of 13 luxury condominium units, as well as a private mountain club, a spa, skier services building and parking structure. As of July 31, 2008 borrowings under the Chalets Facility were $49.4 million. The Chalets Facility was paid in full during the year ended July 31, 2009.

(f) The Company has outstanding $390.0 million of 6.75% Notes issued in January 2004. The 6.75% Notes have a fixed annual interest rate of 6.75% with interest due semi-annually on February 15 and August 15. No principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the 6.75% Notes. The premium for early redemption of the 6.75% Notes ranges from 0% to 3.375%, depending on the date of redemption. The 6.75% Notes are subordinated to certain of the Company's debts, including the Credit Facility. The Company's payment obligations under the 6.75% Notes are jointly and severally guaranteed by substantially all of the Company's current and future domestic subsidiaries (see Note 20, Guarantor Subsidiaries and Non-Guarantor Subsidiaries). The Indenture governing the 6.75% Notes contains restrictive covenants which, among other things, limit the ability of the Company and its Restricted Subsidiaries (as defined in the Indenture) to (i) borrow money or sell preferred stock, (ii) create liens, (iii) pay dividends on or redeem or repurchase stock, (iv) make certain types of investments, (v) sell stock in the Restricted Subsidiaries, (vi) create restrictions on the ability of the Restricted Subsidiaries to pay dividends or make other payments to the Company, (vii) enter into transactions with affiliates, (viii) issue guarantees of debt and (ix) sell assets or merge with other companies.

(g) Other obligations primarily consist of a $6.2 million note outstanding to the Colorado Water Conservation Board, which matures in the year ending

July 31, 2029, and capital leases totaling $0.5 million. Other obligations, including the Colorado Water Conservation Board note and the capital leases, bear interest at rates ranging from 3.5% to 6.0% and have maturities ranging from in the year ending July 31, 2010 to the year ending July 31, 2029.

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

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

Aggregate maturities for debt outstanding as of July 31, 2009 reflected by fiscal year are as follows (in thousands):

		Total
2010	$	352
2011		1,827
2012		305
2013		319
2014		390,219
Thereafter		98,938
Total debt	$	491,960

The Company recorded gross interest expense of $35.2 million, $44.1 million and $41.9 million for the years ended July 31, 2009, 2008 and 2007, respectively, of which $2.0 million, $2.5 million and $1.9 million was amortization of deferred financing costs. The Company capitalized $7.6 million, $13.4 million and $9.3 million of interest during the years ended July 31, 2009, 2008 and 2007, respectively. The Company was in compliance with all of its financial and operating covenants required to be maintained under its debt instruments for all periods presented.

5. Supplementary Balance Sheet Information

The composition of property, plant and equipment follows (in thousands):

	July 31,	
	2009	**2008**
Land and land improvements	$ 261,263	$ 265,123
Buildings and building improvements	750,063	685,393
Machinery and equipment	496,963	457,825
Furniture and fixtures	174,770	149,251
Software	44,584	39,605
Vehicles	33,991	28,829
Construction in progress	40,724	80,601
Gross property, plant and equipment	1,802,358	1,706,627
Accumulated depreciation	(744,700)	(649,790)
Property, plant and equipment, net	$ 1,057,658	$ 1,056,837

Depreciation expense for the years ended July 31, 2009, 2008 and 2007 totaled $106.6 million, $93.3 million and $84.0 million, respectively.

The composition of intangible assets follows (in thousands):

	July 31,	
	2009	**2008**
Indefinite lived intangible assets		
Trademarks	$ 66,013	$ 61,714
Water rights	10,684	10,684
Excess reorganization value	14,145	14,145
Other intangible assets	6,200	6,200
Gross indefinite-lived intangible assets	97,042	92,743
Accumulated amortization	(24,713)	(24,713)
Indefinite-lived intangible assets, net	72,329	68,030
Goodwill		
Goodwill	185,304	159,636
Accumulated amortization	(17,354)	(17,354)
Goodwill, net	167,950	142,282
Amortizable intangible assets		
Customer lists	19,414	17,814
Property management contracts	4,412	4,412
Forest Service permits	5,902	5,905
Other intangible assets	16,759	15,159
Gross amortizable intangible assets	46,487	43,290
Accumulated amortization		
Customer lists	(17,934)	(17,814)
Property management contracts	(3,809)	(3,726)
Forest Service permits	(2,348)	(2,174)
Other intangible assets	(15,296)	(15,076)
Accumulated amortization	(39,387)	(38,790)

Amortizable intangible assets, net	7,100	4,500
Total gross intangible assets	328,833	295,669
Total accumulated amortization	(81,454)	(80,857)
Total intangible assets, net	$ 247,379	$ 214,812

Amortization expense for intangible assets subject to amortization for the years ended July 31, 2009, 2008 and 2007 totaled $0.6 million, $0.5 million and $3.7 million, respectively, and is estimated to be approximately $0.7 million annually, on average, for the next five fiscal years.

The changes in the net carrying amount of goodwill allocated between the Company's segments for the years ended July 31, 2009 and 2008 are as follows (in thousands):

	Mountain	Lodging	Goodwill, net
Balance at July 31, 2007	$ 107,139	$ 34,560	$ 141,699
Acquisition	583	--	583
Balance at July 31, 2008	107,722	34,560	142,282
Acquisition	--	25,668	25,668
Balance at July 31, 2009	$ 107,722	$ 60,228	$ 167,950

On November 1, 2008, the Company acquired substantially all of the assets of CME, a resort ground transportation business, for a total consideration of $38.2 million, as well as $0.9 million to reimburse the seller for certain new capital expenditures as provided for in the purchase agreement. The acquisition was accounted for as a business purchase combination using the purchase method of accounting. The purchase price was allocated to tangible and identifiable intangible assets acquired based on their estimated fair values at the acquisition date. The Company has completed its preliminary purchase price allocation and has recorded $25.7 million in goodwill, $4.3 million in indefinite- lived intangible assets, $6.1 million of fixed assets and $3.2 million of other intangibles (with a weighted-average amortization period of 8.3 years) on the date of acquisition. The operating results of CME are reported within the Lodging segment. In December 2007, the Company acquired a retail/rental business, resulting in $0.6 million of goodwill.

The composition of accounts payable and accrued expenses follows (in thousands):

	July 31, 2009	2008
Trade payables	$ 42,591	$ 53,187
Real estate development payables	45,681	52,574
Deferred revenue	57,171	45,805
Deferred real estate and other deposits	21,576	58,421
Accrued salaries, wages and deferred compensation	15,202	22,397
Accrued benefits	23,496	22,777
Accrued interest	14,002	14,552
Liability to complete real estate projects, short term	3,972	4,199
Other accruals	21,845	20,270
Total accounts payable and accrued expenses	$ 245,536	$ 294,182

The composition of other long-term liabilities follows (in thousands):

	July 31, 2009	2008
Private club deferred initiation fee revenue and deposits	$ 153,265	$ 121,947
Deferred real estate deposits	32,792	45,775
Other long-term liabilities	47,112	15,921
Total other long-term liabilities	$ 233,169	$ 183,643

6. Investments in Affiliates

The Company held the following investments in equity method affiliates as of July 31, 2009:

Equity Method Affiliates	Ownership Interest
Slifer, Smith, and Frampton/Vail Associates Real Estate, LLC ("SSF/VARE")	50 %
KRED	50 %
Clinton Ditch and Reservoir Company	43 %

The Company had total net investments in equity method affiliates of $7.8 million and $8.6 million as of July 31, 2009 and 2008, respectively, classified as "deferred charges and other assets" in the accompanying Consolidated Balance Sheets. The amount of retained earnings that represent undistributed earnings of 50-percent-or-less-owned entities accounted for by the equity method was $4.6 million and $5.5 million as of July 31, 2009 and 2008, respectively. During the years ended July 31, 2009, 2008 and 2007, distributions in the amounts of $1.7 million, $2.3 million and $5.8 million, respectively, were received from equity method affiliates.

7. Variable Interest Entities

The Company is the primary beneficiary of the Employee Housing Entities, which are Variable Interest Entities ("VIEs"), and has consolidated them in its Consolidated Financial Statements. As a group, as of July 31, 2009, the Employee Housing Entities had total assets of $36.2 million (primarily recorded in property, plant and equipment, net) and total liabilities of $70.0 million (primarily recorded in long-term debt as "Employee Housing Bonds"). The Company

has issued under its Credit Facility $53.4 million letters of credit related to Employee Housing Bonds. The letters of credit would be triggered in the event that one of the entities defaults on required payments. The letters of credit have no default provisions.

The Company is the primary beneficiary of Avon Partners II, LLC ("APII"), which is a VIE. APII owns commercial space and the Company currently leases substantially all of that space. APII had total assets of $5.3 million (primarily recorded in property, plant and equipment) and no debt as of July 31, 2009.

The Company, through various lodging subsidiaries, manages hotels in which the Company has no ownership interest in the entities that own such hotels. The Company has extended a $2.0 million note receivable to one of these entities. These entities were formed by unrelated third parties to acquire, own, operate and realize the value in resort hotel properties. The Company managed the day-to-day operations of six hotel properties as of July 31, 2009. The Company has determined that the entities that own the hotel properties are VIEs, and the management contracts are significant variable interests in these VIEs. The Company has also determined that it is not the primary beneficiary of these entities and, accordingly, is not required to consolidate any of these entities. Based upon the latest information provided by these third parties, these VIEs had estimated total assets of approximately $229 million (unaudited) and total liabilities of approximately $151 million (unaudited). The Company's maximum exposure to loss as a result of its involvement with these VIEs is limited to the note receivable and accrued interest of approximately $2.3 million and the net book value of the intangible asset associated with a management agreement in the amount of $0.6 million as of July 31, 2009.

8. Fair Value Measurements

SFAS 157 establishes how reporting entities should measure fair value for measurement and disclosure purposes. SFAS 157 does not require any new fair value measurements but rather establishes a common definition of fair value applicable to all assets and liabilities measured at fair value. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy established by SFAS 157 prioritizes the inputs into valuation techniques used to measure fair value. Accordingly, the Company uses valuation techniques which maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value. The three levels of the hierarchy are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities;

Level 2: Inputs include quoted prices for similar assets and liabilities in active and inactive markets or that are observable for the asset or liability either directly or indirectly; and

Level 3: Unobservable inputs which are supported by little or no market activity.

The table below summarizes the Company's financial assets and liabilities measured at fair value in accordance with SFAS 157 as of July 31, 2009 (all other financial assets and liabilities applicable to SFAS 157 are immaterial) (in thousands):

		Fair Value Measurements at Reporting Date Using		
Description	**Balance at July 31, 2009**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	$ 61,215	$ 47,915	$ 13,300	$ --

The Company's cash equivalents include money market funds and time deposits which are measured using Level 1 and Level 2 inputs utilizing quoted market prices or pricing models whereby all significant inputs are either observable or corroborated by observable market data.

9. Relocation and Separation Charges

In February 2006, the Company announced a plan to relocate its corporate headquarters; the plan was formally approved by the Company's Board of Directors in April 2006. The relocation process (which also included the consolidation of certain other operations of the Company) was completed by July 31, 2007. Charges associated with the relocation for the year ended July 31, 2007 were $1.4 million. This amount excludes any of the benefits realized from the relocation and consolidation of offices.

10. Sale of Business

On April 30, 2007, the Company sold its 54.5% interest in RTP to RTP's minority shareholder for approximately $3.5 million. As part of this transaction the Company retained source code rights to its internal use software and internet solutions. The net impact to income before provision for income taxes in the accompanying Consolidated Statement of Operations for the year ended July 31, 2007 from this transaction was a gain of $0.1 million comprised of (i) a net loss of $0.6 million on the sale of its investment in RTP, which was recorded in "loss on sale of business, net" and (ii) a net gain of $0.7 million related to the elimination of the put option liability to RTP's minority shareholder and the write-off of the associated put option intangible asset which was recorded in "gain on put option, net".

11. Put and Call Option

On March 31, 2007, the Company acquired 20% of GSSI LLC's ("GSSI"), the minority shareholder in SSV, ownership interest in SSV for $8.4 million. As a result of this transaction, the Company holds an approximate 69.3% ownership interest in SSV. In addition, the put and call rights for GSSI's remaining interest in SSV were extended to begin August 1, 2010, as discussed below, and the existing management agreement was extended to coincide with the exercise of the remaining put and call rights.

The Company's and GSSI's remaining put and call rights are as follows: (i) beginning August 1, 2010 and each year thereafter, each of the Company and GSSI have the right to call or put, respectively, 100% of GSSI's ownership interest in SSV to the Company during certain periods each year and (ii) GSSI has the right to put to the Company 100% of its ownership interest in SSV at any time after GSSI has been removed as manager of SSV or after an involuntary transfer of the Company's ownership interest in SSV has occurred. The put and call pricing is generally based on the trailing twelve month EBITDA (as defined in the operating agreement) of SSV for the fiscal period ended prior to the commencement of the put or call period, as applicable. As of July 31, 2009, the estimated price at which the put/call option for the remaining interest could be expected to be settled was $15.4 million.

12. Income Taxes

As of July 31, 2009, the Company had utilized all available Federal net operating loss ("NOL") carryforwards. These NOL carryforwards expired in the year ended July 31, 2008 and were limited in deductibility each year under Section 382 of the Internal Revenue Code. The Company had only been able to use these NOL carryforwards to the extent of approximately $8.0 million per year through December 31, 2007 (the "Section 382 Amount"). However, during the year ended July 31, 2005, the Company amended previously filed tax returns (for tax years 1997-2002) in an effort to remove the restrictions under Section 382 of the Internal Revenue Code on approximately $73.8 million of NOL carryforwards to reduce future taxable income. As a result, the Company requested a refund related to the amended returns in the amount of $6.2 million and has reduced its federal tax liability in the amount of $19.6 million in subsequent returns. These NOL carryforwards relate to fresh start accounting from the Company's reorganization in 1992. During the year ended July 31, 2006, the Internal Revenue Service ("IRS") completed its examination of the Company's filing position in these amended returns and disallowed the Company's request for refund and its position to remove the restrictions under Section 382 of the Internal Revenue Code. Consequently, the accompanying financial statements and table of deferred items and components of the tax provision have only recognized benefits related to the NOL carryforwards to the extent of the Section 382 Amount reported in its tax returns prior to its amendments. The Company appealed the examiner's disallowance of these NOL carryforwards to the Office of Appeals. In December 2008, the Office of Appeals denied the Company's appeal, as well as a request for mediation. The Company disagrees with the IRS interpretation disallowing the utilization of the NOL's and in August 2009 filed a complaint in the United States District Court for the District of Colorado seeking recovery of $6.2 million in over payments that were previously denied by the IRS, plus interest. The Company cannot predict the ultimate outcome of this matter or when this matter will be resolved. If the Company is unsuccessful in this matter, it will not negatively impact the Company's results of operations.

The Company has state NOL carryforwards (primarily California) totaling $25.1 million which expire by the year ending July 31, 2015. As of July 31, 2009, the Company has recorded a valuation allowance of $1.6 million, primarily due to California NOL carryforwards generated in prior years, as the Company has determined that it is more likely than not that these NOL carryforwards will not be realized.

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 are as follows (in thousands):

	July 31, 2009	2008
Deferred income tax liabilities:		
Fixed assets	$ 108,417	$ 89,343
Intangible assets	27,878	26,542
Real estate and other investments	944	--
Other, net	2,647	2,455
Total	139,886	118,340
Deferred income tax assets:		
Deferred membership revenue	28,722	30,807
Real estate and other investments	652	11,007
Deferred compensation and other accrued expenses	18,315	14,083
Net operating loss carryforwards other tax credits	1,444	2,775
Other, net	1,404	1,119
Total	50,537	59,791
Valuation allowance for deferred income taxes	(1,588)	(1,588)
Deferred income tax assets, net of valuation allowance	48,949	58,203
Net deferred income tax liability	$ 90,937	$ 60,137

The net current and non-current components of deferred income taxes recognized in the Consolidated Balance Sheets are as follows (in thousands):

	July 31, 2009	2008
Net current deferred income tax asset	$ 21,297	$ 15,142
Net non-current deferred income tax liability	112,234	75,279
Net deferred income tax liability	$ 90,937	$ 60,137

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

	Year Ended July 31, 2009	2008	2007
Current:			
Federal	$ (242)	$ 50,169	$ 37,962
State	119	6,710	5,566
Total current	(123)	56,879	43,528
Deferred:			
Federal	27,358	5,533	(4,125)
State	3,409	674	(149)
Total deferred	30,767	6,207	(4,274)
Provision for income taxes	$ 30,644	$ 63,086	$ 39,254

A reconciliation of the income tax provision from continuing operations and the amount computed by applying the United States Federal statutory income tax rate to income before income taxes is as follows:

	Year Ended July 31, 2009	2008	2007
At U.S. Federal income tax rate	35.0 %	35.0 %	35.0 %

State income tax, net of Federal benefit	2.9 %	2.9 %	3.5 %
Nondeductible compensation	-- %	-- %	0.4 %
Nondeductible meals or entertainment	0.2 %	0.1 %	0.2 %
General business credits	(0.8) %	(0.4) %	(0.6) %
Other	1.2 %	0.4 %	0.5 %
	38.5 %	38.0 %	39.0 %

The Company adopted the provisions of FIN 48 on August 1, 2007. As of the date of adoption, the accrual for uncertain tax positions was $13.1 million. The adoption of FIN 48 did not impact the amount of the Company's unrecognized tax benefits. However, the adoption did result in a reclassification of $2.8 million of liabilities for unrecognized tax benefits from deferred income tax liabilities to other long-term liabilities to conform to the balance sheet presentation requirements of FIN 48. A reconciliation of the beginning and ending amount of unrecognized tax benefits associated with uncertain tax positions, excluding associated deferred tax benefits and accrued interest and penalties, if applicable, is as follows (in thousands):

		Unrecognized Tax Benefits
Balance as of August 1, 2007	$	12,257
Additions based on tax positions related to the current year		--
Additions for tax positions of prior years		6,331
Reductions for tax positions of prior years		(237)
Settlements		(555)
Balance as of July 31, 2008	$	17,796
Additions based on tax positions related to the current year		--
Additions for tax positions of prior years		9,524
Reductions for tax positions of prior years		--
Settlements		--
Balance as of July 31, 2009	$	27,320

As of July 31, 2009, the amount of unrecognized tax benefits recorded in other long-term liabilities was $27.3 million, of which $1.5 million would, if recognized, decrease the Company's effective tax rate. The Company's policy is to accrue income tax related interest and penalties, if applicable, within income tax expense. As of July 31, 2009 and 2008, accrued interest and penalties, net of tax, is $2.4 million and $1.9 million, respectively. For the years ended July 31, 2009, 2008 and 2007, the Company recognized $0.5 million, $1.1 million and $0.8 million of interest expense and penalties, net of tax, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The IRS has completed its examination of the Company's tax returns for tax years 2001 through 2003 and has issued a report of its findings. As discussed above, the examiner's primary finding is the disallowance of the Company's position to remove the restrictions under Section 382 of the Internal Revenue Code of approximately $73.8 million of NOL carryforwards; however, the Company has filed a complaint in Federal court. With the exception of the utilization of NOL carryforwards as discussed above, the Company is no longer subject to U.S. Federal examinations for tax years prior to 2006. With few exceptions, the Company is no longer subject to examination by various state jurisdictions for tax years prior to 2004.

13. Related Party Transactions

The Company has the right to appoint 4 of 9 directors of the Beaver Creek Resort Company of Colorado ("BCRC"), a non-profit entity formed for the benefit of property owners and certain others in Beaver Creek. The Company has a management agreement with the BCRC, renewable for one-year periods, to provide management services on a fixed fee basis. Management fees and reimbursement of operating expenses paid to the Company under its agreement with the BCRC during the years ended July 31, 2009, 2008 and 2007 totaled $8.0 million, $7.5 million and $7.1 million, respectively.

SSF/VARE is a real estate brokerage with multiple locations in Eagle and Summit Counties, Colorado in which the Company has a 50% ownership interest. SSF/VARE is the broker for several of the Company's developments. The Company recorded net real estate commissions expense of approximately $9.6 million, $14.7 million and $3.4 million for payments made to SSF/VARE during the years ended July 31, 2009, 2008 and 2007, respectively. SSF/VARE leases space for real estate offices from the Company. The Company recognized approximately $0.5 million, $0.4 million and $0.4 million in revenue related to these leases for the years ended July 31, 2009, 2008 and 2007, respectively.

In December 2008, Robert A. Katz, Chairman of the Board of Directors and Chief Executive Officer of the Company, purchased a unit at The Lodge at Vail Chalets project located near the Vista Bahn at the base of Vail Mountain for a total purchase price of $14.0 million. The sale of the unit by the Company to Mr. Katz was approved by the Board of Directors of the Company in accordance with the Company's related party transactions policy.

In December 2004, Adam Aron, the former Chairman of the Board of Directors and Chief Executive Officer of the Company, and Ronald Baron, an affiliate of a significant shareholder in the Company, reserved the purchase of condominium units at the Arrabelle at Vail Square project. In July 2008, Mr. Aron and Mr. Baron each purchased a condominium unit for $4.6 million and $15.6 million, respectively. The sale of the condominiums was approved by the Board of Directors of the Company in accordance with the Company's related party transactions policy.

14. Commitments and Contingencies

Metropolitan Districts

The Company credit-enhances $8.5 million of bonds issued by Holland Creek Metropolitan District ("HCMD") through an $8.6 million letter of credit issued against the Company's Credit Facility. HCMD's bonds were issued and used to build infrastructure associated with the Company's Red Sky Ranch residential development. The Company has agreed to pay capital improvement fees to Red Sky Ranch Metropolitan District ("RSRMD") until RSRMD's revenue streams from property taxes are sufficient to meet debt service requirements under HCMD's bonds, and the Company has recorded a liability of $1.9 million and $1.6 million, primarily within "other long-term liabilities" in the accompanying Consolidated Balance Sheets as of July 31, 2009 and 2008, respectively, with respect to the estimated present value of future RSRMD capital improvement fees. The Company estimates that it will make capital improvement fee payments under this arrangement through the year ending July 31, 2016.

Guarantees

As of July 31, 2009, the Company had various other guarantees, primarily in the form of letters of credit in the amount of $88.6 million, consisting primarily of $53.4 million in support of the Employee Housing Bonds, $28.7 million of construction and development related guarantees and $6.1 million for workers' compensation and general liability deductibles related to construction and development activities.

In addition to the guarantees noted above, the Company has entered into contracts in the normal course of business which include certain indemnifications under which it could be required to make payments to third parties upon the occurrence or non-occurrence of certain future events. These indemnities include indemnities to licensees in connection with the licensees' use of the Company's trademarks and logos, indemnities for liabilities associated with the infringement of other parties' technology and software products, indemnities related to liabilities associated with the use of easements, indemnities related to employment of contract workers, the Company's use of trustees, indemnities related to the Company's use of public lands and environmental indemnifications. The duration of these indemnities generally is indefinite and generally do not limit the future payments the Company could be obligated to make.

As permitted under applicable law, the Company and certain of its subsidiaries indemnify their directors and officers over their lifetimes for certain events or occurrences while the officer or director is, or was, serving the Company or its subsidiaries in such a capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that should enable the Company to recover a portion of any future amounts paid.

Unless otherwise noted, the Company has not recorded any significant liabilities for the letters of credit, indemnities and other guarantees noted above in the accompanying Consolidated Financial Statements, either because the Company has recorded on its Consolidated Balance Sheets the underlying liability associated with the guarantee, the guarantee is with respect to the Company's own performance and is therefore not subject to the measurement requirements as prescribed by GAAP, or because the Company has calculated the fair value of the indemnification or guarantee to be immaterial based upon the current facts and circumstances that would trigger a payment under the indemnification clause. In addition, with respect to certain indemnifications it is not possible to determine the maximum potential amount of liability under these guarantees due to the unique set of facts and circumstances that are likely to be involved in each particular claim and indemnification provision. Historically, payments made by the Company under these obligations have not been material.

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

Commitments

The Company has executed as lessee operating leases for the rental of office and commercial space, employee residential units, office equipment and vehicles through fiscal 2024. Certain of these leases have renewal terms at the Company's option, escalation clauses, rent holidays and leasehold improvement incentives. Rent holidays and rent escalation clauses are recognized on a straight-line basis over the lease term. Leasehold improvement incentives are recorded as leasehold improvements and amortized over the shorter of their economic lives or the term of the lease. For the years ended July 31, 2009, 2008 and 2007, the Company recorded lease expense related to these agreements of $28.8 million, $24.8 million and $22.3 million, respectively, which is included in the accompanying Consolidated Statements of Operations.

Future minimum lease payments under these leases as of July 31, 2009 are as follows (in thousands):

2010	$	16,550
2011		13,120
2012		10,583
2013		9,269
2014		7,578
Thereafter		23,701
Total	$	80,801

Self Insurance

The Company is self-insured for claims under its health benefit plans and for workers' compensation claims, subject to a stop loss policy. The self-insurance liability related to workers' compensation is determined actuarially based on claims filed. The self-insurance liability related to claims under the Company's health benefit plans is determined based on analysis of actual claims. The amounts related to these claims are included as a component of accrued benefits in accounts payable and accrued expenses (see Note 5, Supplementary Balance Sheet Information).

Legal

The Company is a party to various lawsuits arising in the ordinary course of business, including Resort (Mountain and Lodging) related cases and contractual and commercial litigation that arises from time to time in connection with the Company's real estate operations. Management believes the Company has adequate insurance coverage and/or has accrued for loss contingencies for all known matters that are deemed to be probable losses and estimable. As of July 31, 2009 and 2008, the accrual for the above loss contingencies was not material individually and in the aggregate.

Cheeca Lodge & Spa Contract Dispute

On October 19, 2007, RockResorts received payment of the final settlement from Cheeca Holdings, LLC, related to the disputed contract termination of the formerly managed RockResorts Cheeca Lodge & Spa property, in the amount of $13.5 million, of which $11.9 million (net of final attorney's fees) is recorded in "Contract dispute credit, net" in the Consolidated Condensed Statement of Operations for the year ended July 31, 2008.

15. Segment Information

The Company has three reportable segments: Mountain, Lodging and Real Estate. The Mountain segment includes the operations of the Company's ski resorts and related ancillary activities. The Lodging segment includes the operations of all of the Company's owned hotels, RockResorts, GTLC,

condominium management, CME and golf operations. The Real Estate segment owns and develops real estate in and around the Company's resort communities. The Company's reportable segments, although integral to the success of the others, offer distinctly different products and services and require different types of management focus. As such, these segments are managed separately.

The Company reports its segment results using Reported EBITDA (defined as segment net revenue less segment operating expenses, plus or minus segment equity investment income or loss, and for the Real Estate segment, plus gain on sale of real property) which is a non-GAAP financial measure. The Company reports segment results in a manner consistent with management's internal reporting of operating results to the chief operating decision maker (Chief Executive Officer) for purposes of evaluating segment performance.

Reported EBITDA is not a measure of financial performance under GAAP. Items excluded from Reported EBITDA are significant components in understanding and assessing financial performance. Reported EBITDA should not be considered in isolation or as an alternative to, or substitute for, net income, net change in cash and cash equivalents or other financial statement data presented in the consolidated financial statements as indicators of financial performance or liquidity. Because Reported EBITDA is not a measurement determined in accordance with GAAP and thus is susceptible to varying calculations, Reported EBITDA as presented may not be comparable to other similarly titled measures of other companies.

The Company utilizes Reported EBITDA in evaluating performance of the Company and in allocating resources to its segments. Mountain Reported EBITDA consists of Mountain net revenue less Mountain operating expense plus or minus Mountain equity investment income or loss. Lodging Reported EBITDA consists of Lodging net revenue less Lodging operating expense. Real Estate Reported EBITDA consists of Real Estate net revenue less Real Estate operating expense plus gain on sale of real property. All segment expenses include an allocation of corporate administrative expense. Assets are not allocated between segments, or used to evaluate performance, except as shown in the table below. The accounting policies specific to each segment are the same as those described in Note 2, Summary of Significant Accounting Policies.

Following is key financial information by reportable segment which is used by management in evaluating performance and allocating resources (in thousands):

	Year Ended July 31,		
	2009	**2008**	**2007**
Net revenue:			
Lift tickets	$ 276,542	$ 301,914	$ 286,997
Ski school	65,336	81,384	78,848
Dining	52,259	62,506	59,653
Retail/rental	147,415	168,765	160,542
Other	73,045	70,964	79,337
Total Mountain net revenue	614,597	685,533	665,377
Lodging	176,241	170,057	162,451
Resort	790,838	855,590	827,828
Real estate	186,150	296,566	112,708
Total net revenue	$ 976,988	$ 1,152,156	$ 940,536
Segment operating expense:			
Mountain	$ 451,025	$ 470,362	$ 462,708
Lodging	169,482	159,832	144,252
Resort	620,507	630,194	606,960
Real estate	142,070	251,338	115,190
Total segment operating expense	$ 762,577	$ 881,532	$ 722,150
Gain on sale of real property	$ --	$ 709	$ --
Mountain equity investment income, net	$ 817	$ 5,390	$ 5,059
Reported EBITDA:			
Mountain	$ 164,389	$ 220,561	$ 207,728
Lodging	6,759	10,225	18,199
Resort	171,148	230,786	225,927
Real estate	44,080	45,937	(2,482)
Total Reported EBITDA	$ 215,228	$ 276,723	$ 223,445
Real estate held for sale and investment	$ 311,485	$ 249,305	$ 357,586
Reconciliation to net income:			
Total Reported EBITDA	$ 215,228	$ 276,723	$ 223,445
Depreciation and amortization	(107,213)	(93,794)	(87,664)
Relocation and separation charges	--	--	(1,433)
Loss on disposal of fixed assets, net	(1,064)	(1,534)	(1,083)
Investment income, net	1,793	8,285	12,403
Interest expense, net	(27,548)	(30,667)	(32,625)
Loss from sale of business, net	--	--	(639)
Contact dispute credit (charges), net	--	11,920	(4,642)
Gain on put option, net	--	--	690
Minority interest in income of consolidated subsidiaries, net	(1,602)	(4,920)	(7,801)
Income before provision for income taxes	79,594	166,013	100,651
Provision for income taxes	(30,644)	(63,086)	(39,254)
Net income	$ 48,950	$ 102,927	$ 61,397

16. Selected Quarterly Financial Data (Unaudited--in thousands, except per share amounts)

	2009				
	Year Ended July 31, 2009	Quarter Ended July 31, 2009	Quarter Ended April 30, 2009	Quarter Ended January 31, 2009	Quarter Ended October 31, 2008
Mountain revenue	$ 614,597	$ 36,150	$ 279,180	$ 258,489	$ 40,778
Lodging revenue	176,241	44,942	44,896	41,150	45,253
Real estate revenue	186,150	20,836	9,407	89,157	66,750
Total net revenue	976,988	101,928	333,483	388,796	152,781
Income (loss) from operations	106,134	(58,014)	107,580	106,543	(49,975)
Net income (loss)	$ 48,950	$ (38,730)	$ 61,639	$ 60,545	$ (34,504)
Basic net income (loss) per common share	$ 1.34	$ (1.07)	$ 1.69	$ 1.66	$ (0.93)
Diluted net income (loss) per common share	$ 1.33	$ (1.07)	$ 1.68	$ 1.65	$ (0.93)

	2008				
	Year Ended July 31, 2008	Quarter Ended July 31, 2008	Quarter Ended April 30, 2008	Quarter Ended January 31, 2008	Quarter Ended October 31, 2007
Mountain revenue	$ 685,533	$ 37,549	$ 325,726	$ 279,722	$ 42,536
Lodging revenue	170,057	48,323	43,590	34,827	43,317
Real estate revenue	296,566	184,587	54,474	45,471	12,034
Total net revenue	1,152,156	270,459	423,790	360,020	97,887
Income (loss) from operations	176,005	(15,824)	151,461	92,572	(52,204)
Contract dispute credit, net	11,920	--	--	--	11,920
Net income (loss)	$ 102,927	$ (11,123)	$ 87,341	$ 51,319	$ (24,610)
Basic net income (loss) per common share	$ 2.67	$ (0.29)	$ 2.26	$ 1.32	$ (0.63)
Diluted net income (loss) per common share	$ 2.64	$ (0.29)	$ 2.24	$ 1.31	$ (0.63)

17. Stock Repurchase Plan

On March 9, 2006, the Company's Board of Directors approved the repurchase of up to 3,000,000 shares of common stock and on July 16, 2008 approved an increase of the Company's common stock repurchase authorization by an additional 3,000,000 shares. During the year ended July 31, 2009, the Company repurchased 874,427 shares of common stock at a cost of $22.4 million. Since inception of this stock repurchase plan through July 31, 2009, the Company has repurchased 3,878,535 shares at a cost of approximately $147.8 million. As of July 31, 2009, 2,121,465 shares remained available to repurchase under the existing repurchase authorization. Shares of common stock purchased pursuant to the repurchase program will be held as treasury shares and may be used for the issuance of shares under the Company's employee share award plans.

18. Stock Compensation Plan

The Company has a share award plan (the "Plan") which has been approved by the Company's shareholders. Under the Plan, 5 million shares of common stock could be issued in the form of options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance share units, dividend equivalents or other share-based awards to employees, directors or consultants of the Company or its subsidiaries or affiliates. The terms of awards granted under the Plan, including exercise price, vesting period and life, are set by the Compensation Committee of the Board of Directors. All share-based awards (except for restricted shares and restricted share units) granted under these plans have a life of ten years. Most awards vest ratably over three years; however some have been granted with different vesting schedules. To date, no awards have been granted to non-employees (except those granted to non-employee members of the Board of Directors of the Company and of a consolidated subsidiary) under the Plan. At July 31, 2009, approximately 1.3 million share-based awards were available to be granted under the Plan.

The fair value of stock-settled stock appreciation rights ("SARs") granted in the years ended July 31, 2009, 2008 and 2007 were estimated on the date of grant using a lattice-based option valuation model that applies the assumptions noted in the table below. A lattice-based model considers factors such as exercise behavior, and assumes employees will exercise equity awards at different times over the contractual life of the equity awards. As a lattice-based model considers these factors, and is more flexible, the Company considers it to be a better method of valuing equity awards than a closed-form Black-Scholes model. Because lattice-based option valuation models incorporate ranges of assumptions for inputs, those ranges are disclosed. Expected volatility is based on historical volatility of the Company's stock. The Company uses historical data to estimate equity award exercises and employee terminations within the valuation model; separate groups of employees that have similar historical exercise behavior are considered separately for valuation purposes. The expected term of equity awards granted is derived from the output of the option valuation model and represents the period of time that equity awards granted are expected to be outstanding; the range given below results from certain groups of employees exhibiting different behavior. The risk-free rate for periods within the contractual life of the equity award is based on the United States Treasury yield curve in effect at the time of grant.

	Year Ended July 31,		
	2009	2008	2007
Expected volatility	37.1- 41.0 %	36.6%	37.4%
Expected dividends	-- %	--%	--%
Expected term (average in years)	5.4 – 5.7	5.4	5.3
Risk-free rate	2.1-4.9%	4.0-5.1%	4.3-4.8%

The Company has estimated forfeiture rates that range from 12.4% to 16.1% in its calculation of stock-based compensation expense for the year ended July 31, 2009. These estimates are based on historical forfeiture behavior exhibited by employees of the Company.

A summary of aggregate option and SARs award activity under the share-based compensation plan as of July 31, 2007, 2008 and 2009, and changes during the years then ended is presented below (in thousands, except exercise price and contractual term):

	Awards	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at July 31, 2006	1,783	$ 22.18		
Granted	227	42.37		
Exercised	(649)	17.71		
Forfeited or expired	(165)	28.63		
Outstanding at July 31, 2007	1,196	$ 27.55		
Granted	221	59.56		
Exercised	(117)	20.40		
Forfeited or expired	(81)	45.71		
Outstanding at July 31, 2008	1,219	$ 32.83		
Granted	1,055	27.88		
Exercised	(31)	17.54		
Forfeited or expired	(60)	38.97		
Outstanding at July 31, 2009	2,183	$ 30.49	7.8 years	$ 9,438
Exercisable at July 31, 2009	999	$ 29.23	6.0 years	$ 3,555

The weighted-average grant-date fair value of SARs granted during the years ended July 31, 2009, 2008 and 2007 was $10.34, $21.64 and $16.18, respectively. The total intrinsic value of options exercised during the years ended July 31, 2009, 2008 and 2007 was $0.3 million, $4.1 million and $19.8 million, respectively. The Company had 315,000, 308,000 and 508,000 options and SARs that vested during the years ended July 31, 2009, 2008 and 2007, respectively. These awards had a total fair value of $1.5 million, $9.5 million and $10.9 million at the date of vesting for the years ended July 31, 2009, 2008 and 2007, respectively. The Company granted 397,000 restricted share units during the year ended July 31, 2009 with a weighted-average grant-date fair value of $26.83. The Company granted 97,000 restricted share units during the year ended July 31, 2008 with a weighted-average grant-date fair value of $57.72. The Company granted 102,000 restricted share units during the year ended July 31, 2007 with a weighted-average grant-date fair value of $41.76. The Company had 137,000, 79,000 and 75,000 restricted share awards/units that vested during the years ended July 31, 2009, 2008 and 2007, respectively. These awards/units had a total fair value of $3.1 million, $4.8 million and $3.0 million at the date of vesting for the years ended July 31, 2009, 2008 and 2007, respectively.

A summary of the status of the Company's nonvested options and SARs as of July 31, 2009, and changes during the year then ended, is presented below (in thousands, except fair value amounts):

	Awards	Weighted-Average Grant-Date Fair Value
Outstanding at August 1, 2008	497	$ 16.98
Granted	1,055	10.34
Vested	(315)	15.22
Forfeited	(53)	14.60
Nonvested at July 31, 2009	1,184	$ 11.64

A summary of the status of the Company's nonvested restricted share units as of July 31, 2009, and changes during the year then ended, is presented below (in thousands, except fair value amounts):

	Awards	Weighted-Average Grant-Date Fair Value
Outstanding at August 1, 2008	186	$ 43.32
Granted	397	28.63
Vested	(137)	36.62
Forfeited	(23)	38.29
Nonvested at July 31, 2009	423	$ 30.29

As of July 31, 2009, there was $16.9 million of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the share-based compensation plan, of which $8.9 million, $6.6 million and $1.4 million of expense is expected to be recognized in the years ending July 31, 2010, 2011 and 2012, respectively, assuming no future share-based awards are granted.

Cash received from options exercised under all share-based payment arrangements was $0.6 million, $2.0 million and $11.5 million for the years ended July 31, 2009, 2008 and 2007, respectively. The tax benefit realized or to be realized for the tax deductions from options/SARs exercised and restricted stock awards/units vested was $1.6 million, $3.1 million and $8.3 million for the years ended July 31, 2009, 2008 and 2007, respectively.

The Company has a policy of using either authorized and unissued shares or treasury shares, including shares acquired by purchase in the open market or in private transactions, to satisfy equity award exercises.

19. Retirement and Profit Sharing Plans

The Company maintains a defined contribution retirement plan (the “Retirement Plan”), qualified under Section 401(k) of the Internal Revenue Code, for its employees. Under this Retirement Plan, employees are eligible to make before-tax contributions on the first day of the calendar month following the later of: (i) their employment commencement date or (ii) the date they turn 21. Participants may contribute up to 100% of their qualifying annual compensation up to the annual maximum specified by the Internal Revenue Code. Prior to January 1, 2009, the Company matched an amount equal to 50% of each participant's contribution up to 6% of a participant's bi-weekly qualifying compensation upon obtaining the later of: (i) 12 consecutive months of employment and 1,000 service hours or (ii) 1,500 service hours since the employment commencement date. On January 1, 2009, the Company suspended making matching

contributions to the Retirement Plan for an indefinite period of time. The Company's matching contribution is entirely discretionary and may be reinstated, reduced or eliminated at any time.

Total Retirement Plan expense recognized by the Company for the years ended July 31, 2009, 2008 and 2007 was $1.3 million, $2.9 million and $2.8 million, respectively.

20. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company’s payment obligations under the 6.75% Notes (see Note 4, Long-Term Debt) are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by substantially all of the Company’s consolidated subsidiaries (collectively, and excluding Non-Guarantor Subsidiaries (as defined below), the “Guarantor Subsidiaries”) except for Eagle Park Reservoir Company, Gros Ventre Utility Company, Mountain Thunder, Inc., SSV, Larkspur Restaurant & Bar, LLC, Gore Creek Place, LLC and certain other insignificant entities (together, the “Non-Guarantor Subsidiaries”). APII and the Employee Housing Entities are included with the Non-Guarantor Subsidiaries for purposes of the consolidated financial information, but are not considered subsidiaries under the Indenture governing the 6.75% Notes.

Presented below is the consolidated financial information of the Parent Company, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries. Financial information for the Non-Guarantor subsidiaries is presented in the column titled “Other Subsidiaries.” Balance sheets are presented as of July 31, 2009 and 2008. Statements of operations and statements of cash flows are presented for the years ended July 31, 2009, 2008 and 2007.

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

Supplemental Condensed Consolidating Balance Sheet
As of July 31, 2009
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 66,364	$ 2,934	$ --	$ 69,298
Restricted cash	--	11,065	--	--	11,065
Trade receivables, net	--	56,834	1,229	--	58,063
Inventories, net	--	11,895	37,052	--	48,947
Other current assets	21,333	18,407	1,875	--	41,615
Total current assets	21,333	164,565	43,090	--	228,988
Property, plant and equipment, net	--	991,027	66,631	--	1,057,658
Real estate held for sale and investment	--	311,485	--	--	311,485
Goodwill, net	--	148,702	19,248	--	167,950
Intangible assets, net	--	63,580	15,849	--	79,429
Other assets	3,226	30,710	5,034	--	38,970
Investments in subsidiaries and advances to (from) parent	1,290,532	307,124	(15,179)	(1,582,477)	--
Total assets	$ 1,315,091	$ 2,017,193	$ 134,673	$ (1,582,477)	$ 1,884,480
Current liabilities:					
Accounts payable and accrued expenses	$ 12,412	$ 214,021	$ 19,103	$ --	$ 245,536
Income taxes payable	5,460	--	--	--	5,460
Long-term debt due within one year	--	9	343	--	352
Total current liabilities	17,872	214,030	19,446	--	251,348
Long-term debt	390,000	42,716	58,892	--	491,608
Other long-term liabilities	29,690	200,974	2,505	--	233,169
Deferred income taxes	112,234	--	--	--	112,234
Minority interest in net assets of consolidated subsidiaries	--	--	--	30,826	30,826
Total stockholders' equity	765,295	1,559,473	53,830	(1,613,303)	765,295
Total liabilities and stockholders' equity	$ 1,315,091	$ 2,017,193	$ 134,673	$ (1,582,477)	$ 1,884,480

Supplemental Condensed Consolidating Balance Sheet
As of July 31, 2008
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Current assets:					
Cash and cash equivalents	$ --	$ 156,782	$ 5,563	$ --	$ 162,345
Restricted cash	--	10,526	47,911	--	58,437
Trade receivables, net	--	47,953	2,232	--	50,185
Inventories, net	--	11,786	37,922	--	49,708
Other current assets	15,142	19,205	3,873	--	38,220
Total current assets	15,142	246,252	97,501	--	358,895
Property, plant and equipment, net	--	806,696	250,141	--	1,056,837
Real estate held for sale and investment	--	204,260	45,045	--	249,305
Goodwill, net	--	123,034	19,248	--	142,282
Intangible assets, net	--	56,650	15,880	--	72,530
Other assets	3,936	34,922	7,247	--	46,105
Investments in subsidiaries and advances to (from) parent	1,248,019	599,199	(61,968)	(1,785,250)	--
Total assets	$ 1,267,097	$ 2,071,013	$ 373,094	$ (1,785,250)	$ 1,925,954
Current liabilities:					
Accounts payable and accrued expenses	$ 12,446	$ 196,360	$ 85,376	$ --	$ 294,182
Income taxes payable	57,474	--	--	--	57,474
Long-term debt due within one year	--	15,022	333	--	15,355
Total current liabilities	69,920	211,382	85,709	--	367,011
Long-term debt	390,000	42,722	108,628	--	541,350
Other long-term liabilities	3,142	149,557	30,944	--	183,643
Deferred income taxes	75,279	--	--	--	75,279
Minority interest in net assets of consolidated subsidiaries	--	--	--	29,915	29,915
Total stockholders' equity	728,756	1,667,352	147,813	(1,815,165)	728,756
Total liabilities and stockholders' equity	$ 1,267,097	$ 2,071,013	$ 373,094	$ (1,785,250)	$ 1,925,954

Supplemental Condensed Consolidating Statement of Operations
For the year ended July 31, 2009
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 828,300	$ 158,016	$ (9,328)	$ 976,988
Total operating expense	498	724,985	154,547	(9,176)	870,854
(Loss) income from operations	(498)	103,315	3,469	(152)	106,134
Other (expense) income, net	(27,035)	3,813	(2,685)	152	(25,755)
Equity investment income, net	--	817	--	--	817
Minority interest in income of consolidated subsidiaries, net	--	--	--	(1,602)	(1,602)
(Loss) income before income taxes	(27,533)	107,945	784	(1,602)	79,594
Benefit (provision) for income taxes	10,600	(41,244)	--	--	(30,644)
Net (loss) income before equity in income of consolidated subsidiaries	(16,933)	66,701	784	(1,602)	48,950
Equity in income (loss) of consolidated subsidiaries	65,883	(818)	--	(65,065)	--
Net income	$ 48,950	$ 65,883	$ 784	$ (66,667)	$ 48,950

Supplemental Condensed Consolidating Statement of Operations
For the year ended July 31, 2008
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 709,572	$ 453,741	$ (11,157)	$ 1,152,156
Total operating expense	127	599,954	387,075	(11,005)	976,151
(Loss) income from operations	(127)	109,618	66,666	(152)	176,005
Other (expense) income, net	(27,015)	20,740	(4,339)	152	(10,462)
Equity investment income, net	--	5,390	--	--	5,390
Minority interest in income of consolidated subsidiaries, net	--	--	--	(4,920)	(4,920)
(Loss) income before income taxes	(27,142)	135,748	62,327	(4,920)	166,013
Benefit (provision) for income taxes	10,341	(73,401)	(26)	--	(63,086)
Net (loss) income before equity in income of consolidated subsidiaries	(16,801)	62,347	62,301	(4,920)	102,927
Equity in income of consolidated subsidiaries	119,728	46,449	--	(166,177)	--
Net income	$ 102,927	$ 108,796	$ 62,301	$ (171,097)	$ 102,927

Supplemental Condensed Consolidating Statement of Operations
For the year ended July 31, 2007
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Eliminating Entries	Consolidated
Total net revenue	$ --	$ 719,258	$ 234,780	$ (13,502)	$ 940,536
Total operating expense	510	612,972	210,301	(11,453)	812,330
(Loss) income from operations	(510)	106,286	24,479	(2,049)	128,206
Other (expense) income, net	(27,037)	5,950	(3,929)	152	(24,864)
Equity investment income, net	--	5,059	--	--	5,059
Loss on sale of business, net	--	(639)	--	--	(639)
Gain on put option, net	--	690	--	--	690
Minority interest in income of consolidated subsidiaries, net	--	--	--	(7,801)	(7,801)
(Loss) income before income taxes	(27,547)	117,346	20,550	(9,698)	100,651
Benefit (provision) for income taxes	10,743	(50,124)	127	--	(39,254)
Net (loss) income before equity in income of consolidated subsidiaries	(16,804)	67,222	20,677	(9,698)	61,397
Equity in income of consolidated subsidiaries	78,201	--	--	(78,201)	--
Net income	$ 61,397	$ 67,222	$ 20,677	$ (87,899)	$ 61,397

Supplemental Condensed Consolidating Statement of Cash Flows
For the year ended July 31, 2009
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash provided by operating activities	$ (11,385)	$ 137,693	$ 7,968	$ 134,276
Cash flows from investing activities:				
Capital expenditures	--	(97,215)	(9,276)	(106,491)
Acquisition of business	--	(38,170)	--	(38,170)
Other investing activities, net	--	(496)	532	36
Net cash used in investing activities	--	(135,881)	(8,744)	(144,625)
Cash flows from financing activities:				
Repurchase of common stock	(22,367)	--	--	(22,367)
Proceeds from borrowings under Non-Recourse Real Estate Financings	--	9,013	--	9,013
Payments of Non-Recourse Real Estate Financings	--	(58,407)	--	(58,407)
Proceeds from borrowings under other long-term debt	--	--	67,280	67,280
Payments of other long-term debt	--	(15,019)	(67,613)	(82,632)
Advances from (to) affiliates	33,010	(32,032)	(978)	--
Other financing activities, net	742	4,215	(542)	4,415
Net cash provided by (used in) financing activities	11,385	(92,230)	(1,853)	(82,698)
Net decrease in cash and cash equivalents	--	(90,418)	(2,629)	(93,047)
Cash and cash equivalents				
Beginning of period	--	156,782	5,563	162,345
End of period	$ --	$ 66,364	$ 2,934	$ 69,298

Supplemental Condensed Consolidating Statement of Cash Flows
For the year ended July 31, 2008
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash provided by operating activities	$ 9,792	$ 103,610	$ 103,594	$ 216,996
Cash flows from investing activities:				
Capital expenditures	--	(95,291)	(55,601)	(150,892)
Other investing activities, net	--	2,956	(199)	2,757
Net cash used in investing activities	--	(92,335)	(55,800)	(148,135)
Cash flows from financing activities:				
Repurchase of common stock	(99,615)	--	--	(99,615)
Proceeds from borrowings under Non-Recourse Real Estate Financings	--	--	136,519	136,519
Payments of Non-Recourse Real Estate Financings	--	--	(174,008)	(174,008)
Proceeds from borrowings under other long-term debt	--	--	77,641	77,641
Payments of other long-term debt	--	(65)	(78,056)	(78,121)
Advances from (to) affiliates	85,962	(85,048)	(914)	--
Other financing activities, net	3,861	4,668	(8,280)	249
Net cash used in financing activities	(9,792)	(80,445)	(47,098)	(137,335)
Net (decrease) increase in cash and cash equivalents	--	(69,170)	696	(68,474)
Cash and cash equivalents				
Beginning of period	--	225,952	4,867	230,819
End of period	$ --	$ 156,782	$ 5,563	$ 162,345

Supplemental Condensed Consolidating Statement of Cash Flows
For the year ended July 31, 2007
(in thousands)

	Parent Company	100% Owned Guarantor Subsidiaries	Other Subsidiaries	Consolidated
Net cash (used in) provided by operating activities	$ (41,046)	$ 191,441	$ (31,953)	$ 118,442
Cash flows from investing activities:				
Capital expenditures	--	(76,563)	(42,669)	(119,232)
Cash received from sale of businesses	--	3,544	--	3,544
Purchase of minority interest	--	(8,387)	--	(8,387)
Other investing activities, net	--	(2,561)	(5,510)	(8,071)
Net cash used in investing activities	--	(83,967)	(48,179)	(132,146)
Cash flows from financing activities:				
Repurchase of common stock	(15,007)	--	--	(15,007)
Net proceeds (payments) from borrowings under long-term debt	--	(9,898)	72,752	62,854
Advances from (to) affiliates	38,926	(53,384)	14,458	--
Other financing activities, net	17,127	1,762	(14,007)	4,882
Net cash provided by (used in) financing activities	41,046	(61,520)	73,203	52,729
Net increase (decrease) in cash and cash equivalents	--	45,954	(6,929)	39,025
Cash and cash equivalents				
Beginning of period	--	179,998	11,796	191,794
End of period	$ --	$ 225,952	$ 4,867	$ 230,819

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Form 10-K. The term "disclosure controls and procedures" means controls and other procedures established by the Company that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

Based upon their evaluation of the Company's disclosure controls and procedures, the CEO and the CFO concluded that the disclosure controls are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Act is accumulated and communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

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

Management's Annual Report on Internal Control Over Financial Reporting

The report of management required under this Item 9A is contained in Item 8 of this Form 10-K under the caption "Management's Report on Internal Control over Financial Reporting."

Attestation Report of the Independent Registered Public Accounting Firm

The attestation report required under this Item 9A is contained in Item 8 of this Form 10-K under the caption "Report of Independent Registered Public Accounting Firm."

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended July 31, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

Code of Ethics and Business Conduct. The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of ethics and business conduct is posted in the corporate governance section of the Company's website at www.vailresorts.com. The Company will post any waiver to the code of ethics and business conduct granted to any of its officers on its website.

The New York Stock Exchange requires chief executive officers of listed corporations to certify that they are not aware of any violations by their company of the exchange's corporate governance listing standards. Following the 2008 annual meeting of stockholders, the Company submitted the annual certification by the Chief Executive Officer to the New York Stock Exchange.

The Company has filed with the Securities and Exchange Commission, as an exhibit to this Form 10-K for the year ended July 31, 2009, the Sarbanes-Oxley Act Section 302 certification regarding the quality of the Company's public disclosure.

The additional information required by this item is incorporated herein by reference from the Company's proxy statement for the 2009 annual meeting of stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2009 annual meeting of stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2009 annual meeting of stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2009 annual meeting of stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information required by this item is incorporated herein by reference from the Company's proxy statement for the 2009 annual meeting of stockholders.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS SCHEDULES.

a) Index to Financial Statements and Financial Statement Schedules.

(1) See “Item 8. Financial Statements and Supplementary Data” for the index to the Financial Statements.

(2) All other schedules have been omitted because the required information is not applicable or because the information required has been included in the financial statements or notes thereto.

(3) Index to Exhibits.

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

Posted Exhibit Number	Description	Sequentially Numbered Page
3.1	Amended and Restated Certificate of Incorporation of Vail Resorts, Inc., dated January 5, 2005. (Incorporated by reference to Exhibit 3.1 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2005.)	
3.2	Amended and Restated By-Laws. (Incorporated by reference to Exhibit 3.1 on Form 8-K of Vail Resorts, Inc. filed February 6, 2009.)	
4.1(a)	Indenture, dated as of January 29, 2004, among Vail Resorts, Inc., the guarantors therein and the Bank of New York as Trustee (Including Exhibit A, Form of Global Note). (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed on February 2, 2004.)	
4.1(b)	Supplemental Indenture, dated as of March 10, 2006 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 10.34 on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
4.1(c)	Form of Global Note. (Incorporated by reference to Exhibit 4.1 on Form 8-K of Vail Resorts, Inc. filed February 2, 2004.)	
4.1(d)	Supplemental Indenture, dated as of April 26, 2007 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York, as Trustee. (Incorporated by reference to Exhibit 4.1(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(e)	Supplemental Indenture, dated as of July 11, 2008 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
4.1(f)	Supplemental Indenture, dated as of January 29, 2009 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee. (Incorporated by reference to Exhibit 4.1(f) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2009.)	
4.1(g)	Supplemental Indenture, dated as of August 24, 2009 to Indenture dated as of January 29, 2004 among Vail Resorts, Inc., as Issuer, the Guarantors named therein, as Guarantors, and The Bank of New York Mellon Trust Company, N.A., as Trustee.	63
10.1	Forest Service Unified Permit for Heavenly ski area, dated April 29, 2002. (Incorporated by reference to Exhibit 99.13 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2002.)	
10.2(a)	Forest Service Unified Permit for Keystone ski area, dated December 30, 1996. (Incorporated by reference to Exhibit 99.2(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.2(b)	Amendment No. 2 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 99.2(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.2(c)	Amendment No. 3 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.2(d)	Amendment No. 4 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.2(e)	Amendment No. 5 to Forest Service Unified Permit for Keystone ski area. (Incorporated by reference to Exhibit 10.3 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(a)	Forest Service Unified Permit for Breckenridge ski area, dated December 30, 1996. (Incorporated by reference to Exhibit 99.3(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.3(b)	Amendment No. 1 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 99.3(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.3(c)	Amendment No. 2 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(d)	Amendment No. 3 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(e)	Amendment No. 4 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit 10.4 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.3(f)	Amendment No. 5 to Forest Service Unified Permit for Breckenridge ski area. (Incorporated by reference to Exhibit	

	10.4(f) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.4(a)	Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.4(b)	Exhibits to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 99.4(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.4(c)	Amendment No. 1 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(c) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.4(d)	Amendment No. 2 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.4(e)	Amendment to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.5(e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.4(f)	Amendment No. 3 to Forest Service Unified Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.4(f) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.5(a)	Forest Service Unified Permit for Vail ski area, dated November 23, 1993. (Incorporated by reference to Exhibit 99.5(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(b)	Exhibits to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(c)	Amendment No. 2 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 99.5(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2002.)	
10.5(d)	Amendment No. 3 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.6 (d) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.5(e)	Amendment No. 4 to Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.6 (e) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.6(a)	Purchase and Sale Agreement by and between VAHMC, Inc. and DiamondRock Hospitality Limited Partnership, dated May 3, 2005. (Incorporated by reference to Exhibit 10.18(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2005.)	
10.6(b)	First Amendment to Purchase and Sale Agreement by and between VAHMC, Inc. and DiamondRock Hospitality Limited Partnership, dated May 10, 2005. (Incorporated by reference to Exhibit 10.18(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2005.)	
10.7(a)	Sports and Housing Facilities Financing Agreement between the Vail Corporation (d/b/a "Vail Associates, Inc.") and Eagle County, Colorado, dated April 1, 1998. (Incorporated by reference to Exhibit 10 on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.7(b)	Trust Indenture, dated as of April 1, 1998 securing Sports and Housing Facilities Revenue Refunding Bonds by and between Eagle County, Colorado and U.S. Bank, N.A., as Trustee. (Incorporated by reference to Exhibit 10.1 on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.8(a)	Fourth Amended and Restated Credit Agreement, dated as of January 28, 2005 among The Vail Corporation (d/b/a Vail Associates, Inc.), as borrower, Bank of America, N.A., as Administrative Agent, U.S. Bank National Association and Wells Fargo Bank, National Association as Co-Syndication Agents, Deutsche Bank Trust Company Americas and LaSalle Bank National Association as Co-Documentation Agents the Lenders party thereto and Banc of America Securities LLC, as Sole Lead Arranger and Sole Book Manager.	69
10.8(b)	First Amendment to Fourth Amended and Restated Credit Agreement, dated as of June 29, 2005 among The Vail Corporation (d/b/a Vail Associates, Inc.), as borrower and Bank of America, N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.16(b) on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2005.)	
10.8(c)	Second Amendment to Fourth Amended and Restated Credit Agreement among The Vail Corporation, the Required Lenders and Bank of America, as Administrative Agent. (Incorporated by reference to Exhibit 10.3 of Form 8-K of Vail Resorts, Inc. filed on March 3, 2006.)	
10.8(d)	Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement, dated March 13, 2007.	196
10.8(e)	Fourth Amendment to Fourth Amended and Restated Credit Agreement, dated April 30, 2008, among The Vail Corporation (d/b/a Vail Associates, Inc.) as borrower, the lenders party thereto and Bank of America, N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2008.)	
10.9(a)	Construction Loan Agreement, dated January 31, 2006 among Arrabelle at Vail Square, LLC, U.S. Bank National Association and Wells Fargo Bank, N.A.. (Incorporated by reference to Exhibit 10.33(a) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.9(b)	Completion Guaranty Agreement by and between The Vail Resorts Corporation and U.S. Bank National Association, dated January 31, 2006. (Incorporated by reference to Exhibit 10.33(b) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.9(c)	Completion Guaranty Agreement by and between Vail Resorts, Inc. and U.S. Bank National Association dated January 31, 2006. (Incorporated by reference to Exhibit 10.33(c) on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2006.)	
10.10(a)**	Construction Loan Agreement, dated March 19, 2007 among The Chalets at The Lodge at Vail, LLC, and Wells Fargo Bank, N.A. (Incorporated by reference to Exhibit 10.3 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(b)	Completion Guaranty Agreement by and between The Vail Corporation and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.4 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(c)	Completion Guaranty Agreement by and between Vail Resorts, Inc. and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.5 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(d)	Development Agreement Guaranty by and between The Vail Corporation and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.6 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	
10.10(e)	Development Agreement Guaranty by and between Vail Resorts, Inc. and Wells Fargo Bank, N.A., dated March 19, 2007. (Incorporated by reference to Exhibit 10.7 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2007.)	

10.11	Amended and Restated Revolving Credit and Security Agreement between SSI Venture, LLC and U.S. Bank National Association, dated September 23, 2005. (Incorporated by reference to Exhibit 10.1 on Form 8-K of Vail Resorts, Inc. filed on September 29, 2005.)	
10.12*	Vail Resorts, Inc. 1993 Stock Option Plan (Incorporated by reference to Exhibit 4.A of the registration statement on Form S-8 of Vail Resorts, Inc., dated October 21, 1997, File No. 333-38321.)	
10.13*	Vail Resorts, Inc. 1996 Long Term Incentive and Share Award Plan (Incorporated by reference to the Exhibit 4.B of the registration statement on Form S-8 of Vail Resorts, Inc., dated October 21, 1997, File No. 333-38321.)	
10.14*	Vail Resorts, Inc. 1999 Long Term Incentive and Share Award Plan. (Incorporated by reference to Exhibit 4.1 of the registration statement on Form S-8 of Vail Resorts, Inc., dated September 7, 2007, File No. 333-145934.)	
10.15*	Vail Resorts, Inc. Amended and Restated 2002 Long Term Incentive and Share Award Plan. (Incorporated by reference to Exhibit 4.2 of the registration statement on Form S-8 of Vail Resorts, Inc., dated September 7, 2007, File No. 333-145934.)	
10.16*	Form of Stock Option Agreement. (Incorporated by reference to Exhibit 10.20 of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2007.)	
10.17*	Form of Restricted Share [Unit] Agreement. (Incorporated by reference to Exhibit 10.17 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.18*	Form of Share Appreciation Rights Agreement. (Incorporated by reference to Exhibit 10.18 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.19*	Stock Option Agreement between Vail Resorts, Inc. and Jeffrey W. Jones, dated September 30, 2005. (Incorporated by reference to Exhibit 10.6 on Form 8-K of Vail Resorts, Inc. filed on March 3, 2006.)	
10.20*	Summary of Vail Resorts, Inc. Director Compensation, effective March 10, 2009.	231
10.21*	Vail Resorts Deferred Compensation Plan, effective as of October 1, 2000. (Incorporated by reference to Exhibit 10.23 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2000.)	
10.22	Vail Resorts Deferred Compensation Plan, effective as of January 1, 2005.	232
10.23*	Vail Resorts, Inc. Executive Perquisite Fund Program. (Incorporated by reference to Exhibit 10.27 on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2007.)	
10.24*	Vail Resorts, Inc. Management Incentive Plan. (Incorporated by reference to Exhibit 10.7 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.25*	Agreement, dated January 7, 2008, by and among Vail Associates, Inc., William A. Jensen and Intrawest ULC. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2008.)	
10.26*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Resorts, Inc. and Robert A. Katz. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.27(a)*	Executive Employment Agreement made and entered into October 15, 2008 by and between Jeffrey W. Jones and Vail Resorts, Inc. (Incorporated by reference to Exhibit 10.2 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.27(b)*	Restated First Amendment to Amended and Restated Employment Agreement, dated September 18, 2008, by and between Vail Resorts, Inc. and Jeffrey W. Jones. (Incorporated by reference to Exhibit 10.28(b) of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.28*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Keith Fernandez. (Incorporated by reference to Exhibit 10.3 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.29*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and John McD. Garnsey. (Incorporated by reference to Exhibit 10.4 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.30(a)*	Executive Employment Agreement made and entered into October 15, 2008 by and between Vail Holdings, Inc., a wholly-owned subsidiary of Vail Resorts, Inc., and Blaise Carrig. (Incorporated by reference to Exhibit 10.5 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
10.30(b)*	Addendum to the Employment Agreement, dated September 1, 2002, between Blaise Carrig and Heavenly Valley, Limited Partnership. (Incorporated by reference to Exhibit 10.31(b) of Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2008.)	
10.31	Form of Indemnification Agreement. (Incorporated by reference to Exhibit 10.8 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 2008.)	
21	Subsidiaries of Vail Resorts, Inc.	258
22	Consent of Independent Registered Public Accounting Firm.	264
23	Power of Attorney. Included on signature pages hereto.	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	265
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	266
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	267

*Management contracts and compensatory plans and arrangements.

**Portions of this Exhibit have been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. Omitted portions have been filed separately with the Commission.

b) Exhibits

The exhibits filed herewith as indicated in the exhibit listed above following the Signatures section of this report.

c) Financial Statement Schedules

Consolidated Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts and Reserves
(in thousands)
For the Years Ended July 31,

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Balance at End of Period
2007				
Inventory Reserves	$ 755	$ 2,202	$ (2,131)	$ 826
Valuation Allowance on Income Taxes	1,605	--	(17)	1,588
Trade Receivable Allowances	1,388	1,638	(908)	2,118
2008				
Inventory Reserves	826	2,729	(2,344)	1,211
Valuation Allowance on Income Taxes	1,588	--	--	1,588
Trade Receivable Allowances	2,118	670	(1,122)	1,666
2009				
Inventory Reserves	1,211	2,496	(2,252)	1,455
Valuation Allowance on Income Taxes	1,588	--	--	1,588
Trade Receivable Allowances	$ 1,666	$ 2,109	$ (1,898)	$ 1,877

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: September 24, 2009

Vail Resorts, Inc.

By: /s/ Jeffrey W. Jones
Jeffrey W. Jones
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: September 24, 2009

Vail Resorts, Inc.

By: /s/ Mark L. Schoppet
Mark L. Schoppet
Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

POWER OF ATTORNEY

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on September 24, 2009.

Signature	Title
/s/ Robert A. Katz Robert A. Katz	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
/s/ Jeffrey W. Jones Jeffrey W. Jones	Senior Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ Roland A. Hernandez Roland A. Hernandez	Director
/s/ Thomas D. Hyde	

Thomas D. Hyde	Director
/s/ Richard D. Kincaid	
Richard D. Kincaid	Director
/s/ John T. Redmond	
John T. Redmond	Director
/s/ John F. Sorte	
John F. Sorte	Director
/s/ William P. Stiritz	
William P. Stiritz	Director

Exhibit 4.1(g)

SUPPLEMENTAL INDENTURE

Dated as of August 24, 2009

to

INDENTURE

Dated as of January 29, 2004

among

VAIL RESORTS, INC., as Issuer,

the Guarantors named therein, as Guarantors,

and

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

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6 3/4 % Senior Subordinated Notes due 2014

SUPPLEMENTAL INDENTURE, dated as of August 24, 2009, among Vail Resorts, Inc., a Delaware corporation (the "Issuer"), the Guarantors named on the signature pages hereto (the "Guarantors"), the Additional Guarantor named on the signature pages hereto (collectively the "Additional Guarantor"), and The Bank of New York Mellon Trust Company, N.A., as successor trustee to The Bank of New York, as Trustee (the "Trustee").

WHEREAS, the Issuer and the Guarantors have heretofore executed and delivered to the Trustee an Indenture dated as of January 29, 2004 (the "Indenture") providing for the issuance of $390,000,000 aggregate principal amount of 6 3/4% Senior Subordinated Notes due 2014 of the Company (the "Notes"); and

WHEREAS, subsequent to the execution of the Indenture and the issuance of $390,000,000 aggregate principal amount of the Notes, the Additional Guarantor has become a guarantor under the Credit Agreement; and

WHEREAS, pursuant to and as contemplated by Sections 4.18 and 9.01 of the Indenture, the parties hereto desire to execute and deliver this Supplemental Indenture for the purpose of providing for the Additional Guarantor to expressly assume all the obligations of a Guarantor under the Notes and the Indenture.

NOW, THEREFORE, in consideration of the above premises, each party agrees, for the benefit of the other and for the equal and ratable benefit of the Holders of the Notes, as follows:

I.

ASSUMPTION OF GUARANTEES

The Additional Guarantor, as provided by Section 4.18 of the Indenture, jointly and severally, hereby unconditionally expressly assumes all of the obligations of a Guarantor under the Notes and the Indenture to the fullest as set forth in Article 12 of the Indenture; and the Additional Guarantor may expressly exercise every right and power of a Guarantor under the Indenture with the same effect as if it had been named a Guarantor therein.

II.

MISCELLANEOUS PROVISIONS

A. Terms Defined.

For all purposes of this Supplemental Indenture, except as otherwise defined or unless the context otherwise requires, terms used in capitalized form in this Supplemental Indenture and defined in the Indenture have the meanings specified in the Indenture.

B. Indenture.

Except as amended hereby, the Indenture and the Notes are in all respects ratified and confirmed and all the terms shall remain in full force and effect.

C. **Governing Law.**

THIS SUPPLEMENTAL INDENTURE 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.

D. Successors.

All agreements of the Company, the Guarantors and the Additional Guarantor in this Supplemental Indenture, the Notes and the Guarantees shall bind their respective successors. All agreements of the Trustee in this Supplemental Indenture shall bind its successors.

E. Duplicate Originals.

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

F. Trustee Disclaimer.

The Trustee is not responsible for the validity or sufficiency of this Supplemental Indenture.

SIGNATURES

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

ISSUER:

VAIL RESORTS, INC.

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

GUARANTORS:

Arrabelle at Vail Square, LLC
Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Beaver Creek Food Services, Inc.
Breckenridge Resort Properties, Inc.
Bryce Canyon Lodge Company
Colter Bay Corporation
Colter Bay Convenience Store, LLC
Colter Bay General Store, LLC
Colter Bay Café Court, LLC
Colter Bay Marina, LLC
Crystal Peak Lodge of Breckenridge, Inc.
Delivery Acquisition, Inc.
Gillett Broadcasting, Inc.
Grand Teton Lodge Company
Heavenly Valley, Limited Partnership
Jackson Hole Golf and Tennis Club, Inc.
Jackson Hole Golf & Tennis Club Snack Shack, LLC
Jackson Lake Lodge Corporation
Jenny Lake Lodge, Inc.
Jenny Lake Store, LLC
JHL&S LLC
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food and Beverage Company
Keystone Resort Property Management Company
Lodge Properties, Inc.
Lodge Realty, Inc.
Mesa Verde Lodge Company
National Park Hospitality Company
One Ski Hill Place, LLC
Property Management Acquisition Corp., Inc.
RCR Vail, LLC
Rockresorts Arrabelle, LLC
Rockresorts Cheeca, LLC
Rockresorts Cordillera Lodge Company, LLC
Rockresorts Eleven Biscayne, LLC
Rockresorts Equinox, Inc.
Rockresorts Hotel Jerome, LLC
Rockresorts International, LLC
Rockresorts LLC
Rockresorts LaPosada, LLC
Rockresorts Rosario, LLC
Rockresorts (St. Lucia) Inc.
Rockresorts Ski Tip, LLC
Rockresorts Third Turtle, Ltd.
Rockresorts Wyoming, LLC
SOHO Development, LLC
SSV Holdings, Inc.
Stampede Canteen, LLC
Teton Hospitality Services, Inc.
The Chalets at the Lodge at Vail, LLC
The Vail Corporation
The Village at Breckenridge Acquisition Corp., Inc.
Vail Associates Holdings, Ltd.
Vail Associates Investments, Inc.

Vail Associates Real Estate, Inc.
Vail Food Services, Inc.
Vail Holdings, Inc.
Vail Hotel Management Company, LLC
Vail Resorts Development Company
Vail Resorts Lodging Company
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
Vail/Arrowhead, Inc.
Vail/Beaver Creek Resort Properties, Inc.
VAMHC, Inc.
Vail RR, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
VA Rancho Mirage Resort, L.P.
VR Heavenly I, Inc.
VR Heavenly II, Inc.
VR Holdings, Inc.
Zion Lodge Company

Each by its authorized officer or signatory:

By: /s/ Jeffrey W. Jones
Name: Jeffrey W. Jones
Title: Senior Executive Vice President
and
Chief Financial Officer of each
Guarantor listed above

ADDITIONAL GUARANTOR:

ROCKRESORTS DR, LLC
a Delaware limited liability company
by: Rockresorts International, LLC, its
managing member
by: Vail R.R., Inc., its
managing member

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

TRUSTEE:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Trustee

By: /s/ Alex Briffett
Name: John A. (Alex) Briffett
Title: Senior Associate

Exhibit 10.8(a)

CUSIP NUMBER:

FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of January 28, 2005

among

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

BANK OF AMERICA, N.A.
as Administrative Agent

U.S. BANK NATIONAL ASSOCIATION
WELLS FARGO BANK, NATIONAL ASSOCIATION
as Co-Syndication Agents

DEUTSCHE BANK TRUST COMPANY AMERICAS
LASALLE BANK NATIONAL ASSOCIATION
as Co-Documentation Agents

and

The Lenders Party Hereto

BANC OF AMERICA SECURITIES LLC,
as Sole Lead Arranger and Sole Book Manager

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This Fourth Amended and Restated Credit Agreement is entered into as of January 28, 2005, among The Vail Corporation, a Colorado corporation doing business as "*Vail Associates, Inc.*" ("***Borrower***"), Lenders (defined below), and Bank of America, N.A., as Administrative Agent for itself and the other Lenders.

RECITALS

A. Borrower, certain lenders, and NationsBank of Texas, N.A., as Agent, were parties to a Credit Agreement dated as of December 19, 1997 (as amended, the "***Original Agreement***").

B. The Original Agreement was amended and restated by that certain Amended and Restated Credit Agreement among Borrower, certain lenders and NationsBank, N.A. (successor by merger to NationsBank of Texas, N.A.), as Agent, dated as of May 1, 1999 (as amended, the "***Amended and Restated Agreement***").

C. Effective July 5, 1999, NationsBank, N.A. changed its name to Bank of America, N.A., and effective July 23, 1999, Bank of America, N.A. merged with and into Bank of America National Trust and Savings Association, which then changed its name to Bank of America, N.A.

D. The Amended and Restated Agreement was amended and restated by that certain Second Amended and Restated Credit Agreement among Borrower, certain lenders and Bank of America, N.A., as Agent, dated as of November 13, 2001 (as amended, the "***Second Amended and Restated Agreement***").

E. The Second Amended and Restated Agreement was amended and restated by that certain Third Amended and Restated Revolving Credit and Term Loan Agreement among Borrower, certain lenders and Bank of America, N.A., as Administrative Agent, dated as of June 10, 2003 (as amended, the "***Existing Agreement***").

F. The parties wish to amend and restate the Existing Agreement on the terms and conditions of this Agreement.

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

SECTIONDEFINITIONS AND TERMS.
1

1.1 Definitions.

Additional Critical Assets means Critical Assets acquired by the Companies after the Third Agreement Date.

Adjusted EBITDA means, without duplication, for any period of calculation, the *sum* of (a) Resort EBITDA and (b) EBITDA of the Restricted Companies related to real estate activities in an amount not greater than 33% of Adjusted EBITDA.

Administrative Agent means Bank of America, N.A., a national banking association, and its successor as administrative agent for Lenders under this Agreement.

Administrative Agent's Office means Administrative Agent's address and, as appropriate, account as set forth on ***Schedule 1***, or such other address or account as Administrative Agent may from time to time notify to Borrower and Lenders.

Administrative Questionnaire means an Administrative Questionnaire in a form supplied by Administrative Agent.

Affiliate means with respect to any Person (the "***Relevant Person***") (a) any other Person that directly, or indirectly through one or more intermediaries, controls the relevant Person (a "***Controlling Person***"), or (b) any Person (*other than* the Relevant Person) which is controlled by or is under common control with a Controlling Person. As used herein, the term "*control*" means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Agreement means this Fourth Amended and Restated Credit Agreement, and all schedules and exhibits thereto, as renewed, extended, amended, supplemented, or restated from time to time.

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

	Ratio of Funded Debt to Adjusted EBITDA	Applicable Margin for LIBOR Loans	Applicable Margin Base Rate Loans
I	Less than 2.50 to 1.00	1.00%	0.00%
II	Greater than or equal to 2.50 to 1.00, but less than 3.00 to 1.00	1.25%	0.00%
III	Greater than or equal to 3.00 to 1.00, but less than 3.50 to 1.00	1.50%	0.25%
IV	Greater than or equal to 3.50 to 1.00, but less than 4.00 to 1.00	1.75%	0.50%
V	Greater than or equal to 4.00 to 1.00	2.00%	1.00%

Prior to Administrative Agent's receipt of the Companies' consolidated Financial Statements for the Companies' fiscal quarter ended January 31, 2005, the ratio of Funded Debt to Adjusted EBITDA shall be fixed at Level IV. Thereafter, the ratio of Funded Debt to Adjusted EBITDA shall be calculated on a consolidated basis for the Companies in accordance with GAAP for the most recently completed fiscal quarter of the Companies for which results are available. The ratio shall be determined from the Current Financials and any related Compliance Certificate and any change in the Applicable Margin resulting from a change in such ratio shall be effective as of the date of delivery of such Compliance Certificate. However, if Borrower fails to furnish to Administrative Agent the Current Financials and any related Compliance Certificate when required pursuant to ***Section 9.1***, then the ratio shall be deemed to

be at Level V until Borrower furnishes the required Current Financials and any related Compliance Certificate to Administrative Agent. Furthermore, if the Companies' audited Financial Statements delivered to Administrative Agent for any fiscal year pursuant to ***Section 9.1(a)*** result in a different ratio, such revised ratio (whether higher or lower) shall govern effective as of the date of such delivery. For purposes of determining such ratio, Adjusted EBITDA for any fiscal quarter shall include on a *pro forma* basis all EBITDA of the Restricted Companies for such period relating to assets acquired in accordance with this Agreement (including, without limitation, Restricted Subsidiaries formed or acquired in accordance with ***Section 9.10*** hereof, and Unrestricted Subsidiaries re-designated as Restricted Subsidiaries in accordance with ***Section 9.11(b)*** hereof) during such period, but shall exclude on a *pro forma* basis all EBITDA of the Restricted Companies for such period relating to any such assets disposed of in accordance with this Agreement during such period (including, without limitation, Restricted Subsidiaries re-designated as Unrestricted Subsidiaries in accordance with ***Section 9.11(a)*** hereof).

Applicable Percentage means, for any day, the commitment fee percentage applicable under ***Section 5.4*** when commitment fees are determined under this Agreement. The Applicable Percentage is subject to adjustment (upwards or downwards, as appropriate) based on the ratio of Funded Debt to Adjusted EBITDA, as follows:

Level	Ratio of Funded Debt to Adjusted EBITDA	Applicable Percentage
I	Less than 2.50 to 1.00	0.175%
II	Greater than or equal to 2.50 to 1.00, but less than 3.00 to 1.00	0.200%
III	Greater than or equal to 3.00 to 1.00, but less than 3.50 to 1.00	0.250%
IV	Greater than or equal to 3.50 to 1.00, but less than 4.00 to 1.00	0.250%
V	Greater than or equal to 4.00 to 1.00	0.375%

Prior to Administrative Agent's receipt of the Companies' consolidated Financial Statements for the Companies' fiscal quarter ended January 31, 2005, the ratio of Funded Debt to Adjusted EBITDA (which shall be determined as described in the definition of "*Applicable Margin*") shall be fixed at Level IV.

Approved Fund means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Arranger means Banc of America Securities LLC, in its capacity as sole lead arranger and sole book manager.

Assignee Group means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

Assignment and Assumption means an Assignment and Assumption substantially in the form of ***Exhibit E*** hereto.

Attorney Costs has the meaning set forth in ***Section 7.1(m)***.

Auto-Extension L/C has the meaning set forth in ***Section 2.3(b)(iii)***.

Bank of America means Bank of America, N.A., a national banking association, in its individual capacity and not as Administrative Agent, and its permitted successors and assigns.

Base Rate means, for any day, a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate *plus* 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "*prime rate*." The "*prime rate*" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

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

BBA LIBOR means the British Bankers Association LIBOR Rate.

BC Housing L/Cs means, collectively, the (a) $9,232,709 irrevocable transferable L/C expiring October 31, 2005, issued by the applicable L/C Issuer to Colorado National Bank and any successor thereto as Trustee under the 1997 Trust Indenture with Eagle County, Colorado, as Issuer, relating to $10,600,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (BC Housing, LLC Project) Series 1997A, and (b) $1,531,250 irrevocable transferable L/C expiring June 15, 2005, issued by the applicable L/C Issuer to Colorado National Bank and any successor thereto as Trustee under the 1997 Trust Indenture with Eagle County, Colorado, as Issuer, relating to $10,600,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (BC Housing, LLC Project) Series 1997B, under the terms of which such Trustee is, subject to the terms and conditions set forth therein, entitled to draw, with respect to such Bonds, up to (x) amounts sufficient to pay (i) the principal of such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, *plus* (y) amounts equal to approximately 35 days of accrued interest on such Bonds at 15% per annum (with respect to Series A) and 50 days of accrued interest on such Bonds (with respect to Series B) to pay (i) interest on such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest, as each such L/C may be renewed, extended, increased or amended from time to time in accordance with the Loan Papers.

Bond Documents means (a) when used in connection with any Bond L/C, those certain Bonds or other certificates of indebtedness with respect to which such Bond L/C has been issued as credit support, together with any remarketing agreement, trust indenture, purchased bond custody agreement, funding agreement, pledge agreement, and other documents executed pursuant to or in connection with such bonds or other certificates of indebtedness, and all amendments or supplements thereto, and (b) in all other cases, collectively, all Bond Documents as defined in the preceding ***clause (a)*** relating to Bond L/Cs then outstanding.

Bond L/Cs means all L/Cs issued by any L/C Issuer at the request of (a) Borrower and any Housing District in support of Bonds issued by such Housing District, or (b) Borrower and any Metro District in support of Bonds issued by such Metro District, which L/Cs satisfy the conditions set forth in

Section 2.3(j)(i) herein, and renewals or extensions thereof, including, without limitation, the BC Housing L/Cs, the Breckenridge Terrace L/Cs, the Tarnes L/Cs, the Tenderfoot Housing L/Cs, and the Holland Creek L/C.

Bond Purchase Drawing has the meaning set forth in ***Section 2.3(j)(ii)***.

Bond Rights has the meaning set forth in ***Section 2.3(j)(iv)***.

Bonds means revenue bonds issued by (a) any Housing District or other Person for the purpose of financing, directly or indirectly, the development of housing projects designated for employees of the Companies, or (b) any Metro District or other Person for the purpose of financing, directly or indirectly, the operation, construction, and maintenance of infrastructure projects, which projects are related to the Companies' business activities in the region in which the projects are being developed, and for which a Restricted Company has issued credit support in the form of a Bond L/C for such revenue bonds.

Borrower is defined in the preamble to this Agreement.

Borrower Materials has the meaning specified in ***Section 9.1***.

Breckenridge Terrace L/Cs means, collectively, the (a) $15,198,459 irrevocable transferable L/C expiring October 31, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Breckenridge Terrace LLC as Issuer, relating to approximately $19,980,000 of Breckenridge Terrace LLC Taxable Housing Facilities Revenue Notes (Breckenridge Terrace Project), Series 1999A, and (b) $5,108,334 irrevocable transferable L/C expiring April 29, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Breckenridge Terrace LLC as Issuer, relating to approximately $19,980,000 of Breckenridge Terrace LLC Taxable Housing Facilities Revenue Notes (Breckenridge Terrace Project), Series 1999B, under the terms of which such Trustee is, subject to the terms and conditions set forth therein, entitled to draw up to (x) amounts sufficient to pay (i) the principal of such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Notes, *plus* (y) amounts equal to approximately 35 days of accrued interest on such Notes at 15% per annum (with respect to Series A) and 52 days of accrued interest on such Notes (with respect to Series B) to pay (i) interest on such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest, as each such L/C may be renewed, extended, increased, or amended from time to time in accordance with the Loan Papers.

Business Day means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to be closed under the Laws of, or are in fact closed in, Dallas, Texas or New York, New York, or if such day relates to any LIBOR Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

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

Change in Law means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation, or treaty, (b) any change in any Law, rule, regulation, or treaty or in the administration, interpretation, or application thereof by any Governmental Authority, or (c) the making or issuance of any request, guideline, or directive (whether or not having the force of Law) by any Governmental Authority.

Change of Control Transaction means an event or series of events by which:

(a) any "*person*" or "*group*" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) becomes the "*beneficial owner*" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934), directly or indirectly, of 40% or more of the equity securities of VRI entitled to vote for members of the board of directors or equivalent governing body of VRI on a fully-diluted basis;

(b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of VRI cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in ***clause (i)*** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body, or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in ***clauses (i)*** and ***(ii)*** above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both ***clause (ii)*** and ***clause (iii)***, any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) any Person or two or more Persons acting in concert shall have acquired, by contract or otherwise, control over the equity securities of VRI entitled to vote for members of the board of directors or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such Person or group has the right to acquire pursuant to any option right) representing 51% or more of the combined voting power of such securities.

Closing Date means the first date that all conditions precedent set forth in ***Section 7.1*** have been satisfied or waived in accordance with such Section.

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

Collateral is defined in ***Section 6.2.***

Commitment means, as to each Lender, its obligation to (a) make Revolver Loans to Borrower pursuant to ***Section 2.1***, (b) purchase participations in the L/C Exposure, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on ***Schedule 1*** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable (which amount is subject to increase, reduction, or cancellation in accordance with the Loan Papers).

Commitment Percentage means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Total Commitment represented by such Lender's Commitment at such time. If the commitment of each Lender to make Loans and the obligation of each L/C Issuer to make L/C Credit Extensions have been terminated pursuant to ***Section 13.1*** or if the Total Commitment has expired, then the Commitment Percentage of each Lender shall be determined based on the Commitment Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Commitment Percentage of each Lender is set forth opposite the name of such Lender on ***Schedule 1*** or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

Commitment Usage means, at the time of any determination thereof, the *sum* of (a) the aggregate Outstanding Amount of all Loans, *plus*, *without duplication*, (b) the L/C Exposure.

Companies means VRI and each of VRI's Restricted and Unrestricted Subsidiaries now or hereafter existing, and ***Company*** means any of the Companies.

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

Confirmation of Guaranty means that certain Confirmation of Guaranty dated of even date herewith, executed and delivered by the Guarantors party thereto in favor of Administrative Agent, for the benefit of Lenders, substantially in the form of ***Exhibit B-2*** hereto.

Confirmation of Pledge Agreement means a Confirmation of Pledge Agreement dated of even date herewith, executed and delivered by any Restricted Company that executed a Pledge Agreement under the Existing Agreement in favor of Administrative Agent, for the benefit of Lenders, substantially in the form of ***Exhibit F-2*** hereto.

Critical Assets means all improvements, assets, and Rights essential to ski resort operations owned or acquired by any Company.

Current Financials means, initially, the consolidated Financial Statements of the Companies for the period ended October 31, 2004, and thereafter, the consolidated Financial Statements of the Companies most recently delivered to Administrative Agent under ***Sections 7.1, 9.1(a)*** or ***9.1(b)***, as the case may be.

Daily Floating LIBOR means, for any day, a fluctuating rate per annum equal to BBA LIBOR, as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by Administrative Agent from time to time) at approximately 11:00 a.m., London time, on such day for Dollar deposits with a term equivalent to one (1) month. If such rate is not available at such time for any reason, then Daily Floating LIBOR shall be the rate per annum determined by Administrative Agent to be the rate at which deposits in Dollars in same day funds in the approximate amount of the Daily Floating LIBOR Loan being made by Bank of America and with a term equivalent to one (1) month would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) on such day. Notwithstanding the foregoing, Daily Floating LIBOR on any day that is not a Business Day with respect to LIBOR Loans shall be Daily Floating LIBOR determined on the immediately preceding Business Day for LIBOR Loans.

Daily Floating LIBOR Loan means a Loan at such time as it is made and/or maintained at a rate of interest based upon Daily Floating LIBOR.

Debt of any Person means at any date, without duplication (and calculated in accordance with GAAP), (a) all obligations of such Person for borrowed money (whether as a direct obligation on a promissory note, bond, zero coupon bond, debenture or other similar instrument, or as an unfulfilled reimbursement obligation on a drawn letter of credit or similar instrument, or otherwise), including, without duplication, all Capital Lease obligations (*other than* the interest component of such obligations) of such Person, (b) all obligations of such Person to pay the deferred purchase price of property or services, *other than* (i) obligations under employment contracts or deferred employee compensation plans and (ii) trade accounts payable and other expenses or payables arising in the ordinary course of business, (c) all Debt of others secured by a Lien on any asset of such Person (or for which the holder of the Debt has an existing Right, contingent or otherwise, to be so secured), whether or not such Debt is assumed by such Person, and (d) all guarantees and other contingent obligations (as a general partner or otherwise) of such Person with respect to Debt of others.

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

Default is defined in ***Section 12***.

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

Defaulting Lender means any Lender that (a) has failed to fund any portion of the Revolver Loans, participations in L/C Exposure, or participations in Swing Line Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to Administrative Agent or any other Lender any other amount required to be paid by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

Disqualified Equity Interests means capital stock or other Equity Interests that by their terms (or by the terms of any debt or security into which they are convertible or for which they are exchangeable) or upon the happening of any event, mature or are mandatorily redeemable pursuant to a sinking fund, demand of the holder, or otherwise, in whole or in part, including, without limitation, any Equity Interests issued in exchange for or in redemption of any Subordinated Debt.

Distribution means, with respect to any shares of any capital stock or other Equity Interests issued by VRI or any Subsidiary, (a) the retirement, redemption, purchase, or other acquisition for value of those securities or Equity Interests by such Person (including, without limitation, in connection with the merger or consolidation of any Company), (b) the payment of any dividend (whether in cash, securities, or property) on or with respect to those securities or Equity Interests by such Person (including, without limitation, in connection with the merger or consolidation of any Company), (c) any loan or advance by that Person to, or other investment by that Person in, the holder of any of those securities, and (d) any other payment by that Person with respect to those securities or Equity Interests, including any sinking fund or general deposit, on account of the purchase, redemption, retirement, acquisition, cancellation, or

termination of any such securities or Equity Interests, or on account of any return of capital to such Person's stockholders, partners, or members (or the equivalent Person), if any.

Dollars and ***$*** mean lawful money of the United States.

EBITDA means, for any period of calculation with respect to any Person (or group of Persons whose Financial Statements are consolidated in accordance with GAAP), Net Income before interest expense, Taxes based on or measured by income, and Non-Cash Operating Charges, in each case to the extent deducted in determining Net Income.

Eligible Assignee means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; and (d) any other Person (other than a natural person) approved by (i) Administrative Agent, the L/C Issuers, and the Swing Line Lenders, and (ii) unless a Default has occurred and is continuing, Borrower (each such approval not to be unreasonably withheld or delayed); *provided that* notwithstanding the foregoing, ***Eligible Assignee*** shall not include Borrower, any of Borrower's Affiliates, or the Companies.

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

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

Equity Interests means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options, or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities (other than debt securities) convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights, or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member, or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights, or other interests are outstanding on any date of determination.

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

Excluded Taxes means, with respect to Administrative Agent, any Lender, the L/C Issuers, or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) Taxes imposed on or measured by its overall net income (however denominated), and franchise Taxes imposed on it (in lieu of net income Taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located, (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which Borrower is located, and (c) in the case of a Foreign Lender (other than an assignee pursuant to a request by Borrower under ***Section 15.14***), any withholding Tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with ***Section 4.1(e)***, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from Borrower with respect to such withholding Tax pursuant to ***Section 4.1(a)***.

Existing Agreement is defined in the Recitals of this Agreement.

Existing Critical Assets means each of the Critical Assets owned by the Companies on the Third Agreement Date and listed on ***Schedule 8.11(a)*** hereto.

Existing Housing Bonds means the following Bonds issued by Housing Districts before the Third Agreement Date (and re-issuances of such Housing Bonds in accordance with the related Bond Documents): (a) $10,600,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (BC Housing, LLC Project) Series 1997A and 1997B, (b) $19,980,000 of Breckenridge Terrace LLC Taxable Housing Facilities Revenue Notes (Breckenridge Terrace Project), Series 1999A and 1999B, (c) $10,410,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (The Tarnes at BC, LLC Project), Series 1999A and 1999B, and (d) $11,585,000 of the Tenderfoot Seasonal Housing, LLC Taxable Housing Facilities Revenue Notes (Tenderfoot Seasonal Housing, LLC Project), Series 2000A and 2000B, and renewals or extensions of each of the foregoing (but not increases thereof) on or after the Third Agreement Date.

Existing Housing Districts means, collectively, Tenderfoot Seasonal Housing LLC, The Tarnes at BC Housing LLC, BC Housing LLC (Riveredge), and Breckenridge Terrace LLC, and ***Existing Housing District*** means any one of the Existing Housing Districts.

Existing Metro Districts means, collectively, Smith Creek Metropolitan District, Bachelor Gulch Metropolitan District, Holland Creek Metropolitan District, and Red Sky Ranch Metropolitan District, and ***Existing Metro District*** means any one of the Existing Metro Districts.

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

Fee Letters means, collectively, (a) the letter agreement dated December 17, 2004, among VRI, Borrower, Administrative Agent, Arranger, and Bank of America, as L/C Issuer, and (b) the letter agreement dated January 24, 2005, among VRI, Borrower, and Wells Fargo Bank, National Association, as L/C Issuer; and ***Fee Letter*** means one of the Fee Letters.

Financial Hedge means a transaction between Borrower and any Lender or an Affiliate of any Lender (or another Person reasonably acceptable to Administrative Agent), which is intended to reduce or eliminate the risk of fluctuations in one or more interest rates, foreign currencies, commodity prices, equity prices, or other financial measures, whether or not such transaction is governed by or subject to any master agreement conforming to ISDA standards and which is legal and enforceable under applicable Law.

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

preceding fiscal year, as applicable.

Foreign Lender means a Lender that is not a "*United States person*" within the meaning of *Section 7701(a)(30)* of the Code.

Forest Service Permit Agreements means (a) that certain Amended and Restated Multiparty Agreement Regarding Forest Service Term Special Use Permit No. 4056/01; (b) that certain Amended and Restated Multiparty Agreement Regarding Forest Service Special Use Permit No. 4065-03; (c) any similar agreement or instrument relating to any Forest Service Permit and authorized or contemplated by the provisions of the documents executed in connection with the issuance of the Vail Bonds; and (d) all renewals, extensions and restatements of, and amendments and supplements to, any of the foregoing.

Forest Service Permits means (a) Ski Area Term Special Use Permit Holder No. 4056/01 issued by the Service to Borrower for the Vail ski area on November 23, 1993, and expiring on October 31, 2031; (b) Term Special Use Permit No. Holder 4065-03 issued by the Service to Borrower's wholly-owned subsidiary, Beaver Creek Associates, Inc., for the Beaver Creek ski area on November 10, 1999, and expiring on December 31, 2038; (c) Term Special Use Permit Holder No. 5289-01 for Keystone ski area issued by the Service to Ralston Resorts, Inc., now known as Vail Summit Resorts, on December 31, 1996, and expiring on December 31, 2032; (d) Term Special Use Permit Holder No. 5289-04 for Breckenridge ski area issued by the Service to Ralston Resorts, Inc., now known as Vail Summit Resorts, on December 31, 1996, and expiring on December 31, 2029; (e) Term Special Use Permit Holder No. EDL508901 for Heavenly ski area issued by the Service to Heavenly Valley on May 7, 2002, and expiring on May 1, 2042; and (f) any replacements of any of the foregoing.

Fund means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding, or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

Funded Debt means, without duplication, on any date of determination, *the sum of* the following, calculated on a consolidated basis for the Restricted Companies in accordance with GAAP: (a) all obligations for borrowed money (whether as a direct obligation on a promissory note, bond, zero coupon bond, debenture, or other similar instrument, or as an unfulfilled reimbursement obligation on a drawn letter of credit or similar instrument, or otherwise), *plus* (b) all Capital Lease obligations (*other than* the interest component of such obligations) of SSI or any Restricted Company, *plus* (c) reimbursement obligations and undrawn amounts under Bond L/Cs supporting Bonds (other than Existing Housing Bonds) issued by Unrestricted Subsidiaries, *but expressly excluding* (d) Debt under Existing Housing Bonds; *provided*, *that*, for purposes of calculating the Funded Debt of the Restricted Companies under this Agreement, if SSI is not a Restricted Subsidiary, then (unless otherwise indicated) a percentage of principal of and interest on SSI's Funded Debt shall be included in each such calculation, with such percentage being the average weighted membership interest held by Borrower in SSI (expressed as a percentage) on such date of determination.

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

GAAP means generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession) that are applicable from time to time.

Governmental Authority means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

Guarantor means each Person executing a Guaranty.

Guaranty means, collectively, (a) a guaranty substantially in the form of ***Exhibit B-1***, executed and delivered by any Person pursuant to the requirements of the Loan Papers, together with (b) any related Confirmation of Guaranty and any other amendment, modification, supplement, restatement, ratification, or reaffirmation of any Guaranty made in accordance with the Loan Papers.

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

Heavenly Valley means Heavenly Valley, Limited Partnership, a Nevada limited partnership.

Holland Creek L/C means an irrevocable transferable L/C of up to $8,597,808 expiring August 24, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the Trust Indenture dated as of June 1, 2001 with Holland Creek Metropolitan District, pursuant to which $8,500,000 in aggregate principal amount of the Holland Creek Metropolitan District, Eagle County, Colorado, Variable Rate Revenue Bonds, Series 2001, are being issued and delivered by Holland Creek Metropolitan District, a quasi-municipal corporation and political subdivision of the State of Colorado under the terms of which such Trustee is, subject to the terms and conditions set forth therein, entitled to draw, with respect to such Bonds, up to (a) an amount sufficient to pay (i) the principal of such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, *plus* (b) an amount equal to approximately 35 days of accrued interest on such Bonds (at up to 12% per annum), to pay (i) interest on such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such indenture and not subsequently remarketed corresponding to accrued interest, as such L/C may be renewed, extended, increased or amended from time to time in accordance with the Loan Papers.

Honor Date has the meaning set forth in ***Section 2.3(c)(i)***.

Housing Districts means, collectively, (a) the Existing Housing Districts, and (b) any other Person which issues Bonds after the Closing Date to finance the development of housing projects for employees of the Companies; and ***Housing District*** means one of the Housing Districts.

Indemnified Taxes means Taxes other than Excluded Taxes.

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

Interest Period means, as to each Revolver Loan that is a LIBOR Loan, the period commencing on the date such Revolver Loan is disbursed or converted to or continued as a Revolver Loan that is a LIBOR Loan and ending on the date one, two, three or six months thereafter, as selected by Borrower in its Loan Notice; *provided that*:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Termination Date.

Internal Control Event means a material weakness in, or fraud that involves management or other employees who have a significant role in, Borrower's internal controls over financial reporting, in each case as described in the Securities Laws.

Investment Limit means, on any date of determination, the *sum* of (a) $75,000,000 *plus* (b) 10% of Total Assets.

ISP means, with respect to any L/C, the "*International Standby Practices 1998*" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

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

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

L/C Agreement means an application and agreement for the issuance or amendment of an L/C in the form from time to time in use by the applicable L/C Issuer.

L/C Borrowing means an extension of credit resulting from a drawing under any L/C that has not been reimbursed on the date when made or refinanced as a Revolver Loan.

L/C Credit Extension means, with respect to any L/C, the issuance thereof, the extension of the expiry date thereof, or the increase of the amount thereof.

L/C Expiration Date means the day that is seven (7) days prior to the Termination Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

L/C Exposure means, on any date of determination, without duplication, the *sum* of (a) the aggregate amount available to be drawn under all outstanding L/Cs (including, without limitation, any reinstatement of or increase in the face amount thereof effected pursuant to the terms of any Bond L/C), *plus* (b) the aggregate unpaid reimbursement obligations of Borrower with respect to drawings, drafts or other forms of demand honored under any L/C (including, without limitation, all L/C Borrowings and unpaid reimbursement obligations under any Bond L/C). For purposes of computing the amount available to be drawn under any L/C, the amount of such L/C shall be determined in accordance with ***Section 1.7***. For all purposes of this Agreement, if on any date of determination an L/C has expired by its terms but any amount may still be drawn thereunder by reason of the operation of *Rule 3.14* of the ISP, such L/C shall be deemed to be "*outstanding*" in the amount so remaining available to be drawn.

L/C Issuer means Bank of America and Wells Fargo Bank, National Association, in their respective capacities as issuers of L/Cs hereunder, or any successor issuer of L/Cs hereunder; and ***L/C Issuer*** means one of the L/C Issuers.

L/C Subfacility means a subfacility under the Agreement for the issuance of L/Cs, as described in ***Section 2.3***, under which the L/C Exposure may never exceed the L/C Sublimit.

L/C Sublimit means the lesser of (a) $150,000,000 and (b) the Total Commitment (as the same may be increased or reduced in accordance with the Loan Papers). The L/C Sublimit is part of, and not in addition to, the Total Commitment.

Lenders means (a) each of the lenders named on the attached ***Schedule 1*** (and as the context so requires, the Swing Line Lenders) and, subject to this Agreement, their respective successors and assigns (but not any Participant who is not otherwise a party to this Agreement), and (b) additional lenders who become party to this Agreement in accordance with ***Section 2.5(b)*** hereof.

Lending Office means as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify Borrower and Administrative Agent.

LIBOR means for any Interest Period the rate per annum equal to BBA LIBOR as published by Reuters (or other customarily used, commercially available source providing quotations of BBA LIBOR as designated by Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first (1st) day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then ***LIBOR*** with respect to any such Revolver Loan that is a LIBOR Loan for such Interest Period shall be the rate per annum determined by Administrative Agent to be the rate at which deposits in Dollars for delivery on the first (1st) day of such Interest Period in same day funds in the approximate amount of such Revolver Loan that is a LIBOR Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period; and

LIBOR Loan means (a) with respect to Revolver Loans, a Loan bearing interest at the *sum* of LIBOR *plus* the Applicable Margin, and (b) with respect to Swing Line Loans (or participations therein), a Loan bearing interest at Daily Floating LIBOR *plus* the Applicable Margin.

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

Litigation means any action, suit, proceeding, claim, or dispute by or before any Governmental Authority.

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

Loan Date is defined in ***Section 2.2(a)***.

Loan Notice means a request substantially in the form of ***Exhibit C-1***.

Loan Papers means (a) this Agreement and the Notes, (b) each Guaranty, (c) all L/Cs and L/C Agreements, (d) the Security Documents, and (e) all renewals, extensions, restatements of, amendments and supplements to, and confirmations or ratifications of, any of the foregoing.

Material Adverse Event means any (a) material impairment of the ability of the Restricted Companies as a whole to perform their payment or other material obligations under the Loan Papers or material impairment of the ability of Administrative Agent or any Lender to enforce any of the material obligations of the Restricted Companies as a whole under the Loan Papers; (b) material and adverse effect on the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the Restricted Companies as a whole; or (c) a material adverse effect upon the legality, validity, or binding effect against the Restricted Companies as a whole of any Loan Paper to which such Restricted Companies are parties.

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

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

Metro Districts means, collectively, (a) the Existing Metro Districts, and (b) any other Person which issues Bonds after the Closing Date to finance the operation, construction, and maintenance of infrastructure projects in municipalities, which projects are related to the Companies' business activities in the region in which the projects are being developed; and ***Metro District*** means one of the Metro Districts.

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

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

Net Income means, for any period with respect to any Person (or group of Persons whose Financial Statements are consolidated in accordance with GAAP), the net income of such Person or Persons from continuing operations after extraordinary items (excluding gains or losses from the disposition of assets) for that period determined in accordance with GAAP; *provided however, that* for purposes of calculating Net Income of the Restricted Companies under this Agreement:

(a) if any Restricted Company owns an interest in a Person that is not consolidated in the consolidated financial statements of VRI and its Restricted Subsidiaries in accordance with GAAP (a "***Non-Consolidated Entity***"), then such equity interest shall not be accounted for under the equity method of accounting, but the "***Net Income***" of such Restricted Company shall be increased to the extent cash is distributed to such Restricted Company by any such Non-Consolidated Entity during such period and shall be decreased to the extent cash is contributed in the form of equity to such Non-Consolidated Entity in order to fund losses of such Non-Consolidated Entity during such period; *provided, that* for purposes of ***Section 10.9(d)***, the Net Income of any Restricted Company for any period shall not be adjusted to the extent cash is contributed by such Restricted Company in the form of equity to a Non-Consolidated Entity in order to fund losses of such Non-Consolidated Entity during such period;

(b) if SSI is not a Restricted Subsidiary, then (unless otherwise indicated) a percentage of the Net Income of SSI shall be included in each such calculation, with such percentage being the weighted average membership interest held by Borrower in SSI (expressed as a percentage) during the applicable period of calculation for each such calculation; and

(c) premiums paid and the write-off of any unamortized balance of original issue discount in connection with a redemption of, or tender offer for, debt that is consummated in accordance with the Loan Papers, and the amortization and write-off of any unamortized balance of debt issuance costs, shall be excluded.

Net Proceeds means, with respect to the issuance of equity securities, the cash and non-cash proceeds received from such issuance, net of attorneys' fees, investment banking fees, accountants fees, underwriting discounts and commissions, and other customary fees and expenses actually incurred in connection with such issuance (*other than* fees, discounts, commissions, and expenses paid to an Affiliate of such Person).

Non-Cash Operating Charges means depreciation expense, amortization expense, and any other non-cash charges determined in accordance with GAAP (including, without limitation, non-cash compensation expenses incurred in respect of stock option plans, including, without limitation, pursuant to FAS 123R).

Nonextension Notice Date has the meaning set forth in ***Section 2.3(b)(iii)***.

Notes means, collectively, the Revolver Notes and Swing Line Notes, and "***Note***" means any of the Notes.

Obligation means all present and future indebtedness and obligations, and all renewals, increases, and extensions thereof, or any part thereof, now or hereafter owed to Administrative Agent, the L/C Issuers, and any Lender (including, without limitation, the Swing Line Lenders) by the Companies under the Loan Papers, *together with* all interest accruing thereon, fees, costs, and expenses (including, without limitation, all attorneys' fees and expenses incurred in the enforcement or collection thereof) payable under the Loan Papers or in connection with the protection of Rights under the Loan Papers; *provided that*, all references to the ***Obligation*** in the Security Documents, the Guaranty, and ***Section 3.10*** herein shall, in addition to the foregoing, also include all present and future indebtedness, liabilities, and obligations (and all renewals and extensions thereof or any part thereof) now or hereafter owed to any Lender or any Affiliate of a Lender arising from, by virtue of, or pursuant to any Financial Hedge entered into by any Restricted Company.

Other Taxes means all present or future stamp or documentary Taxes or any other excise or property Taxes, charges, or similar levies arising from any payment made hereunder or under any other Loan Paper or from the execution, delivery, or enforcement of, or otherwise with respect to, this Agreement or any other Loan Paper.

Outstanding Amount means (a) with respect to Revolver Loans and Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolver Loans and Swing Line Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Exposure on any date, the amount of such L/C Exposure on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Exposure as of such date, including as a result of any reimbursements by Borrower of Unreimbursed Amounts.

Participant is defined in ***Section 15.11(d)***.

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

Permitted Debt means:

(a) the Obligation;

(b) Debt of any Company which is listed on Part B of ***Schedule 2.3***;

(c) Debt of any Company arising from endorsing negotiable instruments for collection in the ordinary course of business;

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

(e) in addition to the foregoing: (i) Debt of Unrestricted Subsidiaries which is non-recourse to the Restricted Companies and their assets, unless otherwise included in ***clause (iii)*** hereof; (ii) Debt of any Company arising under or pursuant to the Existing Housing Bonds to which any such Company is a party; (iii) Debt of any Company arising under or pursuant to Bonds (other than Existing Housing Bonds) to which any such Company is a party, *so long as* after giving effect to the incurrence of such Debt and, without duplication, Debt incurred by Borrower or any other Company in support thereof, (A) the Companies are in pro forma compliance with all financial covenants set forth in ***Section 11.1*** herein, and (B) no Default or Potential Default exists or would result after giving effect thereto; (iv) fees and other amounts payable under the Forest Service Permits in the ordinary course of business; and (v) inter-company Debt between Restricted Companies;

(f) up to $12,975,000 of Debt arising under the guaranty by Borrower of amounts owed by SSI under its Credit Agreement dated as of December 30, 1999, as amended, restated or supplemented from time to time (with any remaining Debt under such guaranty permitted only to the extent permitted under ***clause (g)*** below); and

(g) in addition to the foregoing, Debt in an amount equal to the *sum* of (i) $100,000,000 and (ii) at such time as the SSI guaranty in ***clause (f)*** above is or has been terminated in full, such that Borrower has no obligations thereunder, $13,000,000, less any amount paid by Borrower, if any, under such guaranty.

Permitted Liens means:

(a) Liens created by the Security Documents or other Liens securing the Obligation, and *so long as* the Obligation is ratably secured therewith, Liens securing Debt incurred by any Company under any Financial Hedge with any Lender or an Affiliate of any Lender to the extent permitted under ***Section 10.8(i)***;

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

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

(d) Liens on assets of Unrestricted Subsidiaries securing Debt which is non-recourse (other than with respect to the L/C listed on ***Schedule 2.3*** supporting obligations of SSI) to the Restricted Companies and their assets (to the extent not otherwise included in ***clause (f)*** below);

(e) Liens on assets of any Company securing Permitted Debt arising under or pursuant to any Bond Documents to which any such Company is a party;

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

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

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

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

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

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

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

(m) any Lien on any asset of any entity that becomes a Subsidiary of VRI, which Lien exists at the time such entity becomes a Subsidiary of VRI, *so long as* (i) any such Lien was not created in contemplation of such acquisition, merger, or consolidation, and (ii) any such Lien does not and shall not extend to any asset other than the assets secured immediately prior to the acquisition in formation of such Subsidiary;

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

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

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

Person means any individual, partnership, entity or Governmental Authority.

Platform has the meaning specified in ***Section 9.1***

Pledge Agreement means, collectively, (a) a pledge agreement substantially in the form of ***Exhibit F-1***, executed and delivered by any Person pursuant to the requirements of the Loan Papers, together with (b) any related Confirmation of Pledge Agreement and any other amendment, modification, supplement, restatement, ratification, or reaffirmation of any Pledge Agreement made in accordance with the Loan Papers.

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

Principal Debt means, at any time, the aggregate unpaid principal balance of all Loans, together with the aggregate unpaid reimbursement obligations of Borrower in respect of drawings under any L/C (including, without limitation, any L/C Borrowing).

Purchase Price means, with respect to any acquisition or merger consummated in accordance with the provisions of ***Section 10.11*** herein, all (a) direct and indirect cash payments, and (b) deferred cash payments determined by Borrower to be reasonably likely to be payable following the closing date of such acquisition or merger, which payments pursuant to ***clauses (a)*** and ***(b)*** herein are made to or for the benefit of the Person being acquired (or whose assets are being acquired), its shareholders, or its Affiliates in connection with such acquisition or merger, including, without limitation, the amount of any Debt being assumed in connection with such acquisition or merger (and subject to the limitations on Permitted Debt hereunder) or seller financing, and excluding, without limitation, payments to Affiliates of the Person being acquired (or whose assets are being acquired) for usual and customary transitional services or other operating services provided by such Affiliates of the Person being acquired (or whose assets are being acquired) pursuant to agreements that have been entered into in good faith by the parties thereto.

Quarterly Date means each January 31, April 30, July 31 and October 31; *provided, that* if any such Quarterly Date is not a Business Day, the provisions of ***Section 15.2*** shall apply to payments required on such day.

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*," including, without limitation, cash deposits constituting earnest money or security deposits relating to such real estate held by any such Person.

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).

Related Parties means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

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

Required Capital Expenditures means $30,000,000.

Required Lenders means Lenders holding more than (a) 50% of the Total Commitment, prior to the termination of the Total Commitment, or (b) 50% of the Commitment Usage, after the termination of the Total Commitment (with the aggregate amount of each Lender's risk participation and funded participation in L/Cs and Swing Line Loans being deemed "*held*" by such Lender for purposes of this definition); *provided, that* the Commitment of, and the portion of the Commitment Usage held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

Resort EBITDA means, without duplication, on any date of determination, (a) the *sum* of (i) EBITDA of the Restricted Companies, *plus* (ii) a percentage of the EBITDA of SSI (with such percentage being the weighted average membership interest held by Borrower in SSI (expressed as a percentage) during the applicable period of calculation), *plus* (iii) insurance proceeds (up to a maximum of $10,000,000 in the aggregate in any fiscal year) received by the Restricted Companies under policies of business interruption insurance (or under policies of insurance which cover losses or claims of the same character or type), *minus* (b) EBITDA of the Restricted Companies related to real estate activities; it being understood that for purposes of this definition, the Restricted Companies engaged in VRI's lodging segment shall not be deemed to be engaged in real estate activities.

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

Restricted Companies means VRI, VHI, Borrower, and all of VRI's Restricted Subsidiaries; and ***Restricted Company*** means any of the Restricted Companies.

Restricted Subsidiaries means (a) VHI, (b) Borrower, and (c) all of VRI's other direct and indirect Subsidiaries (*other than* Unrestricted Subsidiaries); and ***Restricted Subsidiary*** means any of the Restricted Subsidiaries.

Revolver Loan means any Loan made under this Agreement, *other than* a Swing Line Loan or an L/C Borrowing.

Revolver Note means a promissory note in substantially the form of ***Exhibit A-1***, and all renewals and extensions of all or any part thereof.

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

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

Securities Laws means the Securities Act of 1933, the Securities Exchange Act of 1934, and the applicable accounting and auditing principles, rules, standards, and practices promulgated, approved, or incorporated by the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions, or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date hereunder.

Security Documents means, collectively, (a) each Pledge Agreement, each Confirmation of Pledge Agreement, any security agreement, mortgage, deed of trust, control agreement, or other agreement or document, together with all related financing statements and stock powers, in form and substance reasonably satisfactory to Administrative Agent and its legal counsel, executed and delivered by any Person in connection with this Agreement to create a Lien in favor of Lenders on any of its real or personal property, as amended, modified, supplemented, restated, ratified, or reaffirmed; and (b) with respect to each Bond L/C, the trust indenture entered into in connection with such Bond L/C, and such other agreements and documents delivered by the Issuer (as defined in the applicable Bond L/C) and the applicable Trustee, pursuant to which such Issuer's interest in the Trust Estate (as defined in the applicable trust indenture) and, upon payment in full of the applicable Bonds, such Trustee's interest in the applicable Bond Documents, are assigned to the applicable L/C Issuer as security for payment of such Bonds.

Senior Debt means Funded Debt *other than* Subordinated Debt.

Senior Subordinated Indenture means the Indenture dated as of January 29, 2004, among VRI, as Issuer, The Bank of New York, as Trustee, and certain of VRI's Subsidiaries, as guarantors, as supplemented from time to time.

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

Shareholders' Equity means, as of any date of determination for the Restricted Companies on a consolidated basis, shareholders' equity as of that date determined in accordance with GAAP.

Similar Business means any business conducted by VRI or any of its Subsidiaries on 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, a reasonable extension, development, or expansion thereof, or reasonably ancillary thereto.

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

SSI means SSI Venture LLC, a Colorado limited liability company doing business as "Specialty Sports Venture" and an Unrestricted Subsidiary of Borrower.

Subordinated Debt means any unsecured indebtedness for borrowed money for which a Company is directly and primarily obligated, *so long as such* Debt (a) does not have any stated maturity before the latest maturity of any part of the Obligation, (b) has terms that are no more restrictive upon the Company than the terms of the Loan Papers, and (c) is subordinated, upon terms satisfactory to Administrative Agent, to the payment and collection of the Obligation; and, in any event, ***Subordinated Debt*** includes notes, guarantees and all other obligations now or hereafter arising under or pursuant to the Senior Subordinated Indenture (or any other indenture that contains substantially the same material terms as the Senior Subordinated Indenture).

Subordinated Notes means the 6-¾% Senior Subordinated Notes issued under the Senior Subordinated Indenture.

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

Summit Bonds means (a) the Summit County, Colorado, Sports Facilities Refunding Revenue Bonds (Keystone Resorts Management, Inc. Project) Series 1990, in the original principal amount of $20,360,000 (of which, approximately $19,000,000 is outstanding on the date hereof), (b) the Summit County, Colorado, Sports Facilities Refunding Revenue Bonds (Keystone Resorts Management, Inc. Project) Series 1991, in the original principal amount of $3,000,000 ($1,500,000 of which remains outstanding on the date hereof), and (c) refinancings of any of the foregoing.

Swing Line Borrowing means a borrowing of a Swing Line Loan pursuant to ***Section 2.4***.

Swing Line Lenders means, collectively, Bank of America and U.S. Bank National Association, in their respective capacities as providers of Swing Line Loans, and any successor swing line lender hereunder; and ***Swing Line Lender*** means any one of the Swing Line Lenders.

Swing Line Loan has the meaning set forth in ***Section 2.4(a)***.

Swing Line Loan Notice means a notice of a Swing Line Borrowing pursuant to ***Section 2.4(b)***, which, if in writing, is substantially in the form of ***Exhibit C-2***.

Swing Line Note means a promissory note in substantially the form of ***Exhibit A-2***, and all renewals and extensions of all or any part thereof.

Swing Line Subfacility means a subfacility under the Agreement (the portion of the Loans attributable to which may never exceed in the aggregate the Swing Line Sublimit) as described in, and subject to the limitations of, ***Section 2.4*** hereof.

Swing Line Sublimit means, on any date, an amount equal to the lesser of (a) $25,000,000 and (b) the Total Commitment (as the same may be increased or reduced in accordance with the Loan Papers). The Swing Line Sublimit is part of, and not in addition to, the Total Commitment.

Tarnes L/Cs means, collectively, the (a) $8,116,667 irrevocable transferable L/C expiring October 31, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Eagle County, Colorado, as Issuer, relating to approximately $10,410,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (The Tarnes at BC, LLC Project), Series 1999A, and (b) $2,462,217 irrevocable transferable L/C expiring May 26, 2009, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the 1999 Trust Indenture with Eagle County, Colorado, as Issuer, relating to approximately $10,410,000 of Eagle County, Colorado, Taxable Housing Facilities Revenue Bonds (The Tarnes at BC, LLC Project), Series 1999B, under the terms of which such Trustee is, subject to the terms and conditions set forth therein, entitled to draw up to (x) amounts sufficient to pay (i) the principal of such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to the principal amount of such Bonds, *plus* (y) amounts equal to approximately 35 days of accrued interest on such Bonds at 15% per annum (with respect to Series A) and 52 days of accrued interest on such Bonds (with respect to Series B) to pay (i) interest on such Bonds when due, or (ii) the portion of the purchase price of such Bonds tendered or deemed tendered for purchase in accordance with such Indenture and not subsequently remarketed corresponding to accrued interest, as each such L/C may be renewed, extended, increased or amended from time to time in accordance with the Loan Papers.

Taxes means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees, or other charges imposed by any Governmental Authority, including any interest, additions to tax, or penalties applicable thereto.

Tenderfoot Housing L/Cs means, collectively, the (a) $5,783,125 irrevocable transferable L/C expiring October 31, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the Trust Indenture dated as of June 1, 2001 with Tenderfoot Seasonal Housing, LLC, relating to $11,585,000 in aggregate principal amount of the Tenderfoot Seasonal Housing, LLC Taxable Housing Facilities Notes (Tenderfoot Seasonal Housing, LLC Project), Series 2000A, and (b) $6,012,509 irrevocable transferable L/C expiring June 15, 2005, issued by the applicable L/C Issuer to U.S. Bank National Association and any successor thereto as Trustee under the Trust Indenture dated as of June 1, 2001 with Tenderfoot Seasonal Housing, LLC, relating to $11,585,000 in aggregate principal amount of the Tenderfoot Seasonal Housing, LLC Taxable Housing Facilities Notes (Tenderfoot Seasonal Housing, LLC Project), Series 2000B, under the terms of which such Trustee is, subject to the terms and conditions set forth therein, entitled to draw, with respect to such Notes, up to (x) amounts sufficient to pay (i) the principal of such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase in accordance with such Indenture corresponding to the principal amount of such Notes, *plus* (y) amounts equal to approximately 35 days of accrued interest on such Notes at 15% per annum (with respect to Series A) and 52 days of accrued interest on such Notes (with respect to Series B) to pay (i) interest on such Notes when due, or (ii) the portion of the purchase price of such Notes tendered or deemed tendered for purchase which corresponds to the accrued interest on the principal amount of such Notes, as each such L/C may be renewed, extended, increased or amended from time to time in accordance with the Loan Papers.

Termination Date means the earlier of (a) January 28, 2010, and (b) the effective date upon which Lenders' Commitments are otherwise canceled or terminated.

Third Agreement Date means June 10, 2003, the "*Closing Date*" of the Third Amended and Restated Revolving Credit and Term Loan Agreement among Borrower, certain lenders party thereto, and Bank of America, N.A., as administrative agent for such lenders.

Threshold Amount means $25,000,000.

Total Assets means, as of any date of determination for the Restricted Companies on a consolidated basis, the book value of all assets of the Restricted Companies (as determined in accordance with GAAP).

Total Commitment means, on any date of determination, the aggregate Commitments of all Lenders then in effect.

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

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

Unreimbursed Amount has the meaning set forth in ***Section 2.3(c)(i)***.

Unrestricted Subsidiary means any existing Subsidiary or newly-formed Subsidiary created by Borrower pursuant to ***Section 9.10*** (which may be a partnership, joint venture, corporation, limited liability company, or other entity) (a) which does not own any Forest Service Permit or the stock of any Restricted Company or any Critical Assets, (b) which has (and whose other partners, joint venturers, members or shareholders have) no Debt or other material obligation which is recourse to any Restricted Company or to the assets of any Restricted Company (*other than* with respect to limited guarantees or other recourse agreements of the Restricted Companies which are permitted to be incurred under this Agreement under ***clauses (f)*** and ***(g)*** of the definition of "*Permitted Debt*"), and (c) which is specifically identified in this definition or has been designated by Borrower as an Unrestricted Subsidiary by notice to Administrative Agent under ***Section 9.11*** hereof. As of the Closing Date the Unrestricted Subsidiaries are Eagle Park Reservoir Company, SSI Venture LLC, Boulder/Beaver, LLC, Colter Bay Corporation, Gros Ventre Utility Company, Jackson Lake Lodge Corporation, Jenny Lake Lodge, Inc., Forest Ridge Holdings, Inc., Resort Technology Partners LLC, and RT Partners, Inc.

U.S. means the United States of America.

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

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

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

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

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

Wholly Owned when used in connection with any Subsidiary means any corporation, partnership, limited liability company, or other entity of which all of the equity securities or other ownership interests are owned, directly or indirectly, by VRI, Borrower, or one or more of their Wholly Owned Restricted Subsidiaries.

1.2 Number and Gender of Words.

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words "*herein*," "*hereto*," "*hereof*" and "*hereunder*" and words of similar import when used in any Loan Paper shall refer to such Loan Paper as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Papers in which such reference appears.

(iii) The term "*including*" is by way of example and not limitation.

(iv) The terms "*documents*" and "*papers*" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word "*from*" means "*from and including*"; the words "*to*" and "*until*" each mean "*to but excluding*"; and the word "*through*" means "*to and including.*"

(d) Section headings herein and in the other Loan Papers are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Papers.

1.3 Accounting Principles.

(a) Under the Loan Papers and any documents delivered thereunder, unless otherwise stated, (i) all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the audited Financial Statements delivered pursuant to ***Section 9.1***, (ii) all accounting principles applied in a

current period must be comparable in all material respects to those applied during the preceding comparable period, and (iii) while VRI has any consolidated Restricted Subsidiaries, all accounting and financial terms and compliance with financial covenants must be on a consolidating and consolidated basis, as applicable.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Paper, and either Borrower or Required Lenders shall so request, Administrative Agent, Lenders and Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Required Lenders); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein, and (ii) Borrower shall provide to Administrative Agent and Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) All references herein to consolidated financial statements of VRI and its Subsidiaries or its Restricted Subsidiaries, or to the determination of "*Adjusted EBITDA*" or "*Funded Debt*" for VRI and its Subsidiaries or its Restricted Subsidiaries on a consolidated basis, or any similar reference, shall, in each case, be deemed to include each variable interest entity that VRI is required to consolidate pursuant to FASB Interpretation No. 46 – Consolidation of Variable Interest Entities: an interpretation of ARB No. 51 (January 2003) or is otherwise required to consolidate in accordance with GAAP; *provided, that* in determining such amounts, (i) the Funded Debt and Adjusted EBITDA of the Existing Housing Districts in respect of the Existing Housing Bonds shall be excluded, and (ii) the Funded Debt and Adjusted EBITDA of the Existing Metro Districts in respect of any Bonds issued prior to the Closing Date shall be excluded.

1.4 Rounding.

Any financial ratios required to be maintained by the Companies pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.5 References to Agreements and Laws.

Unless otherwise expressly provided herein, (a) references to organization documents, agreements (including the Loan Papers) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Papers, and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.6 Times of Day.

Unless otherwise specified, all references herein to times of day shall be references to central time (daylight or standard, as applicable).

1.7 L/C Amounts.

Unless otherwise specified, all references herein to the amount of an L/C at any time shall be deemed to mean the maximum face amount of such L/C after giving effect to all increases thereof contemplated by such L/C, the L/C Agreement therefor, or any other document, agreement, or instrument entered into by any L/C Issuer and Borrower or in favor of the applicable L/C Issuer relating to such L/C, whether or not such maximum face amount is in effect at such time.

SECTIONCOMMITMENT.
2

2.1 Credit Facility.

Subject to the provisions in the Loan Papers, each Lender hereby severally and not jointly agrees to lend to Borrower its Commitment Percentage of one or more Revolver Loans in an aggregate principal amount outstanding at any time up to such Lender's Commitment; *provided that*: (i) each Revolver Loan must occur on a Business Day and no later than the Business Day immediately preceding the Termination Date; (ii) each Revolver Loan must be in an amount not less than (A) $500,000 or a greater integral multiple of $100,000 (if a Base Rate Loan), or (B) $1,000,000 or a greater integral multiple of $100,000 (if a LIBOR Loan); and (iii) on any date of determination, after giving effect to the requested Loan, (A) the Commitment Usage may not exceed the Total Commitment then in effect, and (B) the aggregate Outstanding Amount of the Revolver Loans of any Lender, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all L/C Exposure, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment. Revolver Loans may be repaid or reborrowed from time to time in accordance with the terms and provisions of the Loan Papers.

2.2 Loan Procedure.

(a) Each borrowing of Revolver Loans hereunder, conversion of Revolver Loans from one Type to the other, and continuation of Revolver Loans that are LIBOR Loans shall be made upon Borrower's irrevocable notice to Administrative Agent, which may be given by telephone. Each such notice must be received by Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Loan of, conversion to, or continuation of Revolver Loans that are LIBOR Loans or of any conversion of Revolver Loans that are LIBOR Loans to Base Rate Loans, and (ii) on the requested date of any Base Rate Loan. Each telephonic notice by Borrower pursuant to this ***Section 2.2*** must be confirmed promptly by delivery to Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of Borrower. Each borrowing of, conversion to, or continuation of Revolver Loans that are LIBOR Loans shall be in amounts set forth in ***Section 2.1***. Each Loan Notice (whether telephonic or written) shall specify (i) whether Borrower is requesting a Revolver Loan, a conversion of Revolver Loans from one Type to the other, or a continuation of Revolver Loans as LIBOR Loans, (ii) the requested date of the borrowing (such date, a "***Loan Date***"), conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Revolver Loans to be borrowed, converted or continued, (iv) the Type of Revolver Loans to be borrowed or to which existing Revolver Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If Borrower fails to specify a Type of Revolver Loan in a Loan Notice or if Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Revolver Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Revolver Loans that are LIBOR Loans. If Borrower requests a borrowing of, conversion to, or continuation of Revolver Loans that are LIBOR Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month. Administrative Agent shall promptly notify each Lender of its receipt of any Loan Notice and its contents.

(b) Each Lender shall remit its Commitment Percentage of each requested Revolver Loan to Administrative Agent's principal office in Dallas, Texas, in funds that are available for immediate use by Administrative Agent by 12:00 noon on the applicable Loan Date. Subject to receipt of such funds, Administrative Agent shall (unless to its actual knowledge any of the applicable conditions precedent have not been satisfied by Borrower or waived by Required Lenders) make such funds available to Borrower as directed in the Loan Notice; *provided however*, that if on the date of such Loan Notice there are L/C Borrowings outstanding, then the proceeds of such Revolver Loans shall be provided, *first*, to the payment in full of any such L/C Borrowing, and *then*, to Borrower as provided herein.

(c) Unless Administrative Agent shall have received notice from a Lender prior to the proposed date of any Revolver Loan that such Lender will not make available to Administrative Agent such Lender's share of such Revolver Loan (or, in the case of any Base Rate Loan, prior to 12:00 noon on the date of such Base Rate Loan), Administrative Agent may assume that such Lender has made such share available on such date in accordance with ***Section 2.2(b)*** and may, in reliance upon such assumption, make available to Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Revolver Loan available to Administrative Agent, then the applicable Lender and Borrower severally agree to pay to Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to Borrower to but excluding the date of payment to Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation, and (B) in the case of a payment to be made by Borrower, the interest rate applicable to Base Rate Loans. If Borrower and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrower the amount of such interest paid by Borrower for such period. If such Lender pays its share of the applicable Revolver Loan to Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Revolver Loan. Any payment by Borrower shall be without prejudice to any claim Borrower may have against a Lender that shall have failed to make such payment to Administrative Agent.

(d) Unless Administrative Agent shall have received notice from Borrower prior to the date on which any payment is due to Administrative Agent for the account of Lenders or any L/C Issuer hereunder that Borrower will not make such payment, Administrative Agent may assume that Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to Lenders or the applicable L/C Issuer, as the case may be, the amount due. In such event, if Borrower has not in fact made such payment, then each Lender or the applicable L/C Issuer, as the case may be, severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Lender or the applicable L/C Issuer, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation. A notice of Administrative Agent to any Lender or Borrower with respect to any amount owing under this ***subsection (d)*** shall be conclusive, absent manifest error.

(e) The obligations of Lenders hereunder to make Loans, to fund participations in L/Cs and Swing Line Loans, and to make payments pursuant to ***Section 15.4(c)*** are several and not joint. The failure of any Lender to make any Loan, to fund any such participation, or to make any payment under ***Section 15.4(c)*** on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation, or to make its payment under ***Section 15.4(c)***.

2.3 L/C Subfacility.

(a) ***The L/C Commitment***.

(i) Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the other Lenders set forth in this ***Section 2.3***, (1) from time to time on any Business Day during the period from the Closing Date until the L/C Expiration Date, to issue L/Cs for the account of Borrower, and to amend or renew L/Cs previously issued by it, in accordance with ***subsection (b)*** below, and (2) to honor sight drafts under the L/Cs; and (B) Lenders severally agree to participate in L/Cs issued for the account of Borrower; *provided that* no L/C Issuer shall be obligated to make any L/C Credit Extension with respect to any L/C, and no Lender shall be obligated to participate in any L/C, if as of the date of such L/C Credit Extension (after giving effect to any proposed L/C Credit Extension on such date), (x) the Commitment Usage would exceed the Total Commitment, (y) the aggregate Outstanding Amount of the Revolver Loans of such Lender, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all L/C Exposure, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all Swing Line Loans would exceed such Lender's Commitment, or (z) the Outstanding Amount of the L/C Exposure would exceed the L/C Sublimit. Within the foregoing limits, and subject to the terms and conditions hereof, Borrower's ability to obtain L/Cs shall be fully revolving; accordingly Borrower may, during the foregoing period, obtain L/Cs to replace L/Cs that have expired or that have been drawn upon and reimbursed. All L/Cs existing on the Closing Date and set forth on Part A of ***Schedule 2.3*** shall be deemed to have been issued pursuant hereto, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) Neither L/C Issuer shall be under any obligation to issue any L/C if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the applicable L/C Issuer from issuing such L/C, or any Law applicable to the applicable L/C Issuer or any request or directive (whether or not having the force of Law) from any Governmental Authority with jurisdiction over the applicable L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such L/C in particular or shall impose upon the applicable L/C Issuer with respect to such L/C any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the applicable L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) subject to ***Section 2.3(b)(iii)***, the expiry date of such requested L/C would occur more than thirteen months after the date of issuance or last renewal, unless Required Lenders have approved such expiry date or unless the requested L/C is a Bond L/C, in which case the Bond L/C will expire in accordance with the terms set forth in the applicable Bond L/C as approved by the applicable L/C Issuer and Administrative Agent in accordance with ***Section 2.3(j)***;

(C) the expiry date of such requested L/C would occur after the L/C Expiration Date, unless Required Lenders have approved such expiry date;

(D) the issuance of such L/C would violate one or more policies of the applicable L/C Issuer; or

(E) such L/C is to be denominated in a currency other than Dollars.

(iii) Neither L/C Issuer shall be under any obligation to amend any L/C if (A) such L/C Issuer would have no obligation at such time to issue such L/C in its amended form under the terms hereof, or (B) the beneficiary of such L/C does not accept the proposed amendment to such L/C.

(b) ***Procedures for Issuance and Amendment of Letters of Credit: Auto-Extension Letters of Credit***.

(i) Each L/C shall be issued or amended, as the case may be, upon the request of Borrower delivered to the applicable L/C Issuer (with a copy to Administrative Agent) in the form of an L/C Agreement, appropriately completed and signed by a Responsible Officer of Borrower. Such L/C Agreement must be received by the applicable L/C Issuer and Administrative Agent not later than 11:00 a.m. at least two Business Days (or such later date and time as the applicable L/C Issuer may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of an L/C, such L/C Agreement shall specify in form and detail satisfactory to the applicable L/C Issuer: (A) the proposed issuance date of the requested L/C (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the applicable L/C Issuer (or, in the case of the Bond L/Cs, the applicable L/C Issuer or Administrative Agent) may require. In the case of a request for an amendment of any outstanding L/C, such L/C Agreement shall specify in form and detail satisfactory to the applicable L/C Issuer (A) the L/C to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the applicable L/C Issuer (or, in the case of the Bond L/Cs, the applicable L/C Issuer or Administrative Agent) may require.

(ii) Promptly after receipt of any L/C Agreement, the applicable L/C Issuer will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has received a copy of such L/C Agreement from Borrower and, if not, such L/C Issuer will provide Administrative Agent with a copy thereof. Upon receipt by the applicable L/C Issuer of confirmation from Administrative Agent that the requested issuance or amendment is permitted in accordance with the terms hereof, then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue an L/C for the account of Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with such L/C Issuer's usual and customary business practices. Immediately upon the issuance of each L/C, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable L/C Issuer a risk participation in such L/C in an amount equal to such Lender's Commitment Percentage of the amount of such L/C.

(iii) If Borrower so requests in any applicable L/C Agreement, the applicable L/C Issuer may, in its sole and absolute discretion, agree to issue an L/C that has automatic extension provisions (each, an "***Auto-Extension L/C***"); *provided that* any such Auto-Extension L/C must permit the applicable L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such L/C) by giving prior notice to the beneficiary thereof not later than a day (the "***Nonextension Notice Date***") in each such twelve-month period to be agreed upon at the time such L/C is issued. Unless otherwise directed by the applicable L/C Issuer, Borrower shall not be required to make a specific request to such L/C Issuer for any such extension. Once an Auto-Extension L/C has been issued, Lenders shall be deemed to have authorized (but may not require) the applicable L/C Issuer to permit the extension of such L/C at any time to an expiry date not later than the L/C Expiration Date; *provided, however*, that the applicable L/C Issuer shall not permit any such extension if (A) such L/C Issuer has determined that it would have no obligation at such time to issue such L/C in its extended form under the terms hereof (by reason of the provisions of ***Section 2.3(a)(ii)*** or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Nonextension Notice Date (1) from Administrative Agent that Required Lenders have elected not to permit such extension or (2) from Administrative Agent, any Lender, or Borrower that one or more of the applicable conditions specified in ***Section 7.2*** is not then satisfied.

(iv) Promptly after its delivery of any L/C or any amendment to an L/C to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to Borrower and Administrative Agent a true and complete copy of such L/C or amendment.

(c) ***Drawings and Reimbursements; Funding of Participations***.

(i) Upon receipt from the beneficiary of any L/C of any notice of a drawing under such L/C, the applicable L/C Issuer shall notify Borrower and Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the applicable L/C Issuer under an L/C (each such date, an "***Honor Date***"), Borrower shall reimburse such L/C Issuer through Administrative Agent in an amount equal to the amount of such drawing. If Borrower fails to so reimburse such L/C Issuer by such time, Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "***Unreimbursed Amount***"), and the amount of such Lender's Commitment Percentage thereof. In such event, Borrower shall be deemed to have requested a Base Rate Loan hereunder to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in ***Section 2.1*** for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Total Commitment and the conditions set forth in ***Section 7.2*** (other than the delivery of a Loan Notice). Any notice given by any L/C Issuer or Administrative Agent pursuant to this ***Section 2.3(c)(i)*** may be given by telephone if immediately confirmed in writing; *provided that* the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender (including any Lender acting as an L/C Issuer) shall upon any notice pursuant to ***Section 2.3(c)(i)*** make funds available to Administrative Agent for the account of the applicable L/C Issuer at Administrative Agent's Office in an amount equal to its Commitment Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by Administrative Agent; whereupon, subject to the provisions of ***Section 2.3(c)(iii)***, each Lender that so makes funds available shall be deemed to have made a Base Rate Loan hereunder to Borrower in such amount. Administrative Agent shall remit the funds so received to the applicable L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolver Loan because the conditions set forth in ***Section 7.2*** cannot be satisfied or for any other reason, Borrower shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Lender's payment to Administrative Agent for the account of the applicable L/C Issuer pursuant to ***Section 2.3(c)(ii)*** shall be deemed payment in respect of its participation in such L/C Borrowing in satisfaction of its participation obligation under this ***Section 2.3***.

(iv) Until each Lender funds its portion of a Revolver Loan or participation in an L/C Borrowing pursuant to this ***Section 2.3(c)*** to reimburse the applicable L/C Issuer for any amount drawn under any L/C, interest in respect of such Lender's Commitment Percentage of such

amount shall be solely for the account of the applicable L/C Issuer.

(v) Each Lender's obligation to reimburse the L/C Issuers for amounts drawn under L/Cs (whether by making a Revolver Loans or funding its participation in an L/C Borrowing), as contemplated by this ***Section 2.3(c)***, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the applicable L/C Issuer, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or Potential Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided*, *however*, that each Lender's obligation to make Revolver Loans pursuant to this ***Section 2.3(c)*** is subject to the conditions set forth in ***Section 7.2*** (other than delivery by Borrower of a Loan Notice). No funding of a participation in an L/C Borrowing shall relieve or otherwise impair the obligation of Borrower to reimburse the applicable L/C Issuer for the amount of any payment made by such L/C Issuer under any L/C, together with interest as provided herein.

(vi) If any Lender fails to make available to Administrative Agent for the account of the applicable L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this ***Section 2.3(c)*** by the time specified in ***Section 2.3(c)(ii)***, the applicable L/C Issuer shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the applicable L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the applicable L/C Issuer submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this ***clause (vi)*** shall be conclusive absent manifest error.

(d) ***Repayment of Participations***.

(i) At any time after an L/C Issuer has made a payment under any L/C and has received from any Lender such Lender's funding of its participation in the related L/C Borrowing in accordance with ***Section 2.3(c)***, if Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from Borrower or otherwise, including proceeds of Cash Collateral applied thereto by Administrative Agent), Administrative Agent will distribute to such Lender its Commitment Percentage thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participation in the L/C Borrowing was outstanding) in the same funds as those received by Administrative Agent.

(ii) If any payment received by Administrative Agent for the account of any L/C Issuer pursuant to ***Section 2.3(c)(i)*** is required to be returned under any of the circumstances described in ***Section 15.12*** (including pursuant to any settlement entered into by the applicable L/C Issuer in its discretion), each Lender shall pay to Administrative Agent for the account of the applicable L/C Issuer its Commitment Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) ***Obligations Absolute***. The obligation of Borrower to reimburse the applicable L/C Issuer for each drawing under each L/C and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such L/C, this Agreement, or any other agreement or instrument relating thereto;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that Borrower may have at any time against any beneficiary or any transferee of such L/C (or any Person for whom any such beneficiary or any such transferee may be acting), the applicable L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such L/C or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such L/C proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such L/C;

(iv) any payment by the applicable L/C Issuer under such L/C against presentation of a draft or certificate that does not strictly comply with the terms of such L/C; or any payment made by the applicable L/C Issuer under such L/C to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such L/C, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, Borrower.

Borrower shall promptly examine a copy of each L/C and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with Borrower's instructions or other irregularity, Borrower will immediately notify the applicable L/C Issuer. Borrower shall be conclusively deemed to have waived any such claim against the applicable L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) ***Role of L/C Issuers*** Each Lender and Borrower agree that, in paying any drawing under an L/C, the applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the L/C) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, any Related Party of the Administrative Agent, or any of the respective correspondents, participants, or assignees of the L/C Issuers shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of Lenders or Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any L/C or L/C Agreement. Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any L/C; *provided*, *however*, that this assumption is not intended to, and shall not, preclude Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at Law or under any other agreement. None of the L/C Issuers, any Related Party of the Administrative Agent, or any of the respective correspondents, participants, or assignees of any L/C Issuer shall be liable or responsible for any of the matters described in ***clauses (i)*** through ***(v)*** of ***Section 2.3(e)***; *provided*, *however*, that anything in such clauses to the contrary notwithstanding, Borrower may have a claim against an L/C Issuer, and an L/C Issuer may be liable to Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by Borrower which Borrower proves were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any L/C after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of an L/C. In furtherance and not in limitation of the foregoing, an L/C Issuer may accept documents that appear on their face to be in order, without responsibility for

further investigation, regardless of any notice or information to the contrary, and an L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign an L/C or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) ***Cash Collateral***.

(i) Upon the request of Administrative Agent, (A) if an L/C Issuer has honored any full or partial drawing request under any L/C and such drawing has resulted in an L/C Borrowing, then Borrower shall immediately Cash Collateralize the L/C Borrowing in an amount equal to such L/C Borrowing, or (B) if, as of the L/C Expiration Date, any L/C may for any reason remain outstanding and partially or wholly undrawn, then Borrower shall immediately Cash Collateralize the L/C Exposure in an amount equal to such L/C Exposure determined as of the L/C Expiration Date. For purposes hereof, "***Cash Collateralize***" means to pledge and deposit with or deliver to Administrative Agent, for the benefit of the L/C Issuers and Lenders, as collateral for the L/C Exposure, cash or deposit account balances pursuant to documentation in form and substance satisfactory to Administrative Agent and the L/C Issuers (which documents are hereby consented to by Lenders). Derivatives of such term have corresponding meanings. Borrower hereby grants to Administrative Agent, for the benefit of the L/C Issuers and Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Bank of America.

(ii) If at any time (A) the L/C Exposure exceeds the L/C Sublimit or (B) the Commitment Usage exceeds the Total Commitment (after giving effect to all prepayments required under ***Section 3.2(d)***), then Borrower shall immediately Cash Collateralize the L/C Exposure in an amount equal to the greater of (x) the amount by which the L/C Exposure exceeds the L/C Sublimit, or (y) the amount by which the Commitment Usage exceeds the Total Commitment.

(iii) Notwithstanding any provision to the contrary in any Bond Document, all Bonds (including, without limitation, "*Repurchased Bonds*" as defined in the Bond Documents) issued to or held for the benefit of any L/C Issuer (or other designee) shall be held as Cash Collateral securing reimbursement obligations under the related Bond L/C (including, without limitation, any L/C Borrowing).

(h) ***Applicability of ISP and UCP***. Unless otherwise expressly agreed by the applicable L/C Issuer and Borrower when an L/C is issued (including any such agreement applicable to any L/C set forth on Part A of ***Schedule 2.3***), (i) the rules of the ISP shall apply to each standby L/C and each Bond L/C, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits ("***UCP***"), as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial L/C.

(i) ***Conflict with L/C Agreement***. In the event of any conflict between the terms hereof and the terms of any L/C Agreement, the terms hereof shall control.

(j) ***Bond L/Cs***. Notwithstanding any provision to the contrary set forth in this ***Section 2.3***:

(i) (A) The Bond L/Cs shall be subject to the terms and conditions of this Agreement and applicable Law; *provided however*, that (1) such Bond L/Cs may have expiration dates later than thirteen months from the date of issuance, so long as such date is not later than the L/C Expiration Date; and (2) the terms of such Bond L/Cs must be acceptable to the applicable L/C Issuer and Administrative Agent, and, (I) subject to the provisions of ***Section 2.3(j)(ii)*** and ***2.3(j)(iii)***, may provide for the reinstatement of drawn portions of the Bond L/C, whether or not reimbursement has been received (which may have the effect of increasing the amount of such Bond L/C), (II) may provide for automatic extensions thereof, so long as such terms comply with the auto extension provisions set forth in ***Section 2.3(b)(iii)*** hereof, and (III) may contain provisions whereby the applicable L/C Issuer is granted certain Rights in collateral and voting Rights under the related Bond Documents, which Rights are expressly assigned by the applicable L/C Issuer to Administrative Agent for the benefit of Lenders pursuant to ***Section 2.3(j)(iv)*** herein.

(B) Borrower may request that an L/C Issuer issue Bond L/Cs by providing at least 30 days prior written notice of such request to the applicable L/C Issuer, and by delivering a certificate at least 30 days prior to the issuance of any Bond L/C to Administrative Agent demonstrating the Companies' pro forma compliance with the financial covenants set forth in ***Section 11.1*** herein, after giving effect to the issuance of any such Bonds and, without duplication, any Debt incurred by Borrower or any Company in support thereof, and certifying that no Default or Potential Default exists or would result after giving effect thereto.

(ii) In the event that the proceeds of any drawing under any Bond L/C are used to pay the purchase price of Bonds tendered or deemed tendered by the owner thereof pursuant to the related Bond Documents (such drawing, including the drawing of any accrued interest on the tendered Bonds, a "***Bond Purchase Drawing***"), then the stated amount of such Bond L/C will be temporarily reduced by the amount of such drawing, subject to automatic reinstatement (whether or not reimbursement for any drawings thereunder has been received or the conditions set forth in ***Section 7.2*** have been satisfied, and without further approval from Lenders) pursuant to the provisions of the applicable Bond L/C by an amount equal to the Bond Purchase Drawing, so long as (A) the applicable L/C Issuer (or Administrative Agent, as assignee of such L/C Issuer) has been properly accounted for on the securities depository's records as the beneficial owner of such Bonds purchased with the proceeds (or portion thereof) of the Bond L/C, or (B) such Bonds have been delivered to the appropriate custodian and registered as directed by such L/C Issuer (or Administrative Agent, as assignee of such L/C Issuer), or (c) to the extent provided for in the applicable Bond L/C, such Bonds have been remarketed in accordance with the terms of the applicable Bond Documents and released by the applicable L/C Issuer; *provided however*, that if the repurchased Bonds are not transferred to such L/C Issuer (or Administrative Agent, as assignee of such L/C Issuer) as required in ***clauses (A)*** and ***(B)*** preceding, then the applicable L/C Issuer shall notify Administrative Agent (who shall subsequently notify Lenders) of such failure. Unless otherwise directed by Required Lenders, the applicable L/C Issuer shall then deliver notice to the applicable Trustee prior to the fifth Business Day after any such Bond Purchase Drawing that the amount of such drawing will not be reinstated.

(iii) If the interest portion of any Bond L/C is drawn by the applicable Trustee to make scheduled interest payments on the outstanding principal amount of the Bonds, then the stated amount of such Bond L/C will be temporarily reduced by the amount of such drawing, subject to automatic reinstatement of the interest portion of such Bond L/C (whether or not reimbursement for any drawings thereunder has been received or the conditions set forth in ***Section 7.2*** have been satisfied, and without further approval from Lenders) pursuant to the provisions of the applicable Bond L/C. Subject to compliance with ***Section 2.3(b)*** herein, the stated amount of the related Bond L/C may be increased as required by the related Bond Documents (to reflect an increase in the maximum rate of interest or number of days of accrued interest covered by such Bond L/C or otherwise).

(iv) All liens and security interests securing reimbursement obligations and other obligations owed to the applicable L/C Issuer of any Bond L/C under the related Bond Documents (including, without limitation, any L/C Borrowing), any rights in and to any Bonds or other certificates of indebtedness issued to such L/C Issuer under the related Bond Documents, and any voting rights or other rights created in favor of such L/C Issuer under or pursuant to or in connection with any related Bond Documents (collectively, the "***Bond Rights***"), now or hereafter existing in favor of such L/C Issuer, are hereby assigned and conveyed by the applicable L/C Issuer to Administrative Agent for the ratable benefit of Lenders. Notwithstanding anything to the contrary set forth in any Bond L/C, any Bonds or certificates of indebtedness purchased from the owner thereof by the applicable Trustee with funds received pursuant to a drawing under any Bond L/C shall be registered in the name of Administrative Agent and shall be delivered to or held by Administrative Agent or such other entity as may be specified by the applicable L/C Issuer and approved by Administrative Agent in a written instrument delivered to the applicable Trustee, for the benefit of the applicable L/C Issuer, Administrative Agent, and the other Lenders. Each L/C Issuer of a Bond L/C agrees to execute all such other assignments, conveyances, financing statements, and other documents required by Administrative Agent to effect the requirements of this ***Section 2.3(j)(iv)***; *provided that*, Lenders, Administrative Agent, and such L/C Issuer agree that in the event any Bonds or certificates of indebtedness are issued to such L/C Issuer (or Administrative Agent as the assignee of such L/C Issuer) as a result of a drawing by the applicable Trustee under the Bond L/C for which such L/C Issuer is not immediately reimbursed, and subsequently the Bonds are remarketed and such L/C Issuer is reimbursed for all amounts so advanced (which reimbursement may be a repayment of any Loan disbursed by Lenders as payment of the related L/C reimbursement obligations under ***Section 2.3(c)*** or a repayment of an L/C Borrowing), then any Bonds or certificates of indebtedness shall be released by Administrative Agent and delivered to such Trustee without any further authorization from Lenders or such L/C Issuer.

(v) To the extent Rights (including, without limitation, voting rights, rights to provide notice and elect remedies, and rights to approve waivers, consents, or amendments of the related Bond Documents) are created in favor of the L/C Issuers of any Bond L/C, such Rights (other than ministerial, non discretionary Rights) may only be exercised with the consent, or in accordance with the directions, of Required Lenders.

(vi) In the event of any conflict between the terms and provisions of this ***Section 2.3*** relating to Bond L/Cs and the terms and provisions of any Loan Paper relating to L/Cs (other than Bond L/Cs), the terms and provisions of this ***Section 2.3*** shall control.

(k) ***L/Cs Issued for Subsidiaries***. Notwithstanding that an L/C issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary of Borrower or a Metro District, Borrower shall be obligated to reimburse the applicable L/C Issuer hereunder for any and all drawings under such L/C. Borrower hereby acknowledges that the issuance of L/Cs for the account of Subsidiaries of Borrower or a Metro District inures to the benefit of Borrower, and that Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

2.4 Swing Line Loans.

(a) ***The Swing Line***. Subject to the terms and conditions set forth herein, each Swing Line Lender agrees (severally, not jointly), in reliance upon the agreements of the other Lenders set forth in this ***Section 2.4***, to make loans (each such loan, a "***Swing Line Loan***") to Borrower from time to time on any Business Day prior to the Termination Date, notwithstanding the fact that such Swing Line Loans, when aggregated with the Commitment Percentage of the Outstanding Amount of Revolver Loans and L/C Exposure of such Lender acting as Swing Line Lender, may exceed the amount of such Lender's Commitment; *provided, however*, that after giving effect to any Swing Line Loan, (i) the aggregate Outstanding Amount of all Swing Line Loans made by the Swing Line Lenders shall not exceed the Swing Line Sublimit, (ii) the Commitment Usage shall not exceed the Total Commitment, and (iii) the aggregate Outstanding Amount of the Revolver Loans of any Lender, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all L/C Exposure, *plus* such Lender's Commitment Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Commitment, and *provided, further*, that Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, Borrower may borrow under this ***Section 2.4***, prepay under ***Section 3.2***, and reborrow under this ***Section 2.4***. Each Swing Line Loan shall be a Daily Floating LIBOR Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the applicable Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Commitment Percentage *times* the amount of such Swing Line Loan.

(b) ***Borrowing Procedures***. Each Swing Line Borrowing shall be made upon Borrower's irrevocable notice to either Swing Line Lender and Administrative Agent, which may be given by telephone. Each such notice must be received by the applicable Swing Line Lender and Administrative Agent not later than 12:00 noon on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum of $1,000,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to such Swing Line Lender and Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of Borrower. Promptly after receipt by the applicable Swing Line Lender of any telephonic Swing Line Loan Notice, such Swing Line Lender will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has also received such Swing Line Loan Notice and, if not, such Swing Line Lender will notify Administrative Agent (by telephone or in writing) of the contents thereof. Unless such Swing Line Lender has received notice (by telephone or in writing) from Administrative Agent (including at the request of any Lender) prior to 1:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing such Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of ***Section 2.4(a)***, or (B) that one or more of the applicable conditions specified in ***Section 7*** is not then satisfied, then, subject to the terms and conditions hereof, such Swing Line Lender will, not later than 2:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to Borrower.

(c) ***Refinancing of Swing Line Loans***.

(i) Each Swing Line Lender, as applicable, at any time in its sole and absolute discretion may request, on behalf of Borrower (which hereby irrevocably authorizes each Swing Line Lender to so request on its behalf), that each Lender make a Base Rate Loan in an amount equal to such Lender's Commitment Percentage of the Outstanding Amount of the Swing Line Loans owed to such Swing Line Lender. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of ***Section 2.2***, without regard to the minimum and multiples specified in ***Section 2.1*** for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Total Commitment and the conditions set forth in ***Section 7.2***. The applicable Swing Line Lender shall furnish Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to Administrative Agent. Each Lender shall make an amount equal to its Commitment Percentage of the amount specified in such Loan Notice available to Administrative Agent in immediately available funds for the account of the applicable Swing Line Lender at Administrative Agent's Office not later than 12:00 noon on the day specified in such Loan Notice, whereupon, subject to ***Section 2.4(c)(ii)***, each Lender that so makes funds available shall be deemed to have made a Base Rate Loan to Borrower in such amount. Administrative Agent shall remit the funds so received to the applicable Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by a Revolver Loan in accordance with ***Section 2.4(c)(i)***, the request for Base Rate Loans submitted by the applicable Swing Line Lender as set forth herein shall be deemed to be a request by such Swing Line Lender

that each Lender fund its risk participation in the relevant Swing Line Loans and each Lender's payment to Administrative Agent for the account of such Swing Line Lender pursuant to ***Section 2.4(c)(i)*** shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to Administrative Agent for the account of the applicable Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this ***Section 2.4(c)*** by the time specified in ***Section 2.4(c)(i)***, such Swing Line Lender shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by such Swing Line Lender in accordance with banking industry rules on interbank compensation. A certificate of such Swing Line Lender submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this ***clause (iii)*** shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolver Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this ***Section 2.4(c)*** shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense, or other right which such Lender may have against the applicable Swing Line Lender, Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default or Potential Default, or (C) any other occurrence, event, or condition, whether or not similar to any of the foregoing; *provided*, *however*, that each Lender's obligation to make Revolver Loans pursuant to this ***Section 2.4(c)*** is subject to the conditions set forth in ***Section 7.2***. No such funding of risk participations shall relieve or otherwise impair the obligation of Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) ***Repayment of Participations***.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if the applicable Swing Line Lender receives any payment on account of such Swing Line Loan, such Swing Line Lender will distribute to such Lender its Commitment Percentage of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by such Swing Line Lender.

(ii) If any payment received by the applicable Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by such Swing Line Lender under any of the circumstances described in ***Section 15.12*** (including pursuant to any settlement entered into by such Swing Line Lender in its discretion), each Lender shall pay to such Swing Line Lender its Commitment Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. Administrative Agent will make such demand upon the request of such Swing Line Lender. The obligations of Lenders under this clause shall survive the payment in full of the Obligation and the termination of this Agreement.

(e) ***Interest for Account of Swing Line Lenders***. Each Swing Line Lender shall be responsible for invoicing Borrower for interest on its respective Swing Line Loans. Until each Lender funds its Base Rate Loan or risk participation pursuant to this ***Section 2.4*** to refinance such Lender's Commitment Percentage of any Swing Line Loan, interest in respect of such Commitment Percentage of such Swing Line Loan shall be solely for the account of the applicable Swing Line Lender.

(f) ***Payments Directly to Swing Line Lenders***. Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the applicable Swing Line Lender.

2.5 Increase in Total Commitment.

(a) ***Request for Increase***. Provided there exists no Default or Potential Default, upon notice to Administrative Agent (which shall promptly notify Lenders), Borrower may, from time to time, request an increase in the Total Commitment up to a maximum Total Commitment of $500,000,000; *provided*, *that* any such request for an increase shall be in a minimum amount of $10,000,000, and greater integral multiples of $500,000 thereof.

(b) ***Additional Lenders***. To achieve the full amount of a requested increase and subject to the approval of Administrative Agent, each L/C Issuer, and each Swing Line Lender (which approvals shall not be unreasonably withheld), Borrower may (i) invite additional Eligible Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to Administrative Agent and its counsel (each, a "***Joinder Agreement***"), or (ii) request one or more Lenders to increase their respective Commitments hereunder, but each such Lender shall not be deemed to have agreed to increase its Commitment unless such Lender notifies Administrative Agent prior to any deadline specified by Borrower (in consultation with Administrative Agent) of its agreement to increase its Commitment and the amount thereof.

(c) ***Effective Date and Allocations***. If the Total Commitment is increased in accordance with this Section, Administrative Agent and Borrower shall determine the effective date (the "***Increase Effective Date***") and the final allocation of such increase. Administrative Agent shall promptly notify Borrower and Lenders (including, without limitation, any Eligible Assignee becoming a Lender as of such Increase Effective Date) of the final allocation of such increase and the Increase Effective Date.

(d) ***Conditions to Effectiveness of Increase***. As a condition precedent to such increase, Borrower shall deliver to Administrative Agent:

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

(ii) Joinder Agreements executed by Borrower, Administrative Agent, and each Eligible Assignee becoming a new Lender hereunder pursuant to ***Section 2.5(c)*** hereof, together with a completed Administrative Questionnaire; and

(iii) a certificate of each Company dated as of the Increase Effective Date signed by a Responsible Officer of Borrower and each Guarantor (i) certifying and attaching the resolutions adopted by each such entity approving or consenting to such increase, and (ii) in the case of Borrower, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in ***Section 8*** and the other Loan Papers are true and correct on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and (B) no Default or Potential Default exists or would result therefrom. Borrower shall prepay any Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to ***Section 4.5***) to the extent necessary to keep the outstanding Loans ratable with any revised Commitment Percentages arising from any nonratable increase in the Commitments under this Section.

(e) ***Conflicting Provisions***. This Section shall supersede any provisions in ***Sections 3.11*** or ***15.9*** to the contrary.

SECTIONTERMS OF PAYMENT.
3

3.1 Notes and Payments.

(a) The Loans made by each Lender and any L/C Credit Extension shall be evidenced by one or more accounts or records maintained by such Lender and by Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans or L/C Credit Extension made by Lenders to Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of Borrower hereunder to pay any amount owing with respect to the Obligation. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender or either Swing Line Lender, as the case may be, made through Administrative Agent, Borrower shall promptly execute and deliver to such Lender (through Administrative Agent) a Note (or in the case of a Swing Line Lender, a Swing Line Note), which shall evidence such Lender's Loans (or in the case of a Swing Line Lender, such Swing Line Lender's Swing Line Loan) in addition to such account or records. Each Lender (or Swing Line Lender, as the case may be) may attach schedules to its Note (or Swing Line Note, as the case may be) and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in ***clause (a)*** herein, each Lender and Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in L/Cs. In the event of any conflict between the accounts and records maintained by Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

(c) Borrower must make each payment on the Obligation, without condition or deduction for any counterclaim, defense, recoupment or setoff. All payments by Borrower hereunder shall be made in Dollars to Administrative Agent, for the account of the respective Lenders to which such payment is owed, at Administrative Agent's principal office in Dallas, Texas, in funds that will be available for immediate use by Administrative Agent by 1:00 p.m. on the day due; otherwise, but subject to ***Section 3.8***, those funds continue to accrue interest as if they were received on the next Business Day. Administrative Agent shall promptly distribute to each Lender its Commitment Percentage (or other payment share as provided herein) of such payment to which that Lender is entitled on the same day Administrative Agent receives the funds from Borrower if Administrative Agent receives the payment before 1:00 p.m., and otherwise before 1:00 p.m. on the following Business Day. If and to the extent that Administrative Agent does not make payments to Lenders when due, unpaid amounts shall accrue interest at the Federal Funds Rate from the due date until (but not including) the payment date.

3.2 Interest and Principal Payments; Prepayments; Voluntary Commitment Reductions.

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

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

(c) Borrower shall repay the outstanding principal amount of each Swing Line Loan on the earlier to occur of (i) the date that is ten (10) Business Days after such Loan is made, and (ii) the Termination Date.

(d) If the Commitment Usage ever exceeds the Total Commitment, or if the aggregate unpaid principal amount of all outstanding Swing Line Loans ever exceeds the Swing Line Commitment, then Borrower shall immediately prepay Loans and/or Cash Collateralize the L/C Exposure in an aggregate amount equal to such excess; *provided, however*, that Borrower shall not be required to Cash Collateralize the L/C Exposure pursuant to this ***Section 3.2(d)*** unless, after prepayment in full of the Loans, the Commitment Usage exceeds the Total Commitment then in effect.

(e) Without premium or penalty and upon giving at least two Business Days prior written and irrevocable notice to Administrative Agent (who shall promptly notify Lenders of its receipt of such notice and its contents), Borrower may terminate all or reduce part of the unused portion of the Total Commitment. Each partial reduction (unless the remaining portion of such commitment is less) must be in an amount of not less than $5,000,000 or a greater integral multiple of $1,000,000, and shall be ratable among all Lenders according to their respective Commitment Percentages. Once terminated or reduced, such commitments may not be reinstated or increased. Borrower shall not terminate or reduce the Total Commitment if, after giving effect thereto and to any concurrent prepayments hereunder, the Commitment Usage would exceed the Total Commitment. If, after giving effect to any reduction of the Total Commitment, the L/C Sublimit, or the Swing Line Sublimit, exceeds the amount of the Total Commitment, such sublimits shall be automatically reduced by the amount of such excess. Administrative Agent will promptly notify Lenders of any such notice of termination or reduction of the Total Commitment.

(f) Borrower may voluntarily prepay all or any part of the Principal Debt (other than Principal Debt under the Swing Line Subfacility, which may be prepaid in accordance with ***clause (g)*** below) at any time without premium or penalty, subject to the following conditions:

(i) Administrative Agent must receive Borrower's written payment notice (which shall specify (1) the payment date, and (2) the Type and amount of the Loan(s) to be paid; such notice shall constitute an irrevocable and binding obligation of Borrower to make a payment on the designated date) by 11:00 a.m. on (x) the first Business Day preceding the date of payment of a Revolver Loan that is a LIBOR Loan, and (y) the date of payment of a Base Rate Loan;

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

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

(iv) Borrower shall pay any related Funding Loss upon demand; and

(v) unless a Default or Potential Default has occurred and is continuing (or would arise as a result thereof), any prepayment of the Principal Debt may be reborrowed by Borrower, subject to the terms and conditions of the Loan Papers.

Administrative Agent will promptly notify each Lender of its receipt of a payment notice from Borrower, and of the amount of such Lender's Commitment Percentage of such prepayment.

(g) Borrower may, upon notice to the applicable Swing Line Lender (with a copy to Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans owed to such Swing Line Lender, in whole or in part without premium or penalty; *provided, that* (i) such notice must be received by the applicable Swing Line Lender and Administrative Agent not later than 12:00 noon on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of $100,000, or a greater integral multiple thereof. Each such notice shall specify the date and amount of such prepayment. Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

3.3 Interest Options.

Except where specifically otherwise provided, (a) Revolver Loans bear interest at an annual rate equal to the lesser of (i) the Base Rate *plus* the Applicable Margin or LIBOR *plus* the Applicable Margin for the Interest Period, if any, selected by Borrower (in each case as designated or deemed designated by Borrower), as the case may be, and (ii) the Maximum Rate, and (b) Swing Line Loans bear interest at an annual rate equal to the lesser of (i) Daily Floating LIBOR *plus* the Applicable Margin and (ii) the Maximum Rate. Each change in the Base Rate, Daily Floating LIBOR, and the Maximum Rate is effective, without notice to Borrower or any other Person, upon the effective date of change.

3.4 Quotation of Rates.

A Responsible Officer of Borrower may call Administrative Agent before delivering a Loan Notice or Swing Line Loan Notice to receive an indication of the interest rates then in effect, but the indicated rates do not bind Administrative Agent or Lenders or affect the interest rate that is actually in effect when Borrower delivers its Loan Notice or Swing Line Loan Notice or on the Loan Date.

3.5 Default Rate.

While any Default exists, Borrower shall pay interest on the Principal Debt at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Law. If any amount (other than principal of any Loan) payable by Borrower under any Loan Paper is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration, or otherwise, then upon the request of Required Lenders, such amount shall thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

3.6 Interest Recapture.

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

3.7 Interest Calculations.

All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, *provided that* any Loan that is repaid on the same day on which it is made shall, subject to ***Section 3.1(c)***, bear interest for one day.

3.8 Maximum Rate.

Regardless of any provision contained in any Loan Paper or any document related thereto, no Lender is entitled to contract for, charge, take, reserve, receive or apply, as interest on all or any part of the Obligation any amount in excess of the Maximum Rate, and, if Lenders ever do so, then any excess shall be treated as a partial payment of principal and any remaining excess shall be refunded to Borrower. In determining if the interest paid or payable exceeds the Maximum Rate, Borrower and Lenders shall, to the maximum extent permitted under applicable Law, (a) treat all Loans as but a single extension of credit (and Lenders and Borrower agree that is the case and that provision in this Agreement for multiple Loans is for convenience only), (b) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (c) exclude voluntary payments and their effects, and (d) amortize, prorate, allocate and spread the total amount of interest throughout the entire contemplated term of the Obligation. However, if the Obligation is paid in full before the end of its full contemplated term, and if the interest received for its actual period of existence exceeds the Maximum Amount, Lenders shall refund any excess (and Lenders shall not, to the extent permitted by Law, be subject to any penalties provided by any Laws for contracting for, charging, taking, reserving or receiving interest in excess of the Maximum Amount).

3.9 Interest Periods.

When Borrower requests LIBOR for Revolver Loans, Borrower may elect the applicable Interest Period. No more than ten (10) LIBOR Interest Periods may be in effect at one time.

3.10 Order of Application.

(a) If no Default or Potential Default exists, payments and prepayments of the Obligation shall be applied first to fees then due, second to accrued interest then due and payable on the Principal Debt, and then to the remaining Obligation in the order and manner as Borrower may direct.

(b) If a Default or Potential Default exists, any payment or prepayment (including proceeds from the exercise of any Rights) shall be applied to the Obligation in the following order: (i) to the payment of all fees, expenses, and indemnities for which Administrative Agent has not been paid or reimbursed in accordance with the Loan Papers; (ii) to the ratable payment of all fees, expenses, and indemnities (other than L/C fees set forth in ***Section 5.3*** hereof (collectively, "***L/C Fees***")) for which Lenders have not been paid or reimbursed in accordance with the Loan Papers (as used in this ***clause (ii)***, a "*ratable payment*" for any Lender shall be, on any date of determination, that proportion which the portion of the total fees, expenses, and indemnities owed to such Lender bears to the total aggregate fees, expenses, and indemnities owed to all Lenders on such date of determination); (iii) to the ratable payment of accrued and unpaid interest on the Principal Debt and L/C Fees (as used in this ***clause (iii)***, "*ratable payment*" means, for any Lender, on any date of determination, that proportion which the accrued and unpaid interest on the Principal Debt owed to such Lender bears to the total accrued and unpaid interest on the Principal Debt owed to all Lenders); (iv) to the ratable payment of the Principal Debt (as used in this ***clause (iv)***, "*ratable payment*" means for any Lender, on any date of determination, that proportion which the Principal Debt owed to such Lender bears to the Principal Debt owed to all Lenders); (v) to Administrative Agent for the account of the applicable L/C Issuer, to Cash Collateralize that portion of L/C Exposure comprised of the aggregate undrawn amount of L/Cs; (vi) to the payment of the remaining Obligation in the order and manner Required Lenders deem appropriate; and (vii) the balance, if any, after all of the Obligation has been indefeasibly paid in full, to Borrower or as otherwise required by Law.

Subject to ***Section 2.3(c)***, amounts used to Cash Collateralize the aggregate undrawn amount of L/Cs pursuant to ***clause (v)*** above shall be applied to satisfy drawings under such L/Cs as they occur. If any amount remains on deposit as Cash Collateral after all L/Cs have either been fully drawn or expired, such remaining amount shall be applied to the other Obligation, if any, in the order set forth above.

Subject to the provisions of ***Section 14*** and *provided that* Administrative Agent shall not in any event be bound to inquire into or to determine the validity, scope, or priority of any interest or entitlement of any Lender and may suspend all payments or seek appropriate relief (including, without limitation, instructions from Required Lenders or Required Lenders or an action in the nature of interpleader) in the event of any doubt or dispute as to any apportionment or distribution contemplated hereby, Administrative Agent shall promptly distribute such amounts to each Lender in accordance with the Agreement and the related Loan Papers.

3.11 Sharing of Payments, Etc.

If any Lender (a "***Benefitted Lender***") shall at any time receive any payment of all or part of the Loans owing to it, or interest thereon, or receive any Collateral in respect thereof (whether voluntarily or involuntarily, by set-off, or otherwise), in a greater proportion than any such payment to or Collateral received by any other Lender, if any, in respect of such other Lender's Loans owing to it, or interest thereon, such Benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans owing to it, or shall provide such other Lenders with the benefits of any such Collateral, or the proceeds thereof, as shall be necessary to cause such Benefitted Lender to share the excess payment or benefits of such Collateral or proceeds ratably with each Lender; *provided, however, that* (i) if all or any portion of such excess payment or benefits is thereafter recovered from such Benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest, and (ii) the provisions of this Section shall not be construed to apply to (x) any payment made by Borrower pursuant to and in accordance with the express terms of this Agreement, or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Exposure or Swing Line Loans to any assignee or participant, other than to Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply). Borrower agrees that any Lender so purchasing a participation from a Lender pursuant to this ***Section 3.11*** may, to the fullest extent permitted by Law, exercise all of its Rights of payment (including the Right of setoff) with respect to such participation as fully as if such Person were the direct creditor of Borrower in the amount of such participation.

3.12 Booking Loans.

To the extent permitted by Law, any Lender may make, carry or transfer its Loans at, to, or for the account of any of its branch offices or the office of any of its Affiliates. However, no Affiliate is entitled to receive any greater payment under ***Section 4.3*** than the transferor Lender would have been entitled to receive with respect to those Loans.

SECTION 4 TAXES, YIELD PROTECTION, AND ILLEGALITY

4.1 Taxes.

(a) ***Payments Free of Taxes***. Any and all payments by or on account of any obligation of Borrower hereunder or under any other Loan Paper shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, *provided, that* if Borrower shall be required by applicable Law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), Administrative Agent, Lender, or applicable L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

(b) ***Payment of Other Taxes by Borrower***. Without limiting the provisions of ***subsection (a)*** above, Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) ***Indemnification by Borrower***. Borrower shall indemnify Administrative Agent, each Lender, and each L/C Issuer, within 10 days after receipt by Borrower of written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by Administrative Agent, such Lender, or such L/C Issuer, as the case may be, and, to the extent not resulting from the gross negligence or willful misconduct by Administrative Agent, any Lender, or either L/C Issuer, any penalties, interest, and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by a Lender or the applicable L/C Issuer (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender or the applicable L/C Issuer, shall be conclusive absent manifest error.

(d) ***Evidence of Payments***. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(e) ***Status of Lenders***. Any Foreign Lender that is entitled to an exemption from or reduction of withholding Tax under the Law of the jurisdiction in which Borrower is resident for Tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Paper shall deliver to Borrower (with a copy to Administrative Agent), at the time or times prescribed by applicable Law or reasonably requested by Borrower or Administrative Agent, such properly completed and executed documentation prescribed by applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by Borrower or Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by Borrower or Administrative Agent as will enable Borrower or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

Without limiting the generality of the foregoing, in the event that Borrower is resident for Tax purposes in the United States, any Foreign Lender shall deliver to Borrower and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of Borrower or Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income Tax treaty to which the United States is a party,

(ii) duly completed copies of Internal Revenue Service Form W-8ECI,

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under *section 881(c)* of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "*bank*" within the meaning of *section 881(c)(3)(A)* of the Code, (B) a "*10 percent shareholder*" of Borrower within the meaning of *section 881(c)(3)(B)* of the Code, or (C) a "*controlled foreign corporation*" described in *section 881(c)(3)(C)* of the Code and (y) duly completed copies of Internal Revenue Service Form W-8BEN, or

(iv) any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States Federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable Law to permit Borrower to determine the withholding or deduction required to be made.

(f) ***Treatment of Certain Refunds***. If Administrative Agent, any Lender, or either L/C Issuer determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by Borrower or with respect to which Borrower has paid additional amounts pursuant to this Section, it shall pay to Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of Administrative Agent, such Lender, or the applicable L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), *provided, that* Borrower, upon the request of Administrative Agent, such Lender, or the applicable L/C Issuer, agrees to repay the amount paid over to Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to Administrative Agent, such Lender, or the applicable L/C Issuer in the event Administrative Agent, such Lender, or the applicable L/C Issuer is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require Administrative Agent, any Lender or the applicable L/C Issuer to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to Borrower or any other Person.

4.2 Illegality.

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain, or fund LIBOR Loans, or to determine or charge interest rates based upon LIBOR or Daily Floating LIBOR, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to Borrower through Administrative Agent, any obligation of such Lender to make or continue Revolver Loans that are LIBOR Loans or to convert Base Rate Loans to Revolver Loans that are LIBOR Loans, or to make Daily Floating LIBOR Loans, shall be suspended until such Lender notifies Administrative Agent and Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, Borrower shall, upon demand from such Lender (with a copy to Administrative Agent), prepay or, if applicable, convert all LIBOR Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor (or, in the case of Daily Floating LIBOR Loans, on the next Business Day for LIBOR Loans), if such Lender may lawfully continue to maintain such LIBOR Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Revolver Loan that are LIBOR Loans, Daily Floating LIBOR Loans, or participations in Swing Line Loans. Upon any such prepayment or conversion, Borrower shall also pay accrued interest on the amount so prepaid or converted.

4.3 Inability to Determine Rates.

If Required Lenders determine that for any reason in connection with any request for a LIBOR Loan or, with respect to a Revolver Loan that is a LIBOR Loan, the conversion to or continuation thereof, that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Revolver Loan that is a LIBOR Loan, (b) adequate and reasonable means do not exist for determining LIBOR for any requested Interest Period or Daily Floating LIBOR with respect to the applicable proposed LIBOR Loan, or (c) LIBOR for any requested Interest Period or Daily Floating LIBOR with respect to the applicable proposed LIBOR Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, Administrative Agent will promptly so notify Borrower and each Lender. Thereafter, the obligation of Lenders to make or maintain LIBOR Loans shall be suspended until Administrative Agent (upon the instruction of Required Lenders) revokes such notice. Upon receipt of such notice, Borrower may revoke any pending request for a Loan of, conversion to or continuation of Revolver Loans that are, LIBOR Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

4.4 Increased Costs; Reserves on Revolver Loans that are LIBOR Loans.

(a) ***Increased Costs Generally***. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge, or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by ***Section 4.4(e)***) or the L/C Issuers;

(ii) subject any Lender or either L/C Issuer to any Tax of any kind whatsoever with respect to this Agreement, any L/C, any participation in a L/C, or any Revolver Loan that is a LIBOR Loan made by it, or change the basis of taxation of payments to such Lender or such L/C Issuer in respect thereof (except for Indemnified Taxes or Other Taxes covered by ***Section 4.1*** and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender or such L/C Issuer); or

(iii) impose on any Lender or either L/C Issuer or the London interbank market any other condition, cost, or expense affecting this Agreement or LIBOR Loans made by such Lender or any L/C or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any LIBOR Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or such L/C Issuer of participating in, issuing, or maintaining any L/C (or of maintaining its obligation to participate in or to issue any L/C), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer hereunder (whether of principal, interest, or any other amount) then, upon request of such Lender or such L/C Issuer, Borrower will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered.

(b) ***Capital Requirements***. If any Lender or either L/C Issuer determines that any Change in Law affecting such Lender or the applicable L/C Issuer or any Lending Office of such Lender or such Lender's or the applicable L/C Issuer's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the applicable L/C Issuer's capital or on the capital of such Lender's or the applicable L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitment of such Lender or the Loans made by, or participations in L/Cs held by, such Lender, or the L/Cs issued by the applicable L/C Issuer, to a level below that which such Lender or the applicable L/C Issuer or such Lender's or the applicable L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the applicable L/C Issuer's policies and the policies of such Lender's or the applicable L/C Issuer's holding company with respect to capital adequacy), then from time to time, upon demand of such Lender or the applicable L/C Issuer, Borrower will pay to such Lender or the applicable L/C Issuer, as the case may be, such additional amount as will compensate such Lender or the applicable L/C Issuer or such Lender's or the applicable L/C Issuer's holding company for any such reduction suffered.

(c) ***Certificates for Reimbursement***. A certificate of a Lender or either L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or the applicable L/C Issuer or its holding company, as the case may be, as specified in ***subsection (a)*** or ***(b)*** of this Section and delivered to Borrower shall be conclusive absent manifest error. Borrower shall pay such Lender or the applicable L/C Issuer, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) ***Delay in Requests***. Failure or delay on the part of any Lender or either L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or the applicable L/C Issuer's right to demand such compensation, *provided*, *that* that Borrower shall not be required to compensate a Lender or the applicable L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender or the applicable L/C Issuer, as the case may be, notifies Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the applicable L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) ***Reserves on LIBOR Loans***. Borrower shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits, additional interest on the unpaid principal amount of each LIBOR Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan; *provided*, *that* Borrower shall have received at least 10 days prior notice (with a copy to Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice 10 days prior to the last day of the relevant Interest Period, such additional interest shall be due and payable 10 days from receipt of such notice.

4.5 Compensation for Losses.

Upon demand of any Lender (with a copy to Administrative Agent) from time to time, Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost, or expense incurred by it as a result of:

(a) any continuation, conversion, payment, or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue, or convert any Loan other than a Base Rate Loan on the date or in the amount notified by Borrower; or

(c) any assignment of a Revolver Loan that is a LIBOR Loan on a day other than the last day of the Interest Period therefor as a result of a request by Borrower pursuant to ***Section 15.14***;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by Borrower to Lenders under this ***Section 4.5***, each Lender shall be deemed to have funded each Revolver Loan that is a LIBOR Loan made by it at LIBOR for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such LIBOR Loan was in fact so funded.

4.6 Mitigation Obligations; Replacement of Lenders.

(a) ***Designation of a Different Lending Office***. If any Lender requests compensation under ***Section 4.4***, or Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to ***Section 4.1***, or if any Lender gives a notice pursuant to ***Section 4.2***, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches, or affiliates, if, in the judgment of such Lender, such designation or assignment

(i) would eliminate or reduce amounts payable pursuant to ***Section 4.1*** or ***4.4***, as the case may be, in the future, or eliminate the need for the notice pursuant to ***Section 4.2***, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be materially disadvantageous to such Lender. Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) ***Replacement of Lenders***. If any Lender requests compensation under ***Section 4.4***, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to ***Section 4.1***, Borrower may replace such Lender in accordance with ***Section 15.14***.

4.7 Survival.

All of Borrower's obligations under this ***Section 4*** shall survive termination of the Total Commitment and repayment of the Obligation hereunder.

SECTIONFEES.
5

5.1 Treatment of Fees.

The fees described in this ***Section 5*** (a) are not compensation for the use, detention, or forbearance of money, (b) are in addition to, and not in lieu of, interest and expenses otherwise described in this Agreement, (c) are payable in accordance with ***Section 3.1(c)***, (d) are non-refundable, and (e) to the fullest extent permitted by Law, bear interest, if not paid when due, at the Default Rate.

5.2 Fee Letter.

Borrower shall pay to Arranger and Administrative Agent, for their respective accounts or for the respective accounts of Lenders, as the case may be, fees in the amounts and at the times specified in the applicable Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

5.3 L/C Fees.

(a) ***L/C Fees***. Borrower shall pay to Administrative Agent for the account of each Lender in accordance with its Commitment Percentage (i) a fee for each commercial L/C equal to 1/8 of 1% per annum times the actual daily maximum amount available to be drawn under each such L/C, and (ii) a fee for each standby L/C equal to the Applicable Margin for Revolver Loans that are LIBOR Loans *times* the actual daily maximum amount available to be drawn under each such L/C. Such fee for each L/C shall be due and payable quarterly in arrears on each Quarterly Date, commencing with the first such date to occur after the issuance of such L/C, and on the expiration date of such L/C. If there is any change in the Applicable Margin during any quarter, the actual daily amount of each standby L/C shall be computed and multiplied by the Applicable Margin separately for each period during such quarter that such Applicable Margin was in effect. Notwithstanding anything to the contrary contained herein, upon the request of Required Lenders, while any Default exists, the fees set forth herein with respect to L/Cs shall accrue at the Default Rate.

(b) ***Fronting Fee and Documentary and Processing Charges Payable to L/C Issuers***. Borrower shall pay directly to each L/C Issuer, for its own account, a fronting fee in an amount specified in the Fee Letter executed by such L/C Issuer or, with respect to commercial L/Cs, in an amount agreed upon by Borrower and such L/C Issuers. Such fronting fee shall be due and payable (i) with respect to standby L/Cs, on the tenth Business Day after the end of each January, April, July, and October in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such L/C, on the L/C Expiration Date, and thereafter on demand, or (ii) with respect to commercial L/Cs, upon the issuance thereof. In addition, Borrower shall pay directly to the applicable L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges of such L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(c) ***Calculation of L/C Fees***. Each L/C (*other than* a fee payable upon the issuance of the L/C) shall be calculated on the basis of a year of 360 days and the actual number of days elapsed.

5.4 Commitment Fee.

Borrower shall pay to Administrative Agent for the account of each Lender in accordance with its Commitment Percentage, a commitment fee equal to the Applicable Percentage times the daily amount by which the Total Commitment exceeds the Commitment Usage (excluding from Commitment Usage, for the purposes hereof, the outstanding principal balance of Swing Line Loans). The commitment fee shall accrue at all times from the Closing Date to the Termination Date, including at any time during which one or more of the conditions in ***Section 7*** is not met, and shall be due and payable quarterly in arrears on each Quarterly Date, commencing with the first such date to occur after the Closing Date, and on the Termination Date. The commitment fee shall be calculated quarterly in arrears on the basis of the actual days elapsed (including the first day but excluding the last day) in a calendar year of 360 days, and if there is any change in the Applicable Percentage during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Percentage separately for each period during such quarter that such Applicable Percentage was in effect.

SECTIONGUARANTY AND SECURITY.
6

6.1 Guaranty.

Full and complete payment of the Obligation under the Loan Papers shall be guaranteed in accordance with a Guaranty executed by each Restricted Company (other than Borrower).

6.2 Collateral.

Full and complete payment of the Obligation under the Loan Papers shall be secured by (a) all capital stock or other equity interests issued to a Restricted Company by any Restricted Subsidiary organized under the Laws of the United States (or any state thereof), (b) 65% of all capital stock or other equity

interests issued to a Restricted Company organized under the Laws of the United States (or any state thereof) by any Restricted Subsidiary organized under the Laws of any country *other than* the United States, (c) a pledge by Borrower of its membership interests in SSI, and (d) all Bond Rights created in favor of or held by the L/C Issuers (as assigned to Administrative Agent pursuant to ***Section 2.3(j)(iv)*** herein), including, without limitation, any Rights thereunder pledged or assigned to the L/C Issuer as security for payment of the "*Bonds*" defined therein (collectively, the "***Collateral***").

6.3 Additional Collateral and Guaranties.

Administrative Agent may, without notice or demand and without affecting any Person's obligations under the Loan Papers, from time to time (a) receive and hold additional collateral from any Person for the payment of all or any part of the Obligation and exchange, enforce or release all or any part of that collateral (in accordance with ***Section 14.9***), and (b) accept and hold any endorsement or guaranty of payment of all or any part of the Obligation and release any endorser or guarantor, or any Person who has given any other security for the payment of all or any part of the Obligation, or any other Person in any way obligated to pay all or any part of the Obligation (in accordance with ***Section 14.9***).

6.4 Additional Documents or Information.

Each Company will execute or cause to be executed, stock powers, control agreements, and other writings in the form and content reasonably required by Administrative Agent, and shall deliver (or grant Administrative Agent the authority to file on behalf of each Company) financing statements requested by Administrative Agent. Borrower shall pay all costs of (a) filing any financing, continuation, amendment or terminations statements, or (b) other actions taken by Administrative Agent relating to the Collateral, including, without limitation, costs and expenses of any Lien search required by Administrative Agent.

SECTION 7 CONDITIONS PRECEDENT.

7.1 Initial Advance.

Lenders will not be obligated to fund the initial Loans hereunder, and the L/C Issuers will not be obligated to issue the initial L/Cs hereunder, unless (x) there have been no changes or developments in the information and projections provided by the Companies prior to the date hereof to Administrative Agent and Lenders in connection with the transactions contemplated hereby, (y) Administrative Agent and Lenders have not received or discovered new or additional information regarding the Companies that could reasonably be expected to cause a Material Adverse Event, and (z) Administrative Agent has received each of the items in ***clauses (a)*** through ***(k)*** below, and the conditions in ***clauses (l)*** and ***(m)*** below have been satisfied (*other than* each item or condition, if any, listed on ***Schedule 7.1***, which items or conditions are hereby permitted to be delivered or satisfied after the Closing Date, but not later than the respective dates for delivery or satisfaction specified on ***Schedule 7.1***):

(a) an executed counterpart of this Agreement, sufficient in number for distribution to Administrative Agent, each Lender, and Borrower;

(b) with respect to any Lender requesting a Note pursuant to ***Section 3.1(a)***, a Revolver Note, payable to the order of such requesting Lender, as contemplated in ***Section 3.1(a)***, and if requested by either Swing Line Lender pursuant to ***Section 3.1(a)***, a Swing Line Note, payable to such Swing Line Lender;

(c) from any Restricted Company (*other than* Borrower) (i) that has not previously executed a Guaranty, a Guaranty executed by such Restricted Company, or (ii) that has previously executed a Guaranty, a Confirmation of Guaranty executed by such Restricted Company;

(d) from the holder of the capital stock or other equity interests of any Restricted Company or SSI, as applicable, (i) that has not previously executed a Pledge Agreement, a Pledge Agreement executed by such Person, pledging such capital stock or other equity interest, or (ii) that has previously executed a Pledge Agreement, a Confirmation of Pledge Agreement executed by such Person;

(e) an Officers' Certificate for each Restricted Company, relating to articles of incorporation or organization, bylaws, regulations, or operating agreements, resolutions, and incumbency;

(f) Certificates of Existence and Good Standing (Account Status) for each Restricted Company from its state of organization and each other state where it does business, each dated after January 1, 2005;

(g) Forest Service Permit Agreements duly executed by the United States Department of Agriculture, Forest Service, the applicable Company, and Administrative Agent;

(h) Legal opinions of Martha Dugan Rehm, General Counsel of VRI, and Cahill Gordon & Reindel LLP, special New York counsel to Borrower and the other Restricted Subsidiaries, each in form and substance satisfactory to Administrative Agent; one of the foregoing opinions shall include opinions confirming that (i) the Debt incurred under this Agreement and the related Loan Papers (A) has been incurred or entered into in compliance with the requirements of the Senior Subordinated Indenture, and (B) constitutes "*Senior Debt*" under the terms of the Senior Subordinated Indenture, and (ii) this Agreement constitutes the "*Credit Agreement*" as such term is defined in the Senior Subordinated Indenture.

(i) a certificate signed by a Responsible Officer certifying that (i) all of the representations and warranties of the Companies in the Loan Papers are true and correct in all material respects; (ii) no Default or Potential Default exists under the Existing Agreement; (iii) no Default or Potential Default exists or would result from the execution and delivery of the Loan Papers or the proposed funding of the Loans or issuance of L/Cs on the Closing Date; (iv) there has been no event or circumstance since July 31, 2004 that has had or could be reasonably expected to result in, either individually or in the aggregate, a Material Adverse Event; and (v) except as set forth on ***Schedule 8.7***, there is no action, suit, investigation, or proceeding pending or, to the knowledge of Borrower, threatened, in any court or before any arbitrator or Governmental Authority that could reasonably be expected to (A) materially and adversely affect the Companies, or (B) adversely affect any transaction contemplated hereby, the rights and remedies of Administrative Agent, Lenders, and the L/C Issuers hereunder, or the ability of the Companies or any other obligor under any Guaranty to perform their respective obligations under the Agreement;

(j) evidence that all insurance required to be maintained pursuant to the Loan Papers has been obtained and is in effect;

(k) evidence, in form and substance satisfactory to Administrative Agent, that concurrently with the Closing Date, the "*Term Loans*" under the Existing Agreement shall be repaid in full, the security interests of the "*Term Loan Lenders*" in the collateral shall be released, and all obligations of Borrower with respect thereto shall be terminated;

(l) payment of all fees payable on or prior to the Closing Date to Administrative Agent, any Related Party of the Administrative Agent, and any Lender as provided for in ***Section 5***; and

(m) unless waived by Administrative Agent, payment in full of all reasonable fees, expenses, and disbursements of Haynes and Boone, LLP and, without duplication, the reasonably allocated cost of internal legal services and all reasonable expenses and disbursements of internal counsel (collectively, "***Attorney Costs***") of Administrative Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute Administrative Agent's reasonable estimate of Attorney Costs incurred or to be incurred by it through the closing proceedings (*provided*, *that* such estimate shall not thereafter preclude a final settling of accounts between Borrower and Administrative Agent).

7.2 Each Advance.

The obligation of each Lender to make any Loan (other than a conversion of Loans to the other Type or a continuation of Revolver Loans as LIBOR Loans) is subject to the following conditions precedent: (a) Administrative Agent shall have timely received a Loan Notice (or in the case of a Swing Line Loan, a Swing Line Loan Notice) or the applicable L/C Issuer shall have timely received the applicable L/C Agreement; (b) the applicable L/C Issuer shall have received any applicable L/C fee; (c) all of the representations and warranties of the Companies in the Loan Papers are true and correct in all material respects (unless they speak to a specific date or are based on facts which have changed by transactions contemplated or permitted by this Agreement); (d) no Material Adverse Event, Default or Potential Default exists or would result from the proposed funding of such Loans or issuance of L/Cs; and (e) the funding of the Loans or issuance of the L/Cs is permitted by Law. Upon Administrative Agent's reasonable request, Borrower shall deliver to Administrative Agent evidence substantiating any of the matters in the Loan Papers that are necessary to enable Borrower to qualify for the Loans or L/Cs. Each condition precedent in this Agreement is material to the transactions contemplated by this Agreement, and time is of the essence with respect to each condition precedent. Subject to the prior approval of Required Lenders, Lenders may fund any Loan, and the applicable L/C Issuer may issue any L/C, without all conditions being satisfied, but, to the extent permitted by Law, that funding and issuance shall not be deemed to be a waiver of the requirement that each condition precedent be satisfied as a prerequisite for any subsequent funding or issuance, unless Required Lenders specifically waive each item in writing. Each Loan Notice (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Revolver Loans as LIBOR Loans), each Swing Line Loan Notice, and each L/C Agreement submitted by Borrower shall be deemed to be a representation and warranty that the conditions specified in this ***Section 7.2*** have been satisfied on and as of the date of the applicable Loan or issuance of the applicable L/C. Notwithstanding anything to the contrary set forth in this ***Section 7.2***, Lenders will not be obligated to honor any Loan Notice (including a Loan Notice converting Revolver Loans that are Base Rate Loans to Revolver Loans that are LIBOR Loans or continuing Revolver Loans that are LIBOR Loans) or Swing Line Loan Notice if a Default or Potential Default exists or would result after giving effect to the proposed funding, conversion, or continuation of such Loans or issuance of L/Cs.

SECTION 8 REPRESENTATIONS AND WARRANTIES.

Borrower (and each Guarantor by execution of a Guaranty) represents and warrants to Administrative Agent and Lenders as set forth below; *provided however*, that representations and warranties of any such Guarantor shall be made solely as to such Guarantor and its Subsidiaries:

8.1 Regulation U.

No Company is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any "*margin stock*" within the meaning of *Regulations T or U* of the Board of Governors of the Federal Reserve System, as amended. No part of the proceeds of any Loan will be used, directly or indirectly, for a purpose which violates any Law, including, without limitation, the provisions of *Regulations T*, *U*, or *X* (as enacted by the Board of Governors of the Federal Reserve System, as amended). Following the application of the proceeds of each Loan, each L/C Borrowing, or each drawing under each L/C, not more than 25% of the value of the assets (either of Borrower only or the Companies on a consolidated basis) subject to the provisions of ***Section 10.5***, ***Section 10.10*** and ***Section 10.11*** or subject to any restriction contained in any agreement or instrument between Borrower and any Lender or any Affiliate of any Lender relating to Debt and within the scope of ***Section 12.8*** will be margin stock.

8.2 Corporate Existence, Good Standing, Authority and Compliance.

Each Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction in which it is incorporated or organized as identified on ***Schedule 8.2*** (or any revised ***Schedule 8.2*** delivered by Borrower to Lenders evidencing changes permitted by ***Sections 9.10, 9.11***, ***10.10*** or ***10.11***). Except where failure is not a Material Adverse Event, each Restricted Company (a) is duly qualified to transact business and is in good standing as a foreign corporation or other entity in each jurisdiction where the nature and extent of its business and properties require due qualification and good standing as identified on ***Schedule 8.2*** (or any such revised ***Schedule 8.2***), and (b) possesses all requisite authority, permits, licenses, consents, approvals and power to (i) own or lease its assets and conduct its business as is now being, or is contemplated by this Agreement to be, conducted, and (ii) execute, deliver, and perform its obligations under the Loan Papers to which it is party.

8.3 Subsidiaries.

VRI has no Subsidiaries, *other than* as disclosed on ***Schedule 8.2*** (or on any revised ***Schedule 8.2*** delivered by Borrower to Lenders evidencing changes permitted by ***Sections 9.10, 9.11***, ***10.10*** or ***10.11***). All of the outstanding shares of capital stock (or similar voting interests) of the Restricted Companies are duly authorized, validly issued, fully paid and nonassessable. All of the outstanding shares of capital stock of the Restricted Companies *other than* VRI are owned of record and beneficially as set forth thereon, free and clear of any Liens, restrictions, claims or Rights of another Person, *other than* Permitted Liens, and are not subject to any warrant, option or other acquisition Right of any Person or subject to any transfer restriction, *other than* restrictions imposed by securities Laws and general corporate Laws. All Unrestricted Subsidiaries meet the requirements of "*Unrestricted Subsidiaries*" as set forth in the definition thereof.

8.4 Authorization and Contravention.

The execution and delivery by, and enforcement against, each Restricted Company of each Loan Paper or related document to which it is a party and the performance by it of its obligations thereunder (a) are within its organizational power, (b) have been duly authorized by all necessary action, (c) require no

action by or filing with any Governmental Authority (*other than* any action or filing that has been taken or made on or before the Closing Date), (d) do not violate any provision of its organizational documents, (e) do not violate any provision of Law or any order of any Governmental Authority applicable to it, *other than* violations that individually or collectively are not a Material Adverse Event, (f) do not violate any Material Agreements to which it is a party, or (g) do not result in the creation or imposition of any Lien on any asset of any Company.

8.5 Binding Effect.

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

8.6 Financial Statements; Fiscal Year.

The Current Financials were prepared in accordance with GAAP and, together with the notes thereto, present fairly, in all material respects, the consolidated financial condition, results of operations, and cash flows of the Companies as of, and for the portion of the fiscal year ending on, the date or dates thereof (subject only to normal year-end adjustments)**,** and show all material indebtedness and other liabilities, direct or contingent, of the Companies as of such date or dates, including liabilities for Taxes, material commitments and Debt. Since the date of the Current Financials, there has been no event or circumstance, either individually or in the aggregate, that has resulted in or could reasonably be expected to result in a Material Adverse Event. The fiscal year of Borrower ends on July 31.

8.7 Litigation.

Except as disclosed on ***Schedule 8.7***, (a) no Company (*other than* as a creditor or claimant) is subject to, or aware of the threat of, any Litigation (i) that is reasonably likely to be determined adversely to any Company and, if so adversely determined, shall result in a Material Adverse Event, or (ii) that purports to affect or pertain to this Agreement or any other Loan Paper, or any of the transactions contemplated hereby, (b) no outstanding or unpaid judgments against any Company exist, and (c) no Company is a party to, or bound by, any judicial or administrative order, judgment, decree or consent decree relating to any past or present practice, omission, activity or undertaking which constitutes a Material Adverse Event.

8.8 Taxes.

All Tax returns of each Company required to be filed have been filed (or extensions have been granted) before delinquency, *other than* returns for which the failure to file is not a Material Adverse Event or, in any event, likely to result in a Lien on the assets of the Companies securing any liability of the Companies (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Sections 8.9*** and ***Section 8.10*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount, and all Taxes shown as due and payable in such returns have been paid before delinquency, *other than* Taxes for which the criteria for Permitted Liens (as specified in ***clause (j)*** of the definition of *"Permitted Liens"*) have been satisfied, for which nonpayment is not a Material Adverse Event or, in any event, likely to result in a Lien on the assets of the Companies securing any liability of the Companies (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Section 8.9*** and ***Section 8.10*** herein that reasonably likely to be secured by Liens) in excess of the Threshold Amount, or which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided. There is no proposed Tax assessment against any Company that would, if made, result in a Material Adverse Event or, in any event, result in a Lien on the assets of such Company or Companies securing any liability (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Section 8.9*** and ***Section 8.10*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount.

8.9 Environmental Matters.

Except as disclosed on ***Schedule 8.9*** and *except* for conditions, circumstances or violations that are not, individually or in the aggregate, a Material Adverse Event or, in any event, likely to result in a Lien on the assets of the Companies securing liability of the Companies (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Section 8.8*** and ***Section 8.10*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount, no Company (a) knows of any environmental condition or circumstance adversely affecting any Company's properties or operations, (b) has, to its knowledge, received any written report of any Company's violation of any Environmental Law, or (c) knows that any Company is under any obligation imposed by a Governmental Authority to remedy any violation of any Environmental Law. Except as disclosed on ***Schedule 8.9***, each Company believes that its properties and operations do not violate any Environmental Law, *other than* violations that are not, individually or in the aggregate, a Material Adverse Event or, in any event, likely to result in a Lien on the assets of the Companies securing liability of the Companies (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Section 8.8*** and ***Section 8.10*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount. No facility of any Company is used for, or to the knowledge of any Company has been used for, treatment or disposal of any Hazardous Substance or storage of Hazardous Substances, *other than* in material compliance with applicable Environmental Laws.

8.10 Employee Plans.

Except where the occurrence or existence is not a Material Adverse Event or, in any event, likely to result in a Lien on the assets of any Company or the Companies securing liability of any Company or the Companies (individually or when aggregated with any liability of the Companies contemplated elsewhere in this Section and in ***Section 8.8*** and ***Section 8.9*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount, (a) no Employee Plan has incurred an *"accumulated funding deficiency"* (as defined in section 302 of ERISA or section 412 of the Code), (b) no Company has incurred liability under ERISA to the PBGC in connection with any Employee Plan (*other than* required insurance premiums, all of which have been paid), (c) no Company has withdrawn in whole or in part from participation in a Multiemployer Plan, (d) no Company has engaged in any *"prohibited transaction"* (as defined in section 406 of ERISA or section 4975 of the Code), and (e) no *"reportable event"* (as defined in section 4043 of ERISA) has occurred with respect to an Employee Plan, excluding events for which the notice requirement is waived under applicable PBGC regulations.

8.11 Properties and Liens.

(a) Each Company has good and marketable title in fee simple to, or a valid leasehold interest in, all material property reflected on the Current Financials (*other than* for property that is obsolete or that has been disposed of in the ordinary course of business or as otherwise permitted by ***Section 10.10*** or ***Section 10.11***).

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

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

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

(e) As of the Closing Date, the Companies own the Critical Assets set forth on ***Schedule 8.11.*** The Critical Assets set forth on ***part (a)*** of ***Schedule 8.11***, which constitute Existing Critical Assets, were acquired on or before the Third Agreement Date. The Critical Assets set forth on ***part (b)*** of ***Schedule 8.11***, which constitute Additional Critical Assets, were acquired after the Third Agreement Date. Each Existing Critical Asset owned by any Company is owned by a Wholly Owned Restricted Subsidiary of Borrower (other than Existing Critical Assets owned by Heavenly Valley), and each Additional Critical Asset is owned by a Restricted Subsidiary of Borrower.

8.12 Government Regulations.

No Company or Controlling Person (a) is a "*holding company*," or a "*subsidiary company*" of a "*holding company*," or an "*affiliate*" of a "*holding company*" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, or (b) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

8.13 Transactions with Affiliates.

Except as set forth in ***Schedule 8.13*** and *except* for other transactions which do not, in the aggregate, cost the Restricted Companies more than $2,000,000 in any fiscal year, no Restricted Company is a party to any transaction with any Affiliate (*other than* another Restricted Company), *except* upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

8.14 Debt.

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

8.15 Material Agreements.

All Material Agreements to which any Restricted Company is a party are in full force and effect, and no default or potential default (a) exists on the part of any Restricted Company thereunder that is a Material Adverse Event or (b) would result from the consummation of the transactions contemplated by this Agreement or any other Loan Paper.

8.16 Labor Matters.

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

8.17 Solvency.

On the Closing Date, on each Loan Date, and on each date of an L/C Credit Extension, Borrower and each Guarantor are, and after giving effect to the requested Loan, will be, Solvent.

8.18 Intellectual Property.

Each Company owns (or otherwise holds rights to use) all material Intellectual Property, licenses, permits, and trade names necessary to continue to conduct its businesses as presently conducted by it and proposed to be conducted by it immediately after the Closing Date. To its knowledge, each Company is conducting its business without infringement or claim of infringement of any license, patent, copyright, service mark, trademark, trade name, trade secret or other intellectual property right of others, *other than* any infringements or claims that, if successfully asserted against or determined adversely to any Company, would not, individually or collectively, constitute a Material Adverse Event, and to the best of each Company's knowledge, no slogan or other advertising device, product, process, method, substance or part or other material now employed, or now contemplated to be employed, by such Company infringes upon any rights held by any other Person. To the knowledge of any Company as of the date hereof, no infringement or claim of infringement by others of any material Intellectual Property, license, permit, trade name, or other intellectual property of any Company exists, *other than* claims which will not result in a Material Adverse Event.

8.19 Full Disclosure.

Each material fact or condition relating to the Loan Papers or the financial condition, business or property of any Company has been disclosed to Administrative Agent. All reports, financial statements, certificates and other information furnished by any Company to Administrative Agent in connection with the Loan Papers on or before the Closing Date was, taken as a whole, true and accurate in all material respects or based on reasonable estimates on the date the information is stated or certified.

8.20 Insurance.

The properties of the Companies are insured with financially sound and reputable insurance companies not Affiliates of the Companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Companies operate.

8.21 Compliance with Laws.

Each Company is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Event.

8.22 Senior Debt.

The Obligation represents, among other things, the restatement, renewal, amendment, extension, and modification of the "*Obligation"* (as defined in the Existing Agreement) and constitutes "*Senior Debt*" under the Senior Subordinated Indenture and other documents evidencing and relating to Subordinated Debt.

SECTIONAFFIRMATIVE COVENANTS.
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So long as Lenders are committed to fund Loans and the L/C Issuers are committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid in full, Borrower covenants and agrees as follows:

9.1 Items to be Furnished.

Borrower shall cause the following to be furnished to each Lender:

(a) With respect to each fiscal year of the Companies, within 5 Business Days after the date required to be filed with the Securities and Exchange Commission as part of the Companies' periodic reporting, Financial Statements showing the consolidated financial condition and results of operations of the Companies as of, and for the year ended on, that last day, accompanied by: (A) the unqualified opinion of a "*Registered Public Accounting Firm*" (as such term is specified in the Securities Laws) of nationally-recognized standing, based on an audit using generally accepted auditing standards and applicable Securities Laws, that the Financial Statements were prepared in accordance with GAAP and present fairly, in all material respects, the consolidated financial condition and results of operations of the Companies, (B) any management letter prepared by the accounting firm delivered in connection with its audit, (C) a certificate from the accounting firm to Administrative Agent indicating that during its audit it obtained no knowledge of any Default or Potential Default, or if it obtained knowledge, the nature and period of existence thereof, and (D) a Compliance Certificate with respect to the Financial Statements.

(b) With respect to each fiscal quarter of the Companies (other than the last fiscal quarter of each fiscal year), within 5 Business Days after the date required to be filed with the Securities and Exchange Commission as part of the Companies periodic reportings, Financial Statements showing the consolidated financial condition and results of operations of the Companies for such fiscal quarter and for the period from the beginning of the current fiscal year to the last day of such fiscal quarter, accompanied by a Compliance Certificate with respect to the Financial Statements.

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

(d) Notice, promptly after any Company knows or has reason to know, of (i) the existence and status of any Litigation that, if determined adversely to any Company, would be a Material Adverse Event, (ii) any change in any material fact or circumstance represented or warranted by any Restricted Company in connection with any Loan Paper, (iii) the receipt by any Company of notice of any violation or alleged violation of any Environmental Law or ERISA (which individually or collectively with other violations or allegations is reasonably likely to constitute a Material Adverse Event), (iv) a Default or Potential Default, specifying the nature thereof and what action the Restricted Companies have taken, are taking, or propose to take, (v) any breach or nonperformance of, or default under, a Material Agreement of a Restricted Company that is reasonably likely to result in a Material Adverse Event, (vi) any material change in accounting policies or financial reporting practices by any Restricted Company, (vii) the occurrence of any Internal Control Event, or (viii) the occurrence of any event pursuant to which any "*person*" or "*group*" (as such terms are used in *Sections 13(d)* and *14(d)* of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent, or other fiduciary or administrator of any such plan) is granted or otherwise obtains or receives the right to acquire (such right, an "***option right***"), whether such right is exercisable immediately or only after the passage of time, directly or indirectly, 5% or more of the equity securities of VRI entitled to vote for members of the board of directors or equivalent governing body of VRI on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right). Each notice pursuant to ***Section 9.1(d)(iv)*** shall describe with particularity any and all provisions of this Agreement and any other Loan Paper that have been breached.

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

(f) Documents required to be delivered pursuant to ***Section 9.1(a)*** and ***(b)*** and ***Section 9.1(e)*** (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Borrower posts such documents, or provides a link thereto on Borrower's website on the Internet at the website address listed on ***Schedule 1***, or (ii) on which such documents are posted on Borrower's behalf on an Internet or intranet website, if any, to which each Lender and Administrative Agent have access (whether a commercial, third-party website or whether sponsored by Administrative Agent); *provided*, *that*: (x) Borrower shall deliver paper copies of such

documents to Administrative Agent or any Lender that requests Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by Administrative Agent or such Lender, and (y) Borrower shall notify Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Notwithstanding anything contained herein, in every instance Borrower shall be required to provide paper copies of the Compliance Certificates required by ***Section 9.1(a)*** and ***(b)*** to Administrative Agent. Except for such Compliance Certificates, Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Borrower hereby acknowledges that Administrative Agent will make available to Lenders and L/C Issuers materials and/or information provided by or on behalf of Borrower hereunder (collectively, "***Borrower Materials***") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "***Platform***").

(g) Subject to the confidentiality provisions set forth in ***Section 15.15***, promptly upon reasonable request by Administrative Agent or any Lender (through Administrative Agent), information (not otherwise required to be furnished under the Loan Papers) respecting the business affairs, assets and liabilities of the Companies (including, but not limited to, seasonal operating statistics, annual budgets, etc.) and opinions, certifications and documents in addition to those mentioned in this Agreement.

(h) With respect to the post-closing items set forth on ***Schedule 7.1***, if any, deliver, or cause to be delivered, to Administrative Agent, all agreements, documents, instruments, or other items listed on ***Schedule 7.1*** on or prior to the date specified for delivery thereof on ***Schedule 7.1***.

9.2 Use of Proceeds.

Borrower will use all of the proceeds of Loans, L/Cs, and L/C Borrowings for working capital, to make advances and other investments permitted by ***Section 10.8***, to make acquisitions permitted under ***Section 10.11***, and for other general corporate purposes and capital expenditures of the Companies. No part of the proceeds of any L/C draft or drawing, any L/C Borrowing, or any Loan will be used, directly or indirectly, for a purpose that violates any Law, including without limitation, the provisions of *Regulation U*.

9.3 Books and Records.

Each Company will maintain books, records, and accounts necessary to prepare financial statements in accordance with GAAP and in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over such Company.

9.4 Inspections.

Upon reasonable request, and subject to the confidentiality provisions set forth in ***Section 15.15***, each Company will allow Administrative Agent (or its Representatives) to inspect any of its properties, to review reports, files, and other records, and to make and take away copies, to conduct tests or investigations, and to discuss any of its affairs, conditions, and finances with its other creditors, directors, officers, employees, or representatives from time to time, during reasonable business hours; *provided that* when a Default exists, Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of Borrower at any time during normal business hours and with two (2) Business Days advance notice. Any of Lenders (or their Representatives) may accompany Administrative Agent during such inspections.

9.5 Taxes.

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

9.6 Payment of Obligations.

Each Company will pay (or renew and extend) all of its obligations at such times and to such extent as may be necessary to prevent a Material Adverse Event (*except* for obligations, *other than* Funded Debt, which are being contested in good faith by appropriate proceedings).

9.7 Maintenance of Existence, Assets, and Business.

(a) Except as otherwise permitted by ***Section 10.11***, each Company will (i) maintain its organizational existence and good standing in its state of organization and its authority to transact business in all other states where failure to maintain its authority to transact business is a Material Adverse Event; (ii) maintain all Water Rights, licenses, permits (including, without limitation, the Forest Service Permits), and franchises necessary for its business where failure to maintain is a Material Adverse Event; (iii) preserve or renew all of its Intellectual Property, the non-preservation of which could reasonably be expected to result in a Material Adverse Event; and (iv) keep all of its assets that are useful in and necessary to its business in good working order and condition (ordinary wear and tear excepted) and make all necessary repairs and replacements.

(b) Subject to dispositions permitted pursuant to ***Section 10.10*** hereof, each Existing Critical Asset owned by any Company shall be owned by a Wholly Owned Restricted Subsidiary of Borrower (other than Existing Critical Assets owned by Heavenly Valley), and each Additional Critical Asset owned or acquired by any Company after the Third Agreement Date shall be owned by a Restricted Subsidiary of Borrower, *so long as* (i) such Restricted Subsidiary has provided a Guaranty and Pledge Agreement in accordance with the provisions set forth in ***Sections 6.1***, ***6.2***, ***9.10***, or ***9.11*** herein, as the case may be, (ii) the stock or other equity interests in such Restricted Subsidiary owned by a Restricted Company have been pledged to Administrative Agent, for the benefit of Lenders, pursuant to a Pledge Agreement, and (iii) such Restricted Subsidiary has otherwise complied with the terms and provisions set forth in the Loan Papers, including, without limitation, ***Section 10.16*** herein.

(c) No Restricted Company party to a Pledge Agreement will change its name in any manner (*except* by registering additional trade names), unless such Restricted Company shall have given Administrative Agent prior notice thereof. Borrower shall promptly notify Administrative Agent of any change in name of any other Company (*except* the registering of additional tradenames).

9.8 Insurance.

Each Company will maintain with financially sound, responsible, and reputable insurance companies or associations (or, as to workers' compensation or similar insurance, with an insurance fund or by self-insurance authorized by the jurisdictions in which it operates) insurance concerning its properties and businesses against casualties and contingencies and of types and in amounts (and with co-insurance and deductibles) as is customary in the case of similar businesses. At Administrative Agent's request, each Company will deliver to Administrative Agent certificates of insurance for each policy of insurance and evidence of payment of all premiums.

9.9 Environmental Laws.

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

9.10 Subsidiaries.

The Companies may create or acquire additional Subsidiaries (including Unrestricted Subsidiaries); *provided that* (a) each Person that becomes a Restricted Subsidiary after the Closing Date (whether as a result of an acquisition permitted under ***Section 10.11***, creation, the failure of such Subsidiary to meet the requirements of an "*Unrestricted Subsidiary*" as set forth in the definition thereof, or otherwise) shall execute and deliver to Administrative Agent a Guaranty within 30 days after becoming a Restricted Subsidiary, (b) each Restricted Company that becomes the holder of the capital stock or equity interest of each Person that becomes a Restricted Subsidiary after the Closing Date (whether as a result of an acquisition permitted under ***Section 10.11***, creation, the failure of such Subsidiary to meet the requirements of an "*Unrestricted Subsidiary*" as set forth in the definition thereof, or otherwise) shall execute and deliver to Administrative Agent a Pledge Agreement, together with any related Security Documents reasonably required by Administrative Agent, pledging such capital stock or equity interests within 30 days after such Person becomes a Subsidiary, (c) Borrower shall deliver to Administrative Agent a revised ***Schedule 8.2*** reflecting such new Subsidiary within 30 days after it becomes a Subsidiary, and (d) no Default or Potential Default exists or arises after giving pro forma effect to the creation, acquisition, or addition of such Subsidiary; *provided*, *that* for purposes of determining compliance, (x) Debt of each Subsidiary created or acquired shall be deemed to have been incurred on the date of such acquisition or creation, and (y) Adjusted EBITDA for the most-recently-ended four fiscal quarters shall include on a *pro forma* basis for such period the EBITDA of each Restricted Subsidiary created or acquired.

9.11 Designation and Re-designation of Subsidiaries.

(a) Borrower may designate any Subsidiary as an Unrestricted Subsidiary and may re-designate any Restricted Subsidiary as an Unrestricted Subsidiary; *provided*, *that* (a) Borrower shall deliver to Administrative Agent a revised ***Schedule 8.2*** reflecting the designation of such Subsidiary as an Unrestricted Subsidiary or the re-designation of such Restricted Subsidiary as an Unrestricted Subsidiary within 30 days after it becomes an Unrestricted Subsidiary, (b) such Subsidiary otherwise meets (or would meet concurrently with the effectiveness of such re-designation) the requirements of an "*Unrestricted Subsidiary*" as set forth in the definition thereof, and (c) no Default or Potential Default exists or will arise after giving pro forma effect to such designation or re-designation; *provided*, *that* for purposes of determining compliance (x) with ***Section 10.8*** hereof, all outstanding loans, advances, and investments in such designated or re-designated Subsidiary shall be deemed to have been made on (and shall be valued as of) the date of such designation or re-designation, as applicable, and (y) Adjusted EBITDA for the most-recently-ended four fiscal quarters shall exclude on a *pro forma* basis for such period the EBITDA of such designated or re-designated Subsidiary. Subject to ***Section 15.9(g)***, Administrative Agent shall execute documentation reasonably required to release any Restricted Subsidiary which is re-designated by Borrower as an Unrestricted Subsidiary from its Guaranty.

(b) Borrower may re-designate any Unrestricted Subsidiary as a Restricted Subsidiary; *provided*, *that* (a) such Subsidiary shall have complied with ***Section 9.10*** hereof, (b) Borrower shall deliver to Administrative Agent a revised ***Schedule 8.2*** reflecting the re-designation of such Unrestricted Subsidiary as a Restricted Subsidiary within 30 days after it becomes a Restricted Subsidiary, and (c) no Default or Potential Default exists or will arise after giving pro forma effect to such re-designation; *provided*, *that* for purposes of determining compliance, (x) all existing Debt of, and loans, advances, or investments made by, such re-designated Subsidiary shall be deemed to have been incurred on the date of such re-designation, and (y) Adjusted EBITDA for the most-recently-ended four fiscal quarters shall include on a *pro forma* basis for such period the EBITDA of such re-designated Subsidiary.

SECTIONNEGATIVE COVENANTS.
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So long as Lenders are committed to fund Loans and the L/C Issuers are committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid in full, Borrower covenants and agrees as follows:

10.1 Taxes.

No Company shall use any portion of the proceeds of any Loan to pay the wages of employees, unless a timely payment to or deposit with the U.S. of all amounts of Tax required to be deducted and withheld with respect to such wages is also made.

10.2 Payment of Obligations.

No Company shall voluntarily prepay principal of, or interest on, any Funded Debt, *other than* the Obligation, if a Default or Potential Default exists (or would result from such payment). No Company shall repay, repurchase, redeem, or defease Subordinated Debt without the prior written consent of Required Lenders; *provided*, *that* any Company may, without the approval of Required Lenders, (a) tender for, repurchase (including, without limitation, in open market transactions or private negotiated transactions), redeem, or discharge (each, a "***Permitted Redemption***") up to an aggregate of $90,000,000 of Subordinated Debt, *so long as* (i) on and as of the date of each such Permitted Redemption, no Default or Potential Default then exists or arises, and (ii) not less than $300,000,000 of Subordinated Debt remains outstanding after giving effect to each such Permitted Redemption, and (b) repay Subordinated Debt in connection with the concurrent issuance of additional Subordinated Debt ("***Permitted Refinancing***"), *so long as* (i) on and as of the date of such Permitted Refinancing, no Default or Potential Default then exists or arises, (ii) the Subordinated Debt issued in connection with such Permitted Refinancing ("***Replacement Subordinated Debt***") satisfies the requirements for permitted Subordinated Debt as set forth in the Loan Papers, including, without limitation, the requirements imposed by the definition of "*Subordinated Debt*" in ***Section 1.1*** and by ***Section 10.16***, and is otherwise in form and substance satisfactory to

Administrative Agent, (iii) the principal amount of such Replacement Subordinated Debt does not exceed the principal amount of, plus premium and accrued interest on, the Subordinated Debt so refinanced, and (iv) such Replacement Subordinated Debt has a final maturity date later than the final maturity date of the Subordinated Debt so refinanced.

10.3 Employee Plans.

Except where a Material Adverse Event would not result, no Company shall permit any of the events or circumstances described in ***Section 8.10*** to exist or occur.

10.4 Debt.

No Company shall create, incur or suffer to exist any Debt, *other than* Permitted Debt.

10.5 Liens.

No Company shall (a) create, incur or suffer or permit to be created or incurred or to exist any Lien upon any of its assets, *other than* Permitted Liens, or (b) enter into or permit to exist any arrangement or agreement that directly or indirectly prohibits any Company from creating or incurring any Lien, *other than* (i) the Loan Papers, (ii) the documents executed in connection with the Vail Bonds (and any documents relating to a refinancing of the Vail Bonds), (iii) the Senior Subordinated Indenture as in effect on the Closing Date (which does not prohibit the creation or incurrence of Liens securing "*Senior Debt*" defined therein), (iv) any other indenture evidencing Subordinated Debt which is Permitted Debt and that contains the same exception for liens securing "*Senior Debt*" as the Senior Subordinated Indenture, and (v) leases or licenses that prohibit Liens on the leased or licensed property.

10.6 Transactions with Affiliates.

Except for transactions which do not, in the aggregate, cost the Restricted Companies more than $2,000,000 in any fiscal year, no Restricted Company shall enter into or suffer to exist any transaction with any Affiliate (*other than* another Restricted Company), or guaranty, obtain any letter of credit or similar instrument in support of, or create, incur or suffer to exist any Lien upon any of its assets as security for, any Debt or other obligation of any Affiliate (*other than* Debts or other obligations of another Restricted Company) unless (a) such transaction is an advance or equity contribution to an Unrestricted Subsidiary permitted by ***Sections 10.8(j)***, ***10.8(l)***, or ***10.8(m)***, (b) such transaction is described in ***Section 10.9*** or on ***Schedule 8.13***, (c) such transaction is an investment in employee residences permitted by ***Section 10.8(n)(iii)***, or (d) such transaction is upon fair and reasonable terms not materially less favorable than it could obtain or could become entitled to in an arm's-length transaction with a Person that was not its Affiliate.

10.7 Compliance with Laws and Documents.

No Company shall (a) violate the provisions of any Laws or rulings of any Governmental Authority applicable to it or of any Material Agreement to which it is a party if that violation alone, or when aggregated with all other violations, would be a Material Adverse Event, (b) violate the provisions of its organizational documents if such violation would cause a Material Adverse Event, or (c) repeal, replace or amend any provision of its organizational documents if that action would be a Material Adverse Event.

10.8 Loans, Advances and Investments.

Except as permitted by ***Section 10.9*** or ***Section 10.11***, no Restricted Company shall make or suffer to exist any loan, advance, extension of credit or capital contribution to, make any investment in, or purchase or commit to purchase any stock or other securities or evidences of Debt of, or interests in, any other Person, *other than*:

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

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

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

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

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

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

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

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

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

(j) loans, advances, and investments of the Restricted Companies existing on the Closing Date (i) in the Existing Housing Districts, Existing Metro Districts, and Keystone/IntraWest LLC, which investments are identified on ***part (a)*** of ***Schedule 10.8***, and (ii) in Persons other than Restricted Companies, Existing Housing Districts, Existing Metro Districts, and Keystone IntraWest LLC, which loans and investments are identified on ***part (b)*** of ***Schedule 10.8;***

(k) additional loans, advances, and investments in Restricted Companies, including, without limitation, investments in Persons that become Restricted Subsidiaries upon transactions consummated in compliance with ***Section 10.11*** herein;

(l) so long as no Default or Potential Default exists or arises, capital contributions or other contributions of Real Estate Held for Sale, in each case to Unrestricted Subsidiaries or Real Estate Joint Ventures;

(m) so long as no Default or Potential Default exists or arises, investments in Unrestricted Subsidiaries, additional investments in Housing Districts and Metro Districts not otherwise permitted in ***clause (j)(ii)*** above, and investments in other Persons involved in Similar Businesses, *so long as*, on the date of each such investment, the aggregate amount of all outstanding investments made pursuant to this ***clause (m)*** (determined for each investment based on the value thereof on the date made), when aggregated with all investments set forth on ***part (b)*** of ***Schedule 10.8***, does not exceed the sum of (i) the Investment Limit, *plus* (ii) net reductions in investments permitted by this ***Section 10.8(m)***, in an aggregate amount not to exceed the Investment Limit, as a result of (A) dispositions of any such 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 VRI) received, (B) dividends reducing any such investment, repayment of the outstanding principal amount of loans or advances, or other transfers of assets to VRI or any Restricted Subsidiary of VRI, or (C) the portion (proportionate to VRI's direct or indirect 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 VRI in accordance with ***Sections 9.10*** or ***9.11(b)*** hereof; *provided*, *that*, notwithstanding the foregoing, (x) the Restricted Companies may not contribute Critical Assets to an Unrestricted Subsidiary or other Person pursuant to this ***Section 10.8(m)***, and (y) the Restricted Companies may only contribute assets owned on the Closing Date (excluding Critical Assets) to an Unrestricted Subsidiary or other Person pursuant to this ***Section 10.8(m)*** if all such assets contributed on or after the Closing Date have an aggregate fair market value (determined in good faith by the Board of Directors of Borrower at the time of each such contribution) of less than $75,000,000;

(n) the following investments:

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

(ii) workers compensation reserve account, established pursuant to a self-insurance permit from the Department of Labor or comparable agency in any state in which the Companies' businesses are located, invested exclusively in items described in ***clauses (b)*** through ***(f)*** above; and

(iii) loans and contributions to employees for investments in employee residences as part of such employees' compensation packages not to exceed $10,000,000 in the aggregate;

(o) so long as no Default or Potential Default exists or arises, investments set forth on ***part (c)*** of ***Schedule 10.8***, which investments are made (i) as a result of the exercise of put options by the owners thereof, and (ii) in accordance with the agreements set forth on ***part (c)*** of ***Schedule 10.8*** as in effect on the Closing Date.

10.9 Distributions.

Except as set forth on ***Schedule 10.9***, no Company shall make any Distribution, *except* as follows:

(a) VRI may make payments of approximately $100,000 accruing to certain option holders;

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

(c) if VRI issues any Subordinated Debt which is subsequently converted to preferred stock, VRI may, if no Default or Potential Default exists (or would result therefrom), pay dividends on such stock at an annual rate which is less than or equal to the annual rate of interest payable on such Subordinated Debt prior to its conversion, so long as the terms on such preferred stock are no more favorable to the holders of the preferred stock than the terms afforded to the holders of the Subordinated Debt set forth in the indenture and other documents evidencing or executed in connection with such Subordinated Debt;

(d) if no Default or Potential Default exists or arises, VRI and its Restricted Subsidiaries may make additional Distributions not otherwise permitted under this ***Section 10.9***, and loans, advances, and investments not otherwise permitted under ***Section 10.8***, *so long as* the aggregate amount of Distributions permitted under this ***clause (d)***, and the aggregate amount of loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8***, on any date of determination, does not exceed *the sum of*:

(i) 50% of the cumulative Net Income of the Restricted Companies, on a consolidated basis, from the last day of the first fiscal quarter ending after the Closing Date to such date of determination; *plus*

(ii) 100% of the aggregate net cash proceeds received by VRI (and the other Restricted Companies, in the case of ***clause (A)*** below) during the period from the Closing Date to such date of determination from:

(A) the issuance of Debt which constitutes "*Permitted Debt*" under ***clauses (d)*** and ***(g)*** of the definition thereof (excluding refinancings of Subordinated Debt); and

(B) the issuance of Equity Interests to Persons (other than the issuance of Equity Interests to any Restricted Company and the issuance of Disqualified Equity Interests); *minus*

(iii) the amount of Distributions made by the Companies pursuant to ***clause (h)*** below;

(e) if no Default or Potential Default exists or arises, VRI may make Distributions on Equity Interests (other than Disqualified Equity Interests) payable solely in the form of common stock or other common equity interests of VRI; *provided*, *that* VRI may make Distributions on Disqualified Equity Interests in the form of additional Disqualified Equity Interests of the same type;

(f) if no Default or Potential Default exists or arises, the Companies may make Distributions to their respective employees, officers, or directors in an aggregate amount not exceeding $2,000,000 in any twelve (12) month period;

(g) so long as no Default or Potential Default exists or arises, the redemption, repurchase, or other acquisition of Equity Interests of VRI in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of VRI) of, Equity Interests of VRI (except for any such redemption, repurchase, or acquisition effected through the concurrent issuance of Disqualified Stock of the same type); and

(h) if no Default or Potential Default exists or arises, the Companies may make additional Distributions in an aggregate amount not to exceed $25,000,000 on or after the Closing Date.

10.10 Sale of Assets.

No Restricted Company may sell, assign, lease, transfer or otherwise dispose of all or any material portion of the Critical Assets, if the ratio described in ***Section 11.1*** would, on a *pro forma* basis (taking the disposition into account), increase as a result of such disposition.

10.11 Acquisitions, Mergers, and Dissolutions.

(a) Except as permitted by this ***Section 10.11*** and subject to ***Sections 9.10***, ***10.8***, and ***10.14***, a Restricted Company may not (i) acquire all or any substantial portion of the capital stock (or other equity or voting interests) of any other Person, (ii) acquire all or any substantial portion of the assets of any other Person, (iii) merge or consolidate with any other Person, or (iv) liquidate, wind up or dissolve (or suffer any liquidation or dissolution).

(b) Any Restricted Subsidiary may (i) acquire all or any substantial portion of the capital stock (or other equity or voting interests) issued by any other Restricted Subsidiary, (ii) acquire all or any substantial portion of the assets of any other Restricted Subsidiary, and (iii) merge or consolidate with any other Restricted Subsidiary (and, in the case of such merger or consolidation or, in the case of the conveyance or distribution of such assets, the non-surviving or selling entity, as the case may be, may be liquidated, wound up or dissolved), *provided, that* (1) if Borrower is a party to such merger or consolidation, then Borrower must be the surviving entity, (2) if Borrower is not a party to such merger or consolidation, and the surviving entity will own Existing Critical Assets, then a Wholly Owned Restricted Subsidiary of Borrower must be the surviving entity, (3) if Borrower is not a party to such merger or consolidation, and the surviving entity will own Additional Critical Assets, then a Restricted Subsidiary of Borrower must be the surviving entity, *so long as* the conditions for the ownership of Additional Critical Assets by Restricted Subsidiaries of Borrower set forth in ***Section 9.7(b)*** herein are satisfied, and (4) if Borrower is not a party to such merger or consolidation, and the surviving entity will not own Critical Assets, a Restricted Subsidiary must be the surviving entity.

(c) Subject to compliance with ***Section 9.10*** herein, any Restricted Subsidiary may (i) acquire all or any substantial portion of the capital stock (or other equity or voting interests) issued by any other Person, (ii) acquire all or any substantial portion of the assets of any other Person, or (iii) merge or consolidate with any other Person (and, in the case of such merger or consolidation, the non-surviving entity may be liquidated, wound up or dissolved), *so long as*, with respect to any transaction contemplated by ***items (i)*** through ***(iii)*** above:

(i) the Purchase Price for such transaction (A) when aggregated with the Purchase Price of all other acquisitions or mergers consummated by the Restricted Subsidiaries during the most-recent four fiscal quarters, does not exceed $150,000,000, and (B) when aggregated with the Purchase Price of all other acquisitions or mergers consummated by the Restricted Subsidiaries after the Closing Date, does not exceed $300,000,000,

(ii) the ratio of Funded Debt on the closing date of the transaction to Adjusted EBITDA for the most-recently-ended four fiscal quarters, after giving pro forma effect to the transaction, is less than or equal to 4.50 to 1.00; for purposes hereof, Adjusted EBITDA for any period shall include on a *pro forma* basis all EBITDA for the Restricted Companies for such period relating to assets acquired (including, without limitation, Restricted Subsidiaries formed or acquired in accordance with ***Section 9.10*** hereof, and Unrestricted Subsidiaries re-designated as Restricted Subsidiaries in accordance with ***Section 9.11(b)*** hereof) in accordance with this Agreement during such period, but shall exclude on a *pro forma* basis all EBITDA for the Restricted Companies for such period relating to any such assets disposed of in accordance with this Agreement during such period (including, without limitation, Restricted Subsidiaries re-designated as Unrestricted Subsidiaries in accordance with ***Section 9.11(a)*** hereof).

(iii) such other Person is engaged in a business in which a Restricted Company would be permitted to engage under ***Section 10.14***, and is organized under the Laws of the United States or Canada,

(iv) in respect of any such transaction for which the sum of the Purchase Price exceeds $25,000,000, at least 15 days before the transaction's closing date Borrower delivers to Administrative Agent (A) a written description of the transaction, including the funding sources, the Purchase Price, and calculations demonstrating pro forma compliance with the terms and conditions of the Loan Papers after giving effect to the transaction (including compliance with the Companies' applicable financial covenants), and (B) a copy of the executed purchase agreement or executed merger agreement relating to the transaction (and, to the extent available, all schedules and exhibits thereto),

(v) with respect to a merger or consolidation, (1) if Borrower is a party to such merger or consolidation, Borrower must be the surviving entity, (2) if Borrower is not a party to such merger or consolidation, and the surviving entity will own Existing Critical Assets, then a Wholly Owned Subsidiary of Borrower must be the surviving entity, (3) if Borrower is not a party to such merger or consolidation, and the surviving entity will own Additional Critical Assets, then a Restricted Subsidiary of Borrower must be the surviving entity, *so long as* the conditions for the ownership of Additional Critical Assets by Restricted Subsidiaries of Borrower set forth in ***Section 9.7(b)*** herein are satisfied, and (4) if Borrower is not a party to such merger or consolidation, and the surviving entity will not own Critical Assets, then a Restricted Subsidiary must be the surviving entity, so long as, to the extent such surviving entity has not already done so, it shall concurrently with (and not later than 30 days after) such merger or consolidation, execute and deliver to Administrative Agent a Guaranty,

(vi) as of the closing of any such transaction, the transaction has been approved and recommended by the board of directors of the Person to be acquired or from which such business is to be acquired,

(vii) as of the closing of any transaction, after giving effect to such acquisition or merger, the acquiring party is Solvent and the Companies, on a consolidated basis, are Solvent, and

(viii) as of the closing of any transaction, no Default or Potential Default exists or shall occur as a result of, and after giving effect to, such transaction.

10.12 Assignment.

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

10.13 Fiscal Year and Accounting Methods.

No Company shall change its fiscal year or its method of accounting (*other than* immaterial changes in methods or as required by GAAP).

10.14 New Businesses.

No Restricted Company shall engage in any business, *except* the businesses in which they are engaged on the Closing Date and any other Similar Business; *provided, however, that* the foregoing shall not be construed to prohibit the cessation by any Company of its business activities or the sale or transfer of the business or assets of such Company to the extent not otherwise prohibited by this Agreement.

10.15 Government Regulations.

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

10.16 Burdensome Agreements.

No Company shall enter into, incur or permit to exist any agreement or other arrangement (other than this Agreement or any other Loan Paper) that prohibits, restricts or imposes any condition upon (a) the ability of any Restricted Company to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Company to pay dividends or other Distributions with respect to any shares of its capital stock to Borrower or any Guarantor, to otherwise transfer property or assets to Borrower or any Guarantor, to make or repay loans or advances to Borrower or any other Guarantor, or to Guarantee the Debt of Borrower; *provided, that* (i) the foregoing ***clauses (a)*** and ***(b)*** shall not apply to restrictions and conditions (A) imposed by Law, the Loan Papers, the Senior Subordinated Indenture, or other Subordinated Debt issued after the Closing Date, *so long as* (1) such restrictions do not prevent, impede or impair (I) the creation of Liens and Guarantees in favor of Lenders under the Loan Papers or (II) the satisfaction of the obligations of Borrower and Guarantors under the Loan Papers, and (2) Subordinated Debt (other than Subordinated Debt that contains terms and provisions no more restrictive than the terms and provisions of the Senior Subordinated Indenture as of the Closing Date and provides that references to this Agreement therein shall provide for the renewal, extension, amendment or modification of this Agreement from time to time) issued after the Closing Date contains terms and provisions acceptable to Administrative Agent, (B) contained in agreements relating to the sale of a Subsidiary, *so long as* the sale of such Subsidiary is permitted pursuant to this Agreement, and (C) contained in agreements set forth on ***Schedule 10.16***; and (ii) the foregoing ***clause (a)*** shall not apply to customary provisions in leases and other agreements restricting the assignment thereof.

10.17 Use of Proceeds.

Borrower shall not, and Borrower shall not permit any other Restricted Company to, use any part of the proceeds of any Loan, directly or indirectly, for a purpose which violates any Law, including, without limitation, the provisions of *Regulations T, U,* and *X* (as enacted by the Board of Governors of the Federal Reserve System, as amended).

SECTIONFINANCIAL COVENANTS.

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So long as Lenders are committed to fund Loans and the L/C Issuers are committed to issue L/Cs under this Agreement, and thereafter until the Obligation is paid and performed in full (*except* for provisions under the Loan Papers expressly intended to survive payment of the Obligation and termination of the Loan Papers), Borrower covenants and agrees to comply with each of the following ratios. For purposes of determining each such ratio, (a) Adjusted EBITDA for any period shall include on a *pro forma* basis all EBITDA for the Restricted Companies for such period relating to assets acquired (including, without limitation, Restricted Subsidiaries formed, acquired, or added in accordance with ***Section 9.10*** hereof, and Unrestricted Subsidiaries designated or re-designated as Restricted Subsidiaries in accordance with ***Section 9.11(b)*** hereof) in accordance with this Agreement during such period, but shall exclude on a *pro forma* basis all EBITDA for the Companies for such period relating to any such assets disposed of in accordance with this Agreement during such period (including, without limitation, Restricted Subsidiaries re-designated as Unrestricted Subsidiaries in accordance with ***Section 9.11(a)*** hereof), and (b) Borrower shall calculate each such ratio after giving effect to the provisions of ***Section 1.3*** hereof, as applicable.

11.1 Maximum Leverage Ratios.

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

As of the last day of each fiscal quarter ending January 31, April 30, and July 31:	4.50 to 1.00
As of the last day of each fiscal quarter ending October 31:	5.00 to 1.00

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

As of the last day of each fiscal quarter ending January 31, April 30, and July 31:	3.25 to 1.00
As of the last day of each fiscal quarter ending October 31:	3.50 to 1.00

11.2 Minimum Fixed Charge Coverage Ratio.

As calculated as of the last day of each fiscal quarter of the Restricted Companies, the Restricted Companies shall not permit the ratio of (a) Adjusted EBITDA for the four fiscal quarters ending on such last day *minus* expenses for cash income Taxes paid (adjusted for any Tax refunds received with respect thereto) *minus* Required Capital Expenditures, to (b) scheduled principal and interest payments on the Obligation and on all other Funded Debt (excluding amortization of deferred financing costs and original issue discounts) *plus* Distributions (*other than* of stock) made by VRI, in each case in such four fiscal quarters, to be *less* than 1.25:1.00.

11.3 Minimum Net Worth.

Shareholders' Equity may not at any time be less than an amount equal to the *sum* of (a) $414,505,800, *plus* (b) 75% of the Net Income of the Restricted Companies, if positive, for each fiscal year completed after October 31, 2004, *plus* (d) 100% of any Net Proceeds received by any Restricted Company (*other than* from another Company) from the offering, issuance, or sale of equity securities of a Restricted Company after October 31, 2004.

11.4 Interest Coverage Ratio.

As calculated as of the last day of each fiscal quarter of the Restricted Companies, the Restricted Companies shall not permit the ratio of (a) Adjusted EBITDA for the four fiscal quarters ending on such last day to (b) interest on Funded Debt (excluding amortization of deferred financing costs and original issue discounts) in such four fiscal quarters to be *less* than 2.50 to 1.00.

11.5 Capital Expenditures.

The Restricted Companies may not make or become legally obligated to make any expenditure in respect of the purchase or other acquisition of any fixed or capital asset (excluding (a) normal replacements and maintenance which are properly charged to current operations, and (b) such expenditures relating to real estate held for resale), *except* for capital expenditures in the ordinary course of business not exceeding, in the aggregate for the Restricted Companies during each fiscal year, an amount equal to 10% of the Total Assets as of the last day of such fiscal year as reflected on the Companies' audited Financial Statement for such fiscal year.

SECTIONDEFAULT.
12

The term "***Default***" means the occurrence of any one or more of the following events:

12.1 Payment of Obligation.

The failure or refusal of any Company to pay (a) any principal payment contemplated by ***Sections 3.2(b)*** and ***3.2(c)*** of this Agreement after such payment becomes due and payable hereunder, (b) any principal payment (*other than* those contemplated by ***Sections 3.2(b)*** and ***3.2(c)***) or interest payment contemplated to be made hereunder within 3 Business Days after demand therefor by Administrative Agent, (c) any amount contemplated to be paid hereunder in respect of fees, costs, expenses or indemnities within 10 Business Days after demand therefor by Administrative Agent and (d) any amount in respect of its reimbursement obligations in connection with any drawing under an L/C (including, without limitation, any L/C Borrowing) within 3 Business Days after demand therefor by Administrative Agent.

12.2 Covenants.

The failure or refusal of any Company to punctually and properly perform, observe, and comply with:

(a) Any covenant, agreement, or condition applicable to it contained in ***Sections 9.2, 10*** (*other than* ***Sections 10.1, 10.3, 10.6*** and ***10.7***) or ***11***; or

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

12.3 Debtor Relief.

Any Restricted Company (a) fails, or admits in writing its inability, to pay its Debts generally as they become due, (b) voluntarily seeks, consents to, or acquiesces in the benefit of any Debtor Relief Law, (c) becomes a party to or is made the subject of any proceeding provided for by any Debtor Relief Law that could suspend or otherwise adversely affect the Rights of Administrative Agent or any Lender granted in the Loan Papers (unless, if the proceeding is involuntary, the applicable petition is dismissed within 60 days after its filing), (d) becomes subject to an order for relief granted under the Bankruptcy Reform Act of 1978, as amended from time to time (*other than* as a creditor or claimant), or (e) takes any action to authorize any of the foregoing actions set forth in ***clauses (a)*** through ***(d)*** herein.

12.4 Judgments and Attachments.

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

12.5 Government Action.

Any Governmental Authority condemns, seizes or otherwise appropriates, or takes custody or control of all or any substantial portion of the Critical Assets.

12.6 Misrepresentation.

Any material representation or warranty made or deemed made by any Company in connection with any Loan Paper at any time proves to have been materially incorrect when made.

12.7 Ownership.

There shall occur a Change of Control Transaction.

12.8 Default Under Other Agreements.

Subject to ***Section 12.9*** below, (a) any Restricted Company fails to pay when due (after lapse of any applicable grace period) any recourse Debt in excess (individually or collectively) of $10,000,000; or (b) any default exists under any agreement to which any Restricted Company is a party, the effect of which is to cause, or to permit any Person (*other than* a Restricted Company) to cause, any recourse obligation in excess (individually or collectively) of $10,000,000 to become due and payable by any Restricted Company before its stated maturity, *except* to the extent such obligation is declared to be due and payable as a result of the sale of any asset to which it relates.

12.9 Subordinated Debt.

(a) (i) The occurrence of any "*default*," "*event of default*," or other breach under or with respect to any Subordinated Debt, which "*default*," "*event of default*," or other breach remains uncured (after lapse of any applicable cure periods) on any date of determination; (ii) the trustee with respect to, or any holder of, any Subordinated Debt shall effectively declare all or any portion of such Debt or obligation thereunder due and payable prior to the stated maturity thereof; or (iii) any obligations under the Subordinated Debt become due before its stated maturity by acceleration of the maturity thereof.

(b) The payment directly or indirectly (including, without limitation, any payment in respect of any sinking fund, defeasance, redemption, or payment of any dividend or distribution) by any Company of any amount of any Subordinated Debt in a manner or at a time during which such payment is not permitted under the terms of the Loan Papers or under any instrument or document evidencing or creating the Subordinated Debt, including, without limitation, any subordination provisions set forth therein, or if an event shall occur, including, without limitation, a "*Change of Control*" as defined in any agreement evidencing or creating the Subordinated Debt, and (i) such event results in the ability of the trustee or the holders of any such Debt or obligation to request or require (or any Company shall automatically be so required) to redeem or repurchase such Debt or obligation, or (ii) any Company shall initiate notice of redemption to holders of the Subordinated Debt or obligation, in connection with a redemption of any Debt or obligation arising under such agreements or instruments.

12.10 Validity and Enforceability of Loan Papers.

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

12.11 Employee Plans.

Except where the occurrence or existence is not a Material Adverse Event or, in any event, likely to result in a Lien on the assets of any Company or the Companies securing liability for any Company or the Companies (individually or when aggregated with any liability of the Companies contemplated by ***Section 8.8*** and ***Section 8.9*** herein that is reasonably likely to be secured by Liens) in excess of the Threshold Amount, (a) an Employee Plan incurs an *"accumulated funding deficiency"* (as defined in section 302 of ERISA or section 412 of the Code), (b) a Company incurs liability under ERISA to the PBGC in connection with any Employee Plan (*other than* required insurance premiums paid when due), (c) a Company withdraws in whole or in part from participation in a Multiemployer Plan, (d) a Company engages in any *"prohibited transaction"* (*as defined in section 406* of ERISA or section 4975 of the Code), or (e) a *"reportable event"* (*as defined in section 4043* of ERISA) occurs with respect to an Employee Plan, excluding events for which the notice requirement is waived under applicable PBGC regulations.

SECTIONRIGHTS AND REMEDIES.
13

13.1 Remedies Upon Default.

(a) If a Default exists under ***Section 12.3***, the commitment to extend credit under this Agreement automatically terminates, the entire unpaid balance of the Obligation automatically becomes due and payable without any action of any kind whatsoever, and Borrower must provide cash collateral in an amount equal to the then-existing L/C Exposure.

(b) If any Default exists, subject to the terms of ***Section 14.5***, Administrative Agent may (with the consent of, and must, upon the request of, Required Lenders), do any one or more of the following: (i) if the maturity of the Obligation has not already been accelerated under ***Section 13.1(a)***, declare the entire unpaid balance of all or any part of the Obligation immediately due and payable, whereupon it is due and payable; (ii) terminate the Commitments of Lenders; (iii) reduce any claim to judgment; (iv) demand Borrower to provide cash collateral in an amount equal to the L/C Exposure then existing; and (v) exercise any and all other legal or equitable Rights afforded by the Loan Papers, the Laws of the State of New York, or any other applicable jurisdiction.

13.2 Company Waivers.

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

13.3 Performance by Administrative Agent.

If any covenant, duty or agreement of any Company is not performed in accordance with the terms of the Loan Papers, Administrative Agent may, while a Default exists, at its option (but subject to the approval of Required Lenders), perform or attempt to perform that covenant, duty or agreement on behalf of that

Company (and any amount expended by Administrative Agent in its performance or attempted performance is payable by the Companies, jointly and severally, to Administrative Agent on demand, becomes part of the Obligation, and bears interest at the Default Rate from the date of Administrative Agent's expenditure until paid). However, Administrative Agent does not assume and shall never have, *except* by its express written consent, any liability or responsibility for the performance of any covenant, duty or agreement of any Company.

13.4 Not in Control.

None of the covenants or other provisions contained in any Loan Paper shall, or shall be deemed to, give Administrative Agent, the L/C Issuers, or Lenders the Right to exercise control over the assets (including, without limitation, real property), affairs, or management of any Company; the power of Administrative Agent, the L/C Issuers, and Lenders is limited to the Right to exercise the remedies provided in this ***Section 13***.

13.5 Course of Dealing.

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

13.6 Cumulative Rights.

Notwithstanding anything to the contrary provided herein, all Rights available to Administrative Agent, the L/C Issuers, Required Lenders, and Lenders under the Loan Papers are cumulative of and in addition to all other Rights granted to Administrative Agent, the L/C Issuers, Required Lenders, and Lenders at Law or in equity, whether or not the Obligation is due and payable and whether or not Administrative Agent, the L/C Issuers, Required Lenders, or Lenders have instituted any suit for collection, foreclosure, or other action in connection with the Loan Papers.

13.7 Application of Proceeds.

Any and all proceeds ever received by Administrative Agent or Lenders from the exercise of any Rights pertaining to the Obligation shall be applied to the Obligation according to ***Section 3.10***.

13.8 Diminution in Value of Collateral.

Neither Administrative Agent nor any Lender has any liability or responsibility whatsoever for any diminution in or loss of value of any Collateral or other collateral ever securing payment or performance of all or any part of the Obligation (*other than* diminution in or loss of value caused by its gross negligence or willful misconduct).

13.9 Certain Proceedings.

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

SECTIONADMINISTRATIVE AGENT.

14

14.1 Appointment and Authority.

Each Lender and each L/C Issuer hereby irrevocably appoints Bank of America to act on its behalf as Administrative Agent hereunder and under the other Loan Papers and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of Administrative Agent, Lenders, and the L/C Issuers, and neither Borrower nor any other Company have rights as a third party beneficiary of any of such provisions.

14.2 Delegation of Duties.

Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Paper by or through any one or more sub-agents appointed in good faith by Administrative Agent. Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

14.3 Rights as a Lender.

The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Administrative Agent and the term "*Lender*" or "*Lenders*" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with Borrower or any Subsidiary or other Affiliate thereof as if such Person were not Administrative Agent hereunder and without any duty to account therefor to Lenders. Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Restricted Company or its Affiliates

(including information that may be subject to confidentiality obligations in favor of such Restricted Company or such Affiliate) and acknowledge that Administrative Agent shall be under no obligation to provide such information to them.

14.4 Reliance by Administrative Agent.

Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document, or other writing (including any electronic message, Internet or intranet website posting, or other distribution) believed by it to be genuine and to have been signed, sent, or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance of an L/C, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, Administrative Agent may presume that such condition is satisfactory to such Lender or the applicable L/C Issuer unless Administrative Agent shall have received notice to the contrary from such Lender or the applicable L/C Issuer prior to the making of such Loan or the issuance of such L/C. Administrative Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants, and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants, or experts.

14.5 Exculpatory Provisions.

Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Papers. Without limiting the generality of the foregoing, Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Potential Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Papers that Administrative Agent is required to exercise as directed in writing by Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Papers), *provided*, *that* Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Paper or applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Papers, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity.

Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of Required Lenders (or such other number or percentage of Lenders as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in ***Sections 15.9*** and ***13.1***), or (ii) in the absence of its own gross negligence or willful misconduct. Administrative Agent shall be deemed not to have knowledge of any Default or Potential Default unless and until notice describing such Default or Potential Default is given to Administrative Agent by Borrower, a Lender, or an L/C Issuer.

Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, or representation made in or in connection with this Agreement or any other Loan Paper, (ii) the contents of any certificate, report, or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms or conditions set forth herein or therein or the occurrence of any Default or Potential Default, (iv) the validity, enforceability, effectiveness, or genuineness of this Agreement, any other Loan Paper, or any other agreement, instrument, or document, or (v) the satisfaction of any condition set forth in ***Section 7*** or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

14.6 Resignation as Administrative Agent.

Administrative Agent may at any time give notice of its resignation to Lenders, the L/C Issuers, and Borrower. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, and shall be consented to by Borrower at all times other than during the existence of a Default or Potential Default (which consent of Borrower shall not be unreasonably withheld). If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, after consultation with Borrower, on behalf of Lenders and the L/C Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided*, *that* if Administrative Agent shall notify Borrower and Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Papers (except that in the case of any collateral security held by Administrative Agent on behalf of Lenders or the L/C Issuers under any of the Loan Papers, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent or collateral agent is appointed), and (2) all payments, communications, and determinations provided to be made by, to, or through Administrative Agent shall instead be made by or to each Lender and the applicable L/C Issuer directly, until such time as Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges, and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Papers (if not already discharged therefrom as provided above in this Section). The fees payable by Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Papers, the provisions of this ***Section 14*** and ***Section 15.4*** shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents, and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Any resignation by Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as L/C Issuer and Swing Line Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges, and duties of the retiring L/C Issuer and Swing Line Lender, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Papers, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the L/Cs, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such L/Cs.

14.7 Non-Reliance on Administrative Agent and Other Lenders.

Each Lender and each L/C Issuer acknowledges that it has, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each L/C Issuer also acknowledges that it will, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Paper, or any related agreement or any document furnished hereunder or thereunder.

14.8 Administrative Agent May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition, or other judicial proceeding relative to any Restricted Company, Administrative Agent (irrespective of whether the principal of any Loan or L/C Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Exposure, and all other Obligation that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements, and advances of Lenders and Administrative Agent, and their respective agents and counsel and all other amounts due Lenders, Administrative Agent and the L/C Issuers, as applicable, under ***Sections 2.3(c)***, ***5.3***, and ***15.4***) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Lenders, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements, and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under ***Sections 5.3*** and ***15.4***.

Nothing contained herein shall be deemed to authorize Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligation or the rights of any Lender or to authorize Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

14.9 Collateral and Guaranty Matters.

(a) Upon the occurrence and continuance of a Default, Lenders agree to promptly confer in order that Required Lenders or Lenders, as the case may be, may agree upon a course of action for the enforcement of the Rights of Lenders; and Administrative Agent shall be entitled to refrain from taking any action (without incurring any liability to any Person for so refraining) unless and until Administrative Agent shall have received instructions from Required Lenders. All Rights of action under the Loan Papers and all Rights to the Collateral, if any, hereunder may be enforced by Administrative Agent and any suit or proceeding instituted by Administrative Agent in furtherance of such enforcement shall be brought in its name as Administrative Agent without the necessity of joining as plaintiffs or defendants any other Lender, and the recovery of any judgment shall be for the benefit of Lenders subject to the expenses of Administrative Agent. In actions with respect to any property of any Restricted Company, Administrative Agent is acting for the ratable benefit of each Lender. Any and all agreements to subordinate (whether made heretofore or hereafter) other indebtedness or obligations of any Restricted Company to the Obligation shall be construed as being for the ratable benefit of each Lender.

(b) Each Lender authorizes and directs Administrative Agent to enter into the Security Documents for the benefit of Lenders. *Except* to the extent unanimity is required hereunder, (i) each Lender agrees that any action taken by Required Lenders in accordance with the provisions of the Loan Papers, and the exercise by Required Lenders of the powers set forth herein or therein, *together with* such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders, and (ii) each Lender agrees that any action taken by Required Lenders in accordance with the provisions of the Loan Papers, and the exercise by Required Lenders of the powers set forth herein or therein, *together with* such other powers as are reasonably incidental thereto, shall be authorized and binding upon all Lenders.

(c) Administrative Agent is hereby authorized on behalf of all Lenders, without the necessity of any notice to or further consent from any Lender, from time to time to take any action with respect to any Collateral or Security Documents which may be necessary to perfect and maintain perfected the Liens upon the Collateral granted pursuant to the Security Documents.

(d) Administrative Agent shall have no obligation whatsoever to any Lender or to any other Person to assure that the Collateral exists or is owned by any Restricted Company or is cared for, protected, or insured or has been encumbered or that the Liens granted to Administrative Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected, or enforced, or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the Rights granted or available to Administrative Agent in this ***Section 14.9*** or in any of the Security Documents; *it being understood* and agreed that in respect of the Collateral, or any act, omission, or event related thereto, Administrative Agent may act in any manner it may deem appropriate, in its sole discretion, given Administrative Agent's own interest in the Collateral as one of Lenders and that Administrative Agent shall have no duty or liability whatsoever to any Lender, *other than* to act without gross negligence or willful misconduct.

(e) Lenders irrevocably authorize Administrative Agent (or in the case of Bond Rights, the L/C Issuers), at its option and in its discretion, (i) to release any Lien on any property granted to or held by Administrative Agent under any Loan Paper (A) upon termination of the Total Commitment and payment in full of all Obligation (other than contingent indemnification obligations) and the expiration or termination of all L/Cs, (B) as permitted under ***Section 9.11***, (C) constituting property being sold or disposed of as permitted under ***Section 10.10***, if Administrative Agent determines that the property being sold or disposed is being sold or disposed in accordance with the requirements and limitations of ***Section 10.10*** and Administrative Agent concurrently receives all mandatory prepayments with respect thereto, if any, or (D) if approved, authorized or ratified in writing by Required Lenders, subject to ***Section 15.9***, unless such Liens are held under any Bond Document; (ii) to release (or authorize the release by the applicable L/C Issuer of) any Collateral held by Administrative Agent (or the applicable L/C Issuer) under or pursuant to any Bond Document upon the reimbursement of any Bond Purchase Drawing in accordance with ***Section 2.3(j)*** herein; and (iii) to release any Restricted Company from its Guaranty (A) upon full payment of the Obligation, (B) as permitted

under ***Section 9.11***, (C) in connection with the sale of disposition of the stock (or other equity interest) issued by such Restricted Company permitted under ***Section 10.10***, if Administrative Agent determines that the disposition or sale is in accordance with the requirements and limitations of ***Section 10.10*** and Administrative Agent concurrently receives all mandatory prepayments with respect thereto, if any, or (D) if approved, authorized or ratified in writing by Required Lenders, subject to ***Section 15.9***. Upon request by Administrative Agent at any time, Required Lenders will confirm in writing Administrative Agent's authority to release any Guarantor from its obligations under the Guaranty pursuant to this ***Section 14.9.***

(f) In furtherance of the authorizations set forth in this ***Section 14.9***, each Lender and each L/C Issuer hereby irrevocably appoints Administrative Agent its attorney-in-fact, with full power of substitution, for and on behalf of and in the name of each such Lender and each such L/C Issuer, (i) to enter into Security Documents (including, without limitation, any appointments of substitute trustees under any Security Document), (ii) to take action with respect to the Collateral and Security Documents to perfect, maintain, and preserve Lenders' and the L/C Issuers' Liens, as applicable, and (iii) to execute instruments of release or to take other action necessary to release Liens upon any Collateral to the extent authorized in ***clause (e)*** hereof. This power of attorney shall be liberally, not restrictively, construed so as to give the greatest latitude to Administrative Agent's power, as attorney, relative to the Collateral matters described in this ***Section 14.9***. The powers and authorities herein conferred on Administrative Agent may be exercised by Administrative Agent through any Person who, at the time of the execution of a particular instrument, is an officer of Administrative Agent. The power of attorney conferred by this ***Section 14.9(f)*** is granted for valuable consideration and is coupled with an interest and is irrevocable so long as the Obligation, or any part thereof, shall remain unpaid, Lenders are obligated to make any Loans, or the L/C Issuers are obligated to issue L/Cs, under the Loan Papers.

14.10 Financial Hedges

To the extent any Lender or any Affiliate of a Lender issues a Financial Hedge in accordance with the requirements of the Loan Papers and accepts the benefits of the Liens in the Collateral arising pursuant to the Security Documents, such Lender (for itself and on behalf of any such Affiliates) agrees (a) to appoint Administrative Agent, as its nominee and agent, to act for and on behalf of such Lender or Affiliate thereof in connection with the Security Documents and (b) to be bound by the terms of this ***Section 14***; whereupon all references to *"Lender"* in this ***Section 14*** and in the Security Documents shall include, on any date of determination, any Lender or Affiliate of a Lender that is party to a then-effective Financial Hedge which complies with the requirements of the Loan Papers. Additionally, if the Obligation owed to any Lender or Affiliate of a Lender consists *solely* of Debt arising under a Financial Hedge (such Lender or Affiliate being referred to in this ***Section 14.10*** as an ***"Issuing Lender"***), then such Issuing Lender (by accepting the benefits of any Security Documents) acknowledges and agrees that pursuant to the Loan Papers and without notice to or consent of such Issuing Lender: (w) Liens in the Collateral may be released in whole or in part; (x) all Guaranties may be released; (y) any Security Document may be amended, modified, supplemented, or restated; and (z) all or any part of the Collateral may be permitted to secure other Debt.

14.11 Bond L/Cs and Bond Documents.

In addition to the authorizations set forth in ***Section 14.9***, each Lender and each L/C Issuer hereby authorize Administrative Agent or the L/C Issuers, as the case may be, to execute and deliver all certificates, documents, agreements, and instruments required to be delivered after the Closing Date pursuant to or in connection with any Bond L/C and Bond Documents executed in connection therewith, and to take such actions as Administrative Agent or the L/C Issuers, as the case may be, deems necessary in connection therewith. This authorization shall be liberally, not restrictively, construed so as to give the greatest latitude to Administrative Agent's or the applicable L/C Issuer's authority, as the case may be, relative to the Bonds, Bond L/Cs and Bond Documents. The powers and authorities herein conferred on Administrative Agent and the L/C Issuers may be exercised by Administrative Agent or the applicable L/C Issuer, as the case may be, through any Person who, at the time of the execution of a particular instrument, is an officer of Administrative Agent or such L/C Issuer, as applicable.

14.12 No Other Duties, Etc.

Anything herein to the contrary notwithstanding, none of the co-syndication agents, co-documentation agents, sole lead arranger, or sole book manger listed on the cover page hereof shall have any powers, duties, or responsibilities under this Agreement or any of the other Loan Papers, except in its capacity, as applicable, as Administrative Agent, a Lender, or an L/C Issuer hereunder.

SECTIONMISCELLANEOUS.

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15.1 Headings.

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

15.2 Nonbusiness Days; Time.

Any payment or action that is due under any Loan Paper on a non-Business Day may be delayed until the next-succeeding Business Day (but interest shall continue to accrue on any applicable payment until payment is in fact made) unless the payment concerns a Revolver Loan that is a LIBOR Loan, in which case if the next-succeeding Business Day is in the next calendar month, then such payment shall be made on the next-preceding Business Day.

15.3 Notices and Other Communications; Facsimile Copies.

(a) ***Notices Generally***. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in ***subsection (b)*** below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower, Administrative Agent, either L/C Issuer, or either Swing Line Lender, to the address, telecopier number, electronic mail address, or telephone number specified for such Person on ***Schedule 1***; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address, or telephone number specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (*except that*, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in ***subsection (b)*** below, shall be effective as provided in such ***subsection (b)***.

(b) ***Electronic Communications***. Notices and other communications to Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by Administrative Agent, *provided*, *that* the foregoing shall not apply to notices to any Lender or either L/C Issuer pursuant to ***Section 2*** if such Lender or such L/C Issuer, as applicable, has notified Administrative Agent that it is incapable of receiving notices under such ***Section 2*** by electronic communication. Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided*, *that* approval of such procedures may be limited to particular notices or communications.

Unless Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "*return receipt requested*" function, as available, return e-mail, or other written acknowledgement), *provided*, *that* if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing ***clause (i)*** of notification that such notice or communication is available and identifying the website address therefor.

(c) ***The Platform***. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall Administrative Agent or any of its Related Parties (collectively, the "***Agent Parties***") have any liability to Borrower, any Lender, either L/C Issuer, or any other Person for losses, claims, damages, liabilities, or expenses of any kind (whether in tort, contract, or otherwise) arising out of Borrower's or Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities, or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided*, *however*, that in no event shall any Agent Party have any liability to Borrower, any Lender, either L/C Issuer, or any other Person for indirect, special, incidental, consequential, or punitive damages (as opposed to direct or actual damages).

(d) ***Change of Address, Etc***. Each of Borrower, Administrative Agent, the L/C Issuers, and the Swing Line Lenders may change its address, telecopier, or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier, or telephone number for notices and other communications hereunder by notice to Borrower, Administrative Agent, the L/C Issuers, and the Swing Line Lender. In addition, each Lender agrees to notify Administrative Agent from time to time to ensure that Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number, and electronic mail address to which notices and other communications may be sent, and (ii) accurate wire instructions for such Lender.

(e) ***Reliance by Administrative Agent, L/C Issuers and Lenders***. Administrative Agent, the L/C Issuers, and Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete, or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify Administrative Agent, the L/C Issuers, each Lender, and the Related Parties of each of them from all losses, costs, expenses, and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with Administrative Agent may be recorded by Administrative Agent, and each of the parties hereto hereby consents to such recording.

15.4 Expenses; Indemnity; Damage Waiver.

(a) ***Costs and Expenses***. Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by Administrative Agent and its Affiliates (including the reasonable fees, charges, and disbursements of counsel for Administrative Agent) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery, and administration of this Agreement and the other Loan Papers, or any amendments, modifications, or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the L/C Issuers in connection with the issuance, amendment, renewal, or extension of any L/C or any demand for payment thereunder, and (iii) all out-of-pocket expenses incurred by Administrative Agent, any Lender, or the L/C Issuers (including the fees, charges, and disbursements of any counsel for Administrative Agent, any Lender, or the L/C Issuers), and shall pay all fees and time charges for attorneys who may be employees of Administrative Agent, any Lender, or the L/C Issuers, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Papers, including its rights under this Section, or (B) in connection with the Loans made or L/Cs issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring, or negotiations in respect of such Loans or L/Cs.

(b) ***Indemnification by Borrower***. Borrower shall indemnify Administrative Agent (and any sub-agent thereof), each Lender, and the L/C Issuers, and each Related Party of any of the foregoing Persons (each such Person being called an "***Indemnitee***"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, and related expenses (including the fees, charges, and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Company arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Paper, or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or the consummation of the transactions contemplated hereby or thereby, or, in the case of Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Papers, (ii) any Loan or L/C or the use or proposed use of the proceeds therefrom (including any refusal by either L/C Issuer to honor a demand for payment under a L/C if the documents presented in connection with such demand do not strictly comply with the terms of such L/C), (iii) any actual or alleged presence or release of Hazardous Substances on or from any property owned or operated by the or any other Company, or any liability under Environmental Laws related in any way to the or any other Company, or (iv) any actual or prospective claim, litigation, investigation, or proceeding relating to any of the foregoing, whether based on contract, tort, or any other theory, whether brought by a third party or by Borrower or any other Company, and regardless of whether any Indemnitee is a party thereto, **in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory, or sole negligence of the Indemnitee**; *provided*, *that* such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities, or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross

negligence or willful misconduct of such Indemnitee, or (y) result from a claim brought by Borrower or any other Company against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Paper, if Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) ***Reimbursement by Lenders***. To the extent that Borrower for any reason fails to indefeasibly pay any amount required under ***subsection (a)*** or ***(b)*** of this Section to be paid by it to Administrative Agent (or any sub-agent thereof), the L/C Issuers, or any Related Party of any of the foregoing, each Lender severally agrees to pay to Administrative Agent (or any such sub-agent), the L/C Issuers, or such Related Party, as the case may be, such Lender's Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, *provided*, *that* the unreimbursed expense or indemnified loss, claim, damage, liability, or related expense, as the case may be, was incurred by or asserted against Administrative Agent (or any such sub-agent) or any L/C Issuer in its capacity as such, or against any Related Party of any of the foregoing acting for Administrative Agent (or any such sub-agent) any L/C Issuer in connection with such capacity. The obligations of Lenders under this ***subsection (c)*** are subject to the provisions of ***Section 2.2(d)***.

(d) ***Waiver of Consequential Damages, Etc***. To the fullest extent permitted by applicable Law, each of Borrower and any Related Party of Borrower that is a party to a Loan Paper from time to time shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Paper, or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or L/C, or the use of the proceeds thereof. No Indemnitee referred to in ***subsection (b)*** above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic, or other information transmission systems in connection with this Agreement or the other Loan Papers or the transactions contemplated hereby or thereby.

(e) ***Payments***. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) ***Survival***. The agreements in this Section shall survive the resignation of Administrative Agent and either L/C Issuer, the replacement of any Lender, the termination of the Total Commitments, and the repayment, satisfaction, or discharge of all the other Obligation.

15.5 Exceptions to Covenants; Conflict with Agreement.

The Companies may not take or fail to take any action that is permitted as an exception to any of the covenants contained in any Loan Paper if that action or omission would result in the breach of any other covenant contained in any Loan Paper. Any conflict or ambiguity between the terms and provisions of this Agreement and the terms and provisions in any other Loan Paper is controlled by the terms and provisions of this Agreement.

15.6 Governing Law.

(a) ***GOVERNING LAW***. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) ***SUBMISSION TO JURISDICTION***. BORROWER AND EACH OTHER COMPANY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN THE COUNTY OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN PAPER SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT, ANY LENDER OR EITHER L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER AGAINST BORROWER OR ANY OTHER COMPANY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) ***WAIVER OF VENUE***. BORROWER AND EACH OTHER COMPANY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER IN ANY COURT REFERRED TO IN ***PARAGRAPH (B)*** OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) ***SERVICE OF PROCESS***. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN ***SECTION 15.3***. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

15.7 Severability.

If any provision of this Agreement or the other Loan Papers is held to be illegal, invalid, or unenforceable, (a) the legality, validity, and enforceability of the remaining provisions of this Agreement and the other Loan Papers shall not be affected or impaired thereby, and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid, or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid, or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15.8 Waiver of Jury Trial.

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN PAPER OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN PAPERS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

15.9 Amendments, Etc.

No amendment or waiver of any provision of this Agreement or any other Loan Paper, and no consent to any departure by Borrower or any Guarantor therefrom, shall be effective unless in writing signed by Required Lenders and Borrower or the applicable Guarantor, as the case may be, and acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no such amendment, waiver, or consent shall:

(a) waive any condition set forth in ***Section 7.1*** without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to ***Section 13.1***) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Paper for any payment of principal, interest, fees, or other amounts due to Lenders (or any of them) hereunder or under any other Loan Paper without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or any fees (other than fees covered by the Fee Letters) or other amounts payable hereunder or under any other Loan Paper without the written consent of each Lender directly affected thereby*; provided, however,* that only the consent of Required Lenders shall be necessary to amend the definition of "*Default Rate*" or to waive any obligation of Borrower to pay interest or L/C Fees (as described in ***Section 5.3(a)***) at the Default Rate;

(e) change ***Sections 3.10*** or ***3.11*** in a manner that would alter the sharing of payments required thereby without the written consent of each Lender adversely affected thereby;

(f) change ***Section 10.12***, any provision of this Section, the definition of "*Required Lenders*," or any other provision hereof specifying the number or percentage of Lenders required to amend, waive, or otherwise modify any Rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(g) waive compliance with, amend, or release (in whole or in part) the Guaranty of VRI or the Guaranties of all or substantially all of the Restricted Subsidiaries without the consent of each Lender; or

(h) release all or substantially all of the Collateral without the consent of each Lender, *except* that Administrative Agent or the applicable L/C Issuer, as applicable, may release Collateral in accordance with ***Section 14.9(e)*** herein;

and, *provided further*, that (i) no amendment, waiver, or consent shall affect the Rights or duties of an L/C Issuer under this Agreement or any L/C Agreement relating to any L/C issued or to be issued by it unless signed by the L/C Issuer issuing such L/C in addition to Lender required above; (ii) no amendment, waiver, or consent shall, unless in writing and signed by the applicable Swing Line Lender in addition to Lenders required above, affect the rights or duties of such Swing Line Lender under this Agreement; (iii) no amendment, waiver, or consent shall, unless in writing and signed by Administrative Agent in addition to Lenders required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Paper; and (iv) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver, or consent hereunder, except that the Commitment of such Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender.

15.10 Counterparts; Integration; Effectiveness.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Papers constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in ***Section 7.1***, this Agreement shall become effective when it shall have been executed by Administrative Agent and when Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

15.11 Successors and Assigns; Participation.

(a) ***Successors and Assigns Generally.*** The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of ***subsection (b)*** of this Section, (ii) by way of participation in accordance with the provisions of ***subsection (d)*** of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of ***subsection (f)*** or ***(i)*** of this Section, or (iv) to an SPC in accordance with the provisions of ***subsection (h)*** of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in ***subsection (d)*** of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) ***Assignments by Lenders.*** Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this ***subsection (b)***, participations in L/C Exposure and in Swing Line Loans) at the time owing to it); *provided*, *that* (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if "***Trade Date***" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 unless each of Administrative Agent and, so long as no Default has occurred and is continuing, Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided however,* that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met; (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this ***clause (ii)*** shall not apply to rights in respect of Swing Line Loans; (iii) any assignment of a Commitment must be approved by Administrative Agent, the L/C Issuers, and the Swing Line Lenders unless the Person that is the proposed assignee is itself a Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and (iv) the parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount, if any, required as set forth in ***Schedule 15.11***, and the Eligible Assignee, if it shall not be a Lender, shall deliver to Administrative Agent an Administrative Questionnaire. Subject to acceptance and recording thereof by Administrative Agent pursuant to ***subsection (c)*** of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of ***Sections 4.1***, ***4.4, 4.5***, and ***15.4*** with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with ***subsection (d)*** of this Section.

(c) ***Register***. Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain at Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of Lenders, and the Commitments of, and principal amounts of the Loans and L/C Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "***Register***"). The entries in the Register shall be conclusive, and Borrower, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each of Borrower and the L/C Issuers at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or substantive change to the Loan Papers is pending, any Lender may request and receive from Administrative Agent a copy of the Register.

(d) ***Participations***. Any Lender may at any time, without the consent of, or notice to, Borrower or Administrative Agent, sell participations to any Person (other than a natural person or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "***Participant***") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Exposure and Swing Line Loans) owing to it); *provided*, *that* (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, Administrative Agent, Lenders, and the L/C Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to ***Section 15.9*** that affects such Participant. Subject to ***subsection (e)*** of this Section, Borrower agrees that each Participant shall be entitled to the benefits of ***Sections 4.1***, ***4.4*** or ***4.5*** to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to ***subsection (b)*** of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of ***Section 15.13*** as though it were a Lender, *provided* such Participant agrees to be subject to ***Section 3.11*** as though it were a Lender.

(e) ***Limitations upon Participant Rights***. A Participant shall not be entitled to receive any greater payment under ***Section 4.1*** or ***4.4*** than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of ***Section 4.1*** unless Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of Borrower, to comply with ***Section 4.1(e)*** as though it were a Lender.

(f) ***Certain Pledges***. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided*, *that* no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) ***Electronic Execution of Assignments***. The words "*execution*," "*signed*," "*signature*," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.

(h) ***Resignation as L/C Issuer or Swing Line Lender after Assignment***. Notwithstanding anything to the contrary contained herein, if at any time any L/C Issuer or any Swing Line Lender assigns all of its Commitment and Loans pursuant to ***subsection (b)*** above, such L/C Issuer or such Swing Line Lender may, upon 30 days' notice to Borrower and Lenders, resign as an L/C Issuer or a Swing Line Lender, or both. In the event of any such resignation as an L/C Issuer or a Swing Line Lender, Borrower shall be entitled to appoint from among Lenders a successor L/C Issuer or Swing Line Lender hereunder; *provided*, *however*, that no failure by Borrower to appoint any such successor shall affect the resignation of such L/C Issuer or such Swing Line Lender. If an L/C Issuer resigns, it shall retain all the rights, powers, privileges, and duties of an L/C Issuer hereunder with respect to all L/C outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Exposure with respect thereto (including the right to require Lenders to make Base Rate Loans or fund risk

participations in unreimbursed amounts pursuant to ***Section 2.3(c)***). If a Swing Line Lender resigns, it shall retain all the rights of a Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to ***Section 2.4(c)***. Upon the appointment of a successor L/C Issuer and/or Swing Line Lender, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges, and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (b) the successor L/C Issuer shall issue letters of credit in substitution for the L/Cs, if any, outstanding at the time of such succession or make other arrangements satisfactory to the resigning L/C Issuer to effectively assume the obligations of such resigning L/C Issuer with respect to such Letters of Credit.

15.12 Payments Set Aside.

To the extent that any payment by or on behalf of Borrower or any other obligor on the Obligation under any Loan Paper is made to Administrative Agent, either L/C Issuer, or any Lender, or Administrative Agent, either L/C Issuer, or any Lender exercises its Right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required (including pursuant to any settlement entered into by Administrative Agent, such L/C Issuer, or such Lender in its discretion) to be repaid to a trustee, receiver, or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each L/C Issuer severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of Lenders and the L/C Issuers under ***clause (b)*** of the preceding sentence shall survive the payment in full of the Obligation and the termination of this Agreement.

15.13 Right of Setoff.

If a Default shall have occurred and be continuing, each Lender, the L/C Issuers, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, the applicable L/C Issuer, or any such Affiliate to or for the credit or the account of Borrower or any other Company against any and all of the obligations of Borrower or such other Company now or hereafter existing under this Agreement or any other Loan Paper to such Lender or the applicable L/C Issuer, irrespective of whether or not such Lender or the applicable L/C Issuer shall have made any demand under this Agreement or any other Loan Paper and although such obligations of Borrower or such other Company may be contingent or unmatured or are owed to a branch or office of such Lender or the applicable L/C Issuer different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, each L/C Issuer, and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, the applicable L/C Issuer, or their respective Affiliates may have. Each Lender and each L/C Issuer agrees to notify Borrower and Administrative Agent promptly after any such setoff and application, *provided*, *that* the failure to give such notice shall not affect the validity of such setoff and application.

15.14 Replacement of Lenders.

Under any circumstances set forth in this Agreement providing that Borrower shall have the right to replace a Lender as a party to this Agreement, including, without limitation, if any Lender requests compensation under ***Section 4.4***, or if Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to ***Section 3.1***, or if any Lender is a Defaulting Lender, then Borrower may, at its sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, ***Section 15.11***), all of its interests, rights, and obligations under this Agreement and the related Loan Papers to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), *provided*, *that*:

(a) Borrower shall have paid to Administrative Agent the assignment fee specified in ***Section 15.11(b)***;

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C Borrowings, accrued interest thereon, accrued fees, and all other amounts payable to it hereunder and under the other Loan Papers (including any amounts under ***Section 4.5***) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under ***Section 4.4*** or payments required to be made pursuant to ***Section 4.1***, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply.

15.15 Confidentiality.

Each of Administrative Agent, Lenders, and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Paper or any action or proceeding relating to this Agreement or any other Loan Paper or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Borrower and its obligations, (g) with the consent of Borrower, (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this section or (y) becomes available to Administrative Agent, any Lender, either L/C Issuer, or any of their respective Affiliates on a nonconfidential basis from a source other than Borrower, or (i) to any direct or indirect contractual counterparty in Financial Hedges or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this ***Section 15.15***). For purposes of this section, "***Information***" means all information received from any Restricted Company relating to any Restricted Company or any of their respective businesses, other than any such information that is available to Administrative Agent or any Lender on a nonconfidential

basis prior to disclosure by any Restricted Company, *provided that*, in the case of information received from a Restricted Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Each of Administrative Agent, Lenders, and the L/C Issuers acknowledges that (a) the Information may include material non-public information concerning any Company, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information, and (c) it will handle such material non-public information in accordance with applicable Law, including Federal and state securities Laws.

15.16 USA PATRIOT Act Notice.

Each Lender that is subject to the Act (as hereinafter defined) and Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "***Act***"), it is required to obtain, verify, and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow such Lender or Administrative Agent, as applicable, to identify Borrower in accordance with the Act.

15.17 Survival of Representations and Warranties.

All representations and warranties made hereunder and in any other Loan Paper or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by Administrative Agent and each Lender, regardless of any investigation made by Administrative Agent or any Lender or on their behalf and notwithstanding that Administrative Agent or any Lender may have had notice or knowledge of any Default or Potential Default at the time of any Loan or L/C Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any L/C shall remain outstanding.

15.18 ENTIRE AGREEMENT.

THIS AGREEMENT AND THE OTHER LOAN PAPERS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES. This Agreement supersedes all prior written agreements and understandings relating to the subject matter hereof and may be supplemented only by documents delivered in accordance with the terms hereof.

15.19 Designation as Senior Debt.

The Obligation constitutes "*Senior Debt*" for purposes of and as defined in the Senior Subordinated Indenture.

15.20 Restatement of Existing Agreement.

The parties hereto agree that, on the Closing Date, after all conditions precedent set forth in ***Section 7.1*** have been satisfied or waived: (a) the Obligation (as defined in this Agreement) represents, among other things, the restatement, renewal, amendment, extension, and modification of the *"Obligation"* (as defined in the Existing Agreement); (b) this Agreement is intended to, and does hereby, restate, renew, extend, amend, modify, supersede, and replace the Existing Agreement in its entirety; (c) the Notes, if any, executed pursuant to this Agreement amend, renew, extend, modify, replace, restate, substitute for, and supersede in their entirety (but do not extinguish the Debt arising under) the promissory notes issued pursuant to the Existing Agreement, which existing promissory notes shall be returned to Administrative Agent promptly after the Closing Date, marked *"canceled and replaced"*; (d) each Confirmation of Pledge Agreement executed pursuant to this Agreement ratifies and confirms (but does not extinguish or impair the collateral security created or evidenced by) the "*Pledge Agreement*" executed and delivered by the "*Debtor*" named therein pursuant to the Existing Agreement; (e) the Confirmation of Guaranty executed pursuant to this Agreement ratifies and confirms (but does not extinguish or impair the "*Guaranteed Debt*" guaranteed by) the "*Guaranty*" executed and delivered pursuant to the Existing Agreement; and (f) the entering into and performance of their respective obligations under the Loan Papers and the transactions evidenced hereby do not constitute a novation nor shall they be deemed to have terminated, extinguished, or discharged the "*Debt*" under the Existing Agreement, the Security Documents, the Guaranty, or the other Loan Papers (or the collateral security therefore), all of which Debt and Collateral shall continue under and be governed by this Agreement and the other Loan Papers, except as expressly provided otherwise herein.

Remainder of Page Intentionally Blank.

Signature Pages to Follow.

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

By: /s/ Jeffrey W. Jones

Jeffrey W. Jones
Senior Executive Vice President and
Chief Financial Officer

BANK OF AMERICA, N.A., as Administrative Agent,
and L/C Issuer, a Swing Line Lender, and a Lender

By: /s/ David McCauley

David McCauley
Vice President

U.S. BANK NATIONAL ASSOCIATION,
as Co-Syndication Agent, a Swing Line Lender, and a Lender

By: /s/ Rob L. Stuart

Rob L. Stuart
Assistant Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Syndication Agent, an L/C Issuer, and a Lender

By: /s/ Debbie A. Wright

Debbie A. Wright
Vice President

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

By: /s/ Steven P. Lapham

Steven P. Lapham
Managing Director

By: /s/ Brenda Casey

Brenda Casey
Vice President

LASALLE BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and a Lender

By: /s/ Darren L. Lemkau

Darren L. Lemkau
Senior Vice President

JPMORGAN CHASE BANK, NA,
as a Lender

By: /s/ Kent A. Kaiser

Kent A. Kaiser
Senior Vice President

CALYON NEW YORK BRANCH,
as a Lender

By: /s/ Joseph A. Asciolla

Joseph A. Asciolla
Managing Director

CALYON NEW YORK BRANCH,
as a Lender

By: /s/ Bruno Defloor

Bruno Defloor

Director

COMPASS BANK,
as a Lender

By: /s/ Eric R. Long
Eric R. Long
Senior Vice President

COMERICA WEST INCORPORATED

By: /s/ Kevin T. Urban
Kevin T. Urban
Corporate Banking Officer

GUARANTORS' CONSENT AND AGREEMENT

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

Vail Resorts, Inc.
Vail Holdings, Inc.
Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Beaver Creek Food Services, Inc.
Breckenridge Resort Properties, Inc.
Complete Telecommunications, Inc.
Gillett Broadcasting, Inc.
Grand Canyon Lodge Company North Rim
Grand Teton Lodge Company
Heavenly Valley, Limited Partnership
Jackson Hole Golf and Tennis Club, Inc.
JHL&S LLC
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food and Beverage Company
Keystone Resort Property Management Company
Larkspur Restaurant & Bar, LLC
Lodge Properties, Inc.
Lodge Realty, Inc.
Mountain Thunder, Inc.
Property Management Acquisition Corp., Inc.
Rockresorts International, LLC
Rockresorts LLC
Rockresorts Cheeca, LLC
Rockresorts Equinox, Inc.
Rockresorts LaPosada, LLC
Rockresorts Wyoming, LLC
Rockresorts Casa Madrona, LLC
Rockresorts Rosario, LLC
Teton Hospitality Services, Inc.
The Village at Breckenridge Acquisition Corp., Inc.
Timber Trail, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
VA Rancho Mirage Resort, L.P.
Vail/Arrowhead, Inc.
Vail Associates Holdings, Ltd.
Vail Associates Investments, Inc.
Vail Associates Real Estate, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Vail Food Services, Inc.
Vail Resorts Development Company
Vail RR, Inc.
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
VAMHC, Inc.
VR Heavenly I, Inc.
VR Heavenly II, Inc.
VR Holdings, Inc.

By: /s/ Jeffrey W. Jones
Name: Jeffrey W. Jones
Title: Executive Vice President & Chief Financial Officer

SCHEDULE 1

Parties, Addresses, Committed Sums and Wiring Information

Borrower and all other Companies

The Vail Corporation
Post Office Box 7
Vail, Colorado 81658
137 Benchmark Road
Avon, Colorado 81620

Contact:
Jeffrey P. Jones
Senior Vice President and Chief Financial Officer
Phone: 970/845-2552
FAX: 970/845-2470

Wire Instructions:
Location of account: U.S. Bank National Association
ABA No.: 102000021
City/State: Denver, Colorado
Account No.: 122705422295

Copy to:
Martha Dugan Rehm, General Counsel
Vail Resorts, Inc.
Post Office Box 7
Vail, Colorado 81658
137 Benchmark Road
Avon, Colorado 81620
Phone: 970/845-2927
FAX: 970/845-2928

Administrative Agent, L/C Issuer, and Swing Line Lender

Bank of America, N.A.
Mail Code: TX1-492-64-01
901 Main Street, 64th Floor
Dallas, Texas 75202

Credit Contact:
David L. McCauley
Mail Code: TX1-492-64-01
901 Main Street, 64th Floor
Dallas, Texas 75202
Phone: 214/209-0940
FAX: 214/209-0905

Agency Contact:
Donna F. Kimbrough
Mail Code: TX1-492-14-11
901 Main Street, 14th Floor
Dallas, Texas 75202
Phone: 214/209-1569
FAX: 214/290-9436

Swing Line Contact:
Arlene Minor
Mail Code: TX1-492-14-12
901 Main Street, 14th Floor
Dallas, Texas 75202
Phone: 214/209-9177
FAX: 214/290-9412

Operations Contact:
Arlene Minor
Mail Code: TX1-492-14-12

901 Main Street, 14th Floor
Dallas, Texas 75202
Phone: 214/209-9177
FAX: 214/290-9412

L/C Contact:
Stella Rosales
Mail Code: CA9-703-19-23
333 S. Beaudry Avenue
Los Angeles, California 90017-1466
Phone: 213/345-0141
Fax: 213/345-6684

Wire Instructions:
Bank of America, N.A.
ABA No.: 111000012
City/State: Dallas, Texas
Account No.: 1292000883
Attn: Credit Services
Ref: The Vail Corp

Copy to:
Haynes and Boone, LLP.
901 Main Street, Suite 3100
Dallas, Texas 75202-3789
Attn: Karen S. Nelson
Phone: 214/651-5648
FAX:: 214/200-0673

Swing Line Lender

U.S. Bank National Association

918 17th Street, 4th Floor

Denver, Co 80202

Credit Contact:

Robert Stuart

918 17th Street, 4th Floor

Denver, Colorado 80202

Phone: 303/585-4188

Fax: 303/585-4135

Swing Line Contact:
Hanny Nawawi
555 SW Oak
Portland, Oregon 97204
Phone: 503/275-7894
FAX: 503/275-8181

Wire Instructions:
U.S. Bank National Association
ABA No.: 123000220
BNF: Commercial Loan Services - West
Account No.: 00340012160600

Attn: Hanny Nawawi
Ref: The Vail Corporation

L/C Issuer

Wells Fargo Bank, National Association

Credit Contact:

Debbie Wright/Susan Petri

1740 Broadway

Denver, Colorado 80274

Phone: 303/863-4829

Fax: 303/863-6670

L/C Contact:

Debbie Wright/Susan Petri

1740 Broadway

Denver, Colorado 80274

Phone: 303/863-4829

Fax: 303/863-6670

Wire Instructions:
Wells Fargo Bank, National Association
ABA No.: 121000248
City/State: Denver, Colorado
Account No.: 029650720
Attn: WLS Denver
Ref: Vail Corporation

Lenders and Commitments

LENDER	COMMITMENT	COMMITMENT PERCENTAGE
Bank of America, N.A.	$65,000,000	16.250000000%
U.S. Bank National Association	$62,500,000	15.625000000%
Wells Fargo Bank, National Association	$62,500,000	15.625000000%
Deutsche Bank Trust Company Americas	$62,500,000	15.625000000%
LaSalle Bank National Association	$62,500,000	15.625000000%

JPMorgan Chase Bank, NA	$25,000,000	6.250000000%
Calyon New York Branch	$25,000,000	6.250000000%
Compass Bank	$20,000,000	5.000000000%
Comerica West Incorporated	$15,000,000	3.750000000%
Totals	$400,000,000	100.0000000%

SCHEDULE 2.3

Existing Letters of Credit and Scheduled Debt

Part A – Existing Letters of Credit

Amount	Maturity Date	Beneficiary
$755,311	12/15/05	Board of County Commissioners, County of Eagle, State of Colorado
115,595	11/30/05	Board of County Commissioners, County of Eagle, State of Colorado
1,026,206	05/31/05	Board of County Commissioners, County of Eagle, State of Colorado
790,490	07/31/05	Board of County Commissioners, County of Eagle, State of Colorado
539,170	10/31/05	Teton County Board of Commissioners
407,355	10/31/05	Teton County Board of Commissioners
843,056	10/31/05	Teton County Board of Commissioners
749,283	07/22/05	Board of County Commissioners, County of Eagle, State of Colorado
56,495	10/31/05	Teton County Board of Commissioners
69,000	03/24/06	Board of County Commissioners of Summit County
51,750	01/31/06	Board of County Commissioners of Summit County
84,525	01/31/06	Board of County Commissioners of Summit County
14,490	01/31/06	Board of County Commissioners of Summit County
40,250	01/31/06	Board of County Commissioners of Summit County
71,280	01/30/07	Board of County Commissioners, County of Eagle, State of Colorado
62,105	12/15/05	Board of County Commissioners, County of Eagle, State of Colorado
1,091,152	07/31/06	Board of County Commissioners, County of Eagle, State of Colorado
453,526	07/31/06	Board of County Commissioners, County of Eagle, State of Colorado
22,573	10/31/05	Board of County Commissioners, County of Eagle, State of Colorado
12,500	07/01/05	The Town of Vail, Colorado
8,597,808	08/24/05	U.S. Bank National Association as Trustee
9,232,709	10/31/05	U.S. Bank Trust, Corp Trust Svcs
8,116,667	10/31/05	U.S. Bank National Association as Trustee Under the Trust Indenture Dated as of May 1, 1999 with Eagle County, Colorado
15,198,459	10/31/05	U.S. Bank National Association as Trustee Under the Trust Indenture Dated as of May 1, 1999 with Breckenridge Terrace, LLC
5,108,334	04/29/05	U.S. Bank, N.A. Corporate Trust Services
5,783,125	10/31/05	U.S. Bank National Association as Trustee Under the Trust Indenture Dated as of June 1, 2000 w/ Tenderfoot Seasonal Housing, LLC
70,000	01/03/06	Airlines Reporting Corporation
70,000	12/15/05	Airlines Reporting Corporation
25,000	08/30/05	Airlines Reporting Corporation
25,000	12/08/05	United Airlines, Inc.
4,200,000	10/31/05	Key Bank National Association**
2,635,000	10/31/05	American Home Assurance Co
2,099,136	09/17/05	Self Insurance Plans State of California
281,819	05/01/05	Sierra Pacific Power Company
45,000	10/01/05	USDA Forest Service
106,462	07/31/05	Liberty Mutual Insurance Company
6,012,509	6/15/05	U.S. Bank National Association as Trustee Under the Trust Indenture Dated as of June 1, 2000 w/ Tenderfoot Seasonal Housing, LLC
2,462,217	5/26/09	U.S. Bank National Association as Trustee Under the Trust Indenture Dated as of May 1, 1999 with Eagle County, Colorado
1,531,250	6/15/05	U.S. Bank Trust, Corp Trust Svcs
$ 78,856,607		

*** L/C support for SSI Credit Agreement*

Part B – Scheduled Debt

1. The Vail Bonds and the Summit Bonds.

2. Obligations of the Companies with respect to letters of credit issued by U.S. Bank National Association for the benefit of Eagle County, Colorado, in an aggregate amount of up to $3,750,000 at any point in time.

3. $3,043,626 remaining outstanding as of December 31, 2004 under the Eagle Park Reservoir Company promissory note.

4. $437,500 principal amount outstanding as of December 31, 2004 under the Mission Hills Country Club promissory note.

5. $419,624.53 remaining outstanding as of December 31, 2004 under the capital lease for the telephone system at The Lodge at Rancho Mirage.

6. SSI Revolving Credit, Term Loan and Security Agreement dated May 27, 2003 in the amount of $32,000,000, of which $10,507,892 is outstanding as of December 31, 2004. Borrower has 61.68% interest in SSI.

7. $972,678.79 remaining outstanding as of December 31, 2004 under the capital leases for SSV Snowell Tuning Machines. Borrower has 61.68% interest in SSI.

8. $11,487.14 remaining outstanding as of December 31, 2004 under the capital lease for Pitney Bowes mail machine at The Lodge at Rancho Mirage.

9. $11,218.72 remaining outstanding as of December 31, 2004 under the capital lease for Pitney Bowes label machine at The Lodge at Rancho Mirage.

10. $36,404.71 remaining outstanding as of December 31, 2004 under the capital lease for De Lage Landen copier machine at The Lodge at Rancho Mirage.

11. $49,913.42 remaining outstanding as of December 31, 2004 under the capital lease for De Lage Landen copier machine at The Lodge at Rancho Mirage.

12. $35.900.80 remaining outstanding as of December 31, 2004 under the capital lease for GE Capital copier machine at The Lodge at Rancho Mirage.

13. $50,895.72 remaining outstanding as of December 31, 2004 under the capital lease for GE Capital copier machine at The Lodge at Rancho Mirage.

SCHEDULE 7.1

Post-Closing Items and Conditions

ITEM	*DATE FOR COMPLIANCE*
1.Borrower shall seek written consent from the United States Department of the Interior, National Park Service ("***Park Service***") to Borrower's pledge to Administrative Agent (for the benefit of the Lenders) of the capital stock of Grand Teton Lodge Company, a Wyoming corporation ("***Grand Teton***"), issued to Borrower (the "***Park Service Consent***")	Not later than the date upon which that certain Grand Teton Lodge Company 1973 Concession Agreement dated as of July 31, 1973, between Grand Teton and the Park Service, is renewed (which is currently anticipated to be not later than December 31, 2005)
2.Borrower shall execute and deliver to Administrative Agent a Pledge Agreement pledging the capital stock issued by Grand Teton to Borrower, accompanied by a certificate (or other instrument evidencing the capital stock) and a stock power or similar instrument of transfer or assignment duly executed in blank, each in form and substance satisfactory to Administrative Agent	On or before the tenth (10th) day after the date it receives the Park Service Consent
3.Borrower shall cause to be delivered a financing statement listing BC Housing, LLC, as debtor, and the applicable L/C Issuer or Administrative Agent, as assignee, as secured party, to evidence the pledge and security interests created under the Bond Documents for Existing Housing Bonds issued by debtor, which financing statement shall be in form and substance satisfactory to Administrative Agent	60 days after Closing Date
4.Borrower shall cause to be delivered a financing statement listing The Tarnes at BC, LLC, as debtor, and the applicable L/C Issuer or Administrative Agent, as assignee, as secured party, to evidence the pledge and security interests created under the Bond Documents for Existing Housing Bonds issued by debtor, which financing statement shall be in form and substance satisfactory to Administrative Agent	60 days after Closing Date
5.Borrower shall cause to be delivered a financing statement listing Tenderfoot Seasonal Housing, LLC, as debtor, and the applicable L/C Issuer or Administrative Agent, as assignee, as secured party, to evidence the pledge and security interests created under the Bond Documents for Existing Housing Bonds issued by debtor, which financing statement shall be in form and substance satisfactory to Administrative Agent	60 days after Closing Date

SCHEDULE 8.2

Corporate Organization and Structure

(Attached)

Schedule 8.2
To Bank of America Forth Amended and
Restated Credit Agreement

Corporation	State of Incorp.	Affiliated Parent / LLC Member (% of Ownership)
Beaver Creek Associates, Inc.	CO	The Vail Corporation (100%)
Beaver Creek Consultants, Inc.	CO	The Vail Corporation (100%)
Beaver Creek Food Services, Inc.	CO	Beaver Creek Associates, Inc. (100%)
Boulder/Beaver, LLC	CO	Beaver Creek Food Services, Inc. (86%)
Breckenridge Resort Properties, Inc.	CO	VRDC (100%)
Colter Bay Corporation	WY	Grand Teton Lodge Company (100%)
Complete Telecommunications, Inc.	CO	The Vail Corporation (100%)
Eagle Park Reservoir Company	CO (non-profit)	The Vail Corporation (55%)
Forest Ridge Holdings, Inc.	CO	The Vail Corporation (100%)
Gillett Broadcasting, Inc.	DE	Vail Resorts, Inc. (100%)
Grand Teton Lodge Company	WY	The Vail Corporation (100%)
Gros Ventre Utility Company	WY	Grand Teton Lodge Company (100%)
Heavenly Valley, Limited Partnership	NV	VR Heavenly I, Inc. & VR Heavenly II, Inc. (together, 100%)
Jackson Hole Golf & Tennis Club	WY	Grand Teton Lodge Company (100%)
Jenny Lake Lodge, Inc.	WY	Grand Teton Lodge Company (100%)
JHL&S LLC	WY	Teton Hospitality Services, Inc. (51%)
Keystone Conference Services, Inc.	CO	Vail Summit Resorts, Inc. (100%)
Keystone Development Sales, Inc.	CO	Vail Summit Resorts, Inc. (100%)
Keystone Food and Beverage Company	CO	Vail Summit Resorts, Inc. (100%)
Keystone Resort Property Management Company	CO	Vail Summit Resorts, Inc. (100%)
Larkspur Restaurant & Bar, LLC	CO	The Vail Corporation (83% + or -)
Lodge Properties, Inc.	CO	The Vail Corporation (100%)
Lodge Realty, Inc.	CO	Lodge Properties, Inc. (100%)
Mountain Thunder, Inc.	CO	VR Holdings, Inc. (100%)
Property Management Acquisition Corp., Inc.	TN	Vail Summit Resorts, Inc. (100%)
RTP, LLC	CO	The Vail Corporation (54.5%)
RT Partners, Inc.	DE	RTP, LLC (51%)
Rockresorts Casa Madrona, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Cheeca, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Equinox, Inc.	VT	Rockresorts International LLC (100%)
Rockresorts International, LLC	DE	Vail RR, Inc. (100%)
Rockresorts LaPosada, LLC	DE	Rockresorts International LLC (100%)
Rockresorts LLC	DE	Rockresorts International LLC (100%)
Rockresorts Rosario, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Wyoming, LLC	WY	Rockresorts International, LLC (100%)
SSI Venture LLC	CO	The Vail Corporation (52%)
Teton Hospitality Services, Inc.	WY	The Vail Corporation (100%)
Timber Trail, Inc.	CO	VR Holdings, Inc. (100%)
Vail/Arrowhead, Inc.	CO	The Vail Corporation (100%)
Vail Associates Holdings, Ltd.	CO	Vail Resorts Development Company (100%)
Vail Associates Investments, Inc.	CO	The Vail Corporation (100%)
Vail Associates Real Estate, Inc.	CO	Vail Resorts Development Company (100%)
Vail/Beaver Creek Resort Properties, Inc.	CO	The Vail Corporation (100%)
Vail Corporation, The	CO	Vail Holdings, Inc. (100%)
Vail Food Services, Inc.	CO	The Vail Corporation (100%)
Vail Holdings, Inc.	CO	Vail Resorts, Inc. (100%)
Vail Resorts Development Company	CO	The Vail Corporation (100%)
Vail Resorts, Inc.	DE	Publicly traded on the NYSE
Vail RR, Inc.	CO	The Vail Corporation (100%)
Vail Summit Resorts, Inc.	CO	The Vail Corporation (100%)
Vail Trademarks, Inc.	CO	The Vail Corporation (100%)
VAMHC, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage I, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage II, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage Resort, L.P.	DE	VA Rancho Mirage I, Inc. – GP VA Rancho Mirage II, Inc. – LP (100%)
The Village at Breckenridge Acquisition Corp., Inc.	TN	Vail Summit Resorts, Inc. (100%)
VR Heavenly I, Inc.	CO	The Vail Corporation (100%)

VR Heavenly II, Inc.	CO	The Vail Corporation (100%)
VR Holdings, Inc.	CO	Vail/Arrowhead, Inc. (100%)

SCHEDULE 8.7

Material Litigation Summary

None, except as referenced in VRI's Annual Report on Form 10-K for the year ended July 31, 2004, at Item 3, and Quarterly Report on Form 10-Q for the quarter ended October 31, 2004.

SCHEDULE 8.9

Material Environmental Matters

None, except as referenced in VRI's Annual Report on Form 10-K for the year ended July 31, 2004, at Item 3, and Quarterly Report on Form 10-Q for the quarter ended October 31, 2004.

SCHEDULE 8.11

Critical Assets

(a) Existing Critical Assets

Intellectual Property

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

2. The following intellectual property: the federally trademarked "Heavenly" design/symbol/logo.

Vail

1. All improvements and personal property essential, from time to time, to ski mountain operations located within the Vail Mountain U.S. Forest Service Special Use Permit boundary.

2. Rights of use and access with respect to those portions of Parcel 1, Golden Peak Ski Base & Recreation District Parcel, which, from time to time, contain (a) the Chairlift #6 (Riva Bahn Express Lift) base terminal and (b) the Chairlift #12 (Gopher Hill Lift) base terminal.

3. Rights of use and access with respect to those portions of Tract E, Vail Village Fifth Filing (or any resubdivision thereof), which, from time to time, contain the Chairlift #16 (Vista Bahn Express Lift) base terminal.

4. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing (or any resubdivision thereof), which, from time to time, contain the Chairlift #8 (Born Free Express Lift) base terminal.

5. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing (or any resubdivision thereof), which, from time to time, contain the Lift #19 (Eagle Bahn Lift (a/k/a Gondola)) base terminal.

6. Rights of use and access with respect to those portions of Tract D, Vail Lionshead First Filing (or any ressubdivion thereof); Tract B, Vail Lionshead First and Second Filings; and , Tract X, Forest Place Subdivision ("Tract X") which, from time to time, contain the Lionshead Skier Bridge.

7. Rights of use and access with respect to those portions of Tract X and Tract A, Block 1, Vail Village Sixth Filing, which, from time to time, provide skier access to the Lionshead Skier Bridge.

Beaver Creek

1. All improvements and personal property essential, from time to time, to ski mountain operations located within the Beaver Creek Mountain U.S. Forest Service Special Use Permit boundary.

2. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, and Lot 14, Block 1, Tract A, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #1 (Haymeadow Lift) base terminal.

3. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #2 (Highlands Lift) base terminal.

4. Rights of use and access with respect to those portions of unplatted Tract S and Lot 4, Tract A, Block 1, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #12 (Strawberry Park Express Lift) base terminal.

5. Rights of use and access with respect to those portions of unplatted Tract S, Beaver Creek Subdivision, and Lot 14, Block 1, Tract A, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #6 (Centennial Express Lift) base terminal.

6. Rights of use and access with respect to those portions of Lot 5, Tract S, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #14 (Elkhorn Lift) base terminal.

7. All land, improvements and personal property essential, from time to time, to ski mountain operations at the base of Arrowhead Mountain in the Arrowhead Planned Unit Development.

8. Rights of use and access with respect to those portions of Tract G, Arrowhead at Vail, Filing No. 13 (Sixth Amendment), which, from time to time, contain the Chairlift #17 (Arrow Bahn Express Lift) base terminal.

9. Rights of use and access with respect to those portions of Tract D, Bachelor Gulch Village Filing No. 2, which, from time to time, contain the Chairlift #16 (Bachelor Gulch Express Lift) base terminal.

Keystone

1. All improvements and personal property essential, from time to time, to ski mountain operations located within the Keystone Mountain U.S. Forest Service Special Use Permit boundary.

2. Rights of use and access as granted in that certain Easement described in Section 10.07 of the Declarations and Covenants, Conditions and Restrictions for the Neighbourhood at Keystone, which, from time to time, contains both the River Run Gondola base terminal and the Summit Express Lift.

3. Rights of use and access with respect to those portions of the real property commonly referred to as the Base II/Mountain House neighborhood, which, from time to time, contains the base terminals for the Argentine Lift, the Peru Express Lift, the Packsaddle I Lift, the Pony Express I & II Lifts, the Discovery Lift and the Ironhorse Lift.

Breckenridge

1. All improvements and personal property essential, from time to time, to ski mountain operations located within the Breckenridge Mountain U.S. Forest Service Special Use Permit boundary.

2. Rights of use and access with respect to those portions of the real property commonly referred to as the Peak 8 Base Property, which, from time to time, contains the base terminals for the Pony Lift, the Chair 7 Lift, the Chair 5 Lift, the Rocky Mountain Superchair Lift, Trygve's Platter Lift and the Colorado Superchair Lift.

3. Rights of use and access to those portions of the real property commonly referred to as the Quick Silver Tract, which, from time to time, contains the base terminals for the Quick Silver Super Six Lift, the Camelback Lift, the Lehman Lift and the Village Pony Lift.

4. Rights of use and access as granted in that certain Easement from Beaver Run Developments, a Colorado general partnership, pursuant to that certain Fourth Addendum to Lease Agreement, which, from time to time, contains the Beaver Run Superchair Lift.

Heavenly

1. All improvements and personal property essential, from time to time, to ski mountain operations located within the Heavenly Ski Resort U.S. Forest Service Special Use Permit boundary.

2. Rights of use and access, including easements with respect to those portions of the Park Avenue Subdivision Phases 1 and 3, which, from time to time, contain the gondola base station, utilities, signage, the gondola lift and related ground and aerial easements.

3. Rights of use and access with respect to the White Bark subdivision, which from time to time contain the summer maintenance road, underground utilities and associated snowmaking water pump station and portions of Stagecoach ski run.

4. Existing ground and aerial easements with respect to those portions of Crescent V Subdivision, the City of South Lake Tahoe and the State of California which, from time to time, contain the gondola lift and appurtenant structures.

5. Existing easements with respect to the Tahoe Village Unit No. 1, Tahoe Village Unit No. 2, amended Tahoe Village Unit No. 2 and Tahoe Village Unit No. 3 subdivisions which, from time to time, contain ski lifts, ski runs, summer maintenance roads, access roads and snow storage areas.

6. Existing easements with respect to the Bijou Beach subdivision and more particularly the HKM Partnership for linear utility and pump station easements.

(b) Additional Critical Assets

Intellectual Property

1. The following Intellectual Property of the Companies: the federally trademarked VAIL word mark, the federally trademarked, "BEAVER CREEK" logo with stylized "BC", the federally trademarked "BC" stylized logo, the federally trademarked "BRECKENRIDGE" word mark, the federally trademarked "HEAVENLY" word mark, and the federally trademarked, "SKI TAHOE'S HEAVENLY" word mark.

Beaver Creek

1. Rights of use and access with respect to those portions of Lot 4, Tract B, Beaver Creek Subdivision, which, from time to time, contain the Chairlift #15 (Lower Beaver Creek Mountain Express Lift) base terminal.

SCHEDULE 8.13

Non-Standard Transactions with Affiliates

1. The transactions described in ***Sections 10.8(n)(iii)*** and ***10.9*** of the Credit Agreement.

2. Those transactions described in the VRI Annual Report on Form 10-K for the year ended July 31, 2004, Quarterly Report on Form10-Q for the quarter ended October 31, 2004 and the proxy statement for the VRI 2004 Annual Meeting of Shareholders, filed on November 19, 2004.

3. Employment Agreements with various management employees and use of facilities and provision of other perquisites by the Companies to their officers, directors and employees.

4. Stock option or other equity compensation agreements between VRI and certain employees of VRI or Borrower as executed from time to time.

SCHEDULE 10.8

Loans, Advances, and Investments

(a) loans, advances, and investments of the Restricted Companies existing on the Third Agreement Date in the Existing Housing Districts, Existing Metro Districts, and Keystone/IntraWest LLC (value as of December 31, 2004)

Investment in Keystone/Intrawest	$1,578,305
Initial aggregate investment in Existing Housing Districts	2,200
Aggregate investments in Existing Housing Districts	(16,287,882)

(*b) loans, advances, and investments of the Restricted Companies in Persons other than Restricted Companies, Existing Housing Districts, Existing Metro Districts, and Keystone IntraWest LLC* (value as of December 31, 2004)

Bachelor Gulch Resort, LLC (note receivable)	-
Ritz-Carlton Development Co., Inc. (note receivable)	$561,725
Investment in Bachelor Gulch Resort, LLC (land)	-
Investment in FFT Investment Partners	3,107,719
Investment in Resort Technology Partners, Inc.	4,894,470
Investment in Forest Ridge Holdings, Inc.	-
Investment in Preferred Hotels & Resorts Worldwide, Inc.	9,600
Investment in SSI Venture, LLC	7,233,778
Investment in Eclipse Television and Sports Marketing, Inc.	400,000
Investment in Slifer, Smith & Frampton/Vail Associates Real Estate, LLC	2,500,000
Investment in Avon Partners II, LLC	2,062,409
Investment in Boulder/Beaver, LLC	3,238,139
Investment in Eagle Park Reservoir Company	6,507,589
Investment in Clinton Ditch & Reservoir Company	2,905,824
Note receivable from Alpine Metropolitan District	1,930,712
Glendore Development Inc. note receivable due 8/27/08 (Forest Place)	500,000
La Posada de Santa Fe Resort note receivable	1,500,000
Vail Valley Foundation note receivable	144,500
Revolving line of credit with Breckenridge Terrace, LLC (maximum borrowings $6,750,000)	6,362,178
Receivable from Keystone/Intrawest LLC for return of capital	1,499,165
Advances to Keystone/Intrawest LLC	369,432
Total:	$45,727,240

(c) put options

1. *SSI Venture LLC* - Pursuant to the SSI Venture LLC Amended and Restated Operating Agreement, dated as of May 1, 2003, each of the minority shareholder ("Gart") and Vail Associates, Inc. ("VA") has the right to require VA to purchase from Gart, and Gart to sell to VA, Gart's ownership interest in SSI, on the terms and conditions set forth in such agreement.

2. *Rockresorts International, LLC* - Pursuant to the Rockresorts International, LLC Limited Liability Company Agreement, dated as of October 15, 2001, the minority shareholder ("Olympus") in Rockresorts International, LLC ("Rockresorts") has an option to sell all of its interests to Vail RR, Inc. ("Vail"), on the terms and conditions set forth in such agreement. Olympus has exercised its put to Vail, for a total put price of $2.0 million.

3. *Resort Technology Partners,, LLC* - Pursuant to the Resort Technology Partners, LLC Operating Agreement, dated as of March 1, 2001, the minority shareholder ("RTP Holding") in Resort Technology Partners, LLC ("RTP ") has the right to require The Vail Corporation ("TVC") to purchase a portion of RTP Holding's interest in RTP, on the terms and conditions set forth in such agreement.

4. *JHL&S LLC* - Pursuant to the JHL&S LLC Operating Agreement, dated as of December 21, 2000, (i) Teton Hospitality Services, Inc. ("Teton Vail") has the right to require the minority shareholder ("SLM") in JHL&S, LLC to sell all of its ownership interest in JHL&S, LLC and (ii) SLM has the right to require Teton Vail to acquire all of SLM's ownership interest in JHL&S, LLC, on the terms and conditions set forth in such agreement.

SCHEDULE 10.9

Permitted Distributions

(a) So long as no Default or Potential Default exists or would result therefrom, Distributions for payment of tax liabilities not to exceed $10,000,000 in the aggregate after the Closing Date by the following Restricted Companies:

(i) Distributions by Larkspur Restaurant & Bar, LLC to its members in accordance with the terms of its Operating Agreement;

(ii) Distributions by JHL&S LLC to its members in accordance with the terms of its Operating Agreement; and

(iii) Distributions by SSI Venture LLC to its members in accordance with the terms of its Amended and Restated Operating Agreement.

(iv) Distributions by RTP to its members in accordance with the terms of its Operating Agreement.

(b) Distributions by SSI Venture LLC for "*Preferred Payments*" to GSSI LLC, one of its members, pursuant to *Section 4.1(b)* of its Amended and Restated Operating Agreement, so long as no Default or Potential Default exists or would result therefrom and such payments do not exceed the following amounts in the calendar years set forth below:

Calendar Year	Permitted Distribution
2005	$47,250.00

SCHEDULE 10.16

Existing Burdensome Agreements

1. Larkspur Restaurant & Bar, LLC Operating Agreement

2. Rockresorts International, LLC Limited Liability Company Agreement

3. JHL&S LLC Operating Agreement

4. SSI Venture LLC Amended and Restated Operating Agreement

SCHEDULE 15.11

PROCESSING AND RECORDATION FEES

Administrative Agent will charge a processing and recordation fee (an "***Assignment Fee***") in the amount of $2,500 for each assignment; *provided*, *however*, that in the event of two or more concurrent assignments to members of the same Assignee Group (which may be effected by a suballocation of an assigned amount among members of such Assignee Group) or two or more concurrent assignments by members of the same Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group), the Assignment Fee will be $2,500 plus the amount set forth below:

Transaction	**Assignment Fee**

First four concurrent assignments or suballocations to members of an Assignee Group (or from members of an Assignee Group, as applicable)	-0-
Each additional concurrent assignment or suballocation to a member of such Assignee Group (or from a member of such Assignee Group, as applicable)	$500

EXHIBIT A-1

REVOLVER NOTE

$_____ Dallas, Texas _____, 2005

For value received, THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc." ("***Maker***"), hereby promises to pay to the order of _____ ("***Payee***") on or before the Termination Date, the principal amount of _____, or so much thereof as may be disbursed and outstanding hereunder, together with interest, as hereinafter described.

This note has been executed and delivered under, and is subject to the terms of, the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, supplemented or restated, the "***Credit Agreement***"), among Maker, the Lenders, and Bank of America, N.A., as Administrative Agent for itself and the other Lenders (including, without limitation, Payee), and is one of the "*Revolver Notes*" referred to therein. Unless defined herein or the context otherwise requires, capitalized terms used herein have the meaning given to such terms in the Credit Agreement. Reference is made to the Credit Agreement for provisions affecting this note regarding applicable interest rates, principal and interest payment dates, final maturity, acceleration of maturity, exercise of Rights, payment of Attorney Costs, court costs and other costs of collection, and certain waivers by Maker and others now or hereafter obligated for payment of any sums due hereunder.

This note is a Loan Paper and, therefore, is subject to the applicable provisions of ***Section 15*** (including, without limitation, the registration provisions of ***Section 15.11(c)***) of the Credit Agreement, all of which applicable provisions are incorporated herein by reference the same as if set forth herein verbatim.

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

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

By:
Name:
Title:

EXHIBIT A-2

SWING LINE NOTE

$_____ Dallas, Texas _____, 2005

For value received, THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc." ("***Maker***"), hereby promises to pay to the order of _____ ("***Payee***") on or before the Termination Date or such earlier date as specified in ***Section 3.2*** of the Credit Agreement (as hereinafter defined), the principal amount of _____, or so much as may be disbursed and outstanding thereunder, together with interest, as hereinafter described.

This note has been executed and delivered under, and is subject to the terms of, the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, supplemented or restated, the "***Credit Agreement***"), among Maker, the Lenders, and Bank of America, N.A., as Administrative Agent for itself and the other Lenders (including, without limitation, Payee), and is one of the "*Swing Line Notes*" referred to therein. Unless defined herein or the context otherwise requires, capitalized terms used herein have the meaning given to such terms in the Credit Agreement. Reference is made to the Credit Agreement for provisions affecting this note regarding applicable interest rates, principal and interest payment dates, final maturity, acceleration of maturity, exercise of Rights, payment of Attorney Costs, court costs and other costs of collection, and certain waivers by Maker and others now or hereafter obligated for payment of any sums due hereunder.

This note is a Loan Paper and, therefore, is subject to the applicable provisions of ***Section 15*** (including, without limitation, the registration provisions of ***Section 15.11(c)***) of the Credit Agreement, all of which applicable provisions are incorporated herein by reference the same as if set forth herein verbatim.

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

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

By:
Name:
Title:

EXHIBIT B-1

GUARANTY

THIS GUARANTY (this "***Guaranty***") is executed as of _____, by the undersigned guarantor ("***Guarantor***") for the benefit of BANK OF AMERICA, N.A. (with its successors in such capacity, "***Administrative Agent***"), as Administrative Agent for itself and other Lenders (collectively, "***Lenders***"; together with Administrative Agent, the "***Guaranteed Parties***") now or hereafter party to the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc." ("***Borrower***"), the Lenders, and Administrative Agent (as hereafter amended, supplemented, or restated, the "***Credit Agreement***"). Capitalized terms not otherwise defined herein are used as defined in the Credit Agreement.

A. Guarantor is an Affiliate of Borrower.

B. [The execution and delivery of this Guaranty is an integral part of the transactions contemplated by the Loan Papers and is a condition precedent to Lenders' obligations to extend credit under the Credit Agreement.][1] [Guarantor is required to deliver this Guaranty pursuant to ***Section [9.10] [9.11]*** of the Credit Agreement.][2]

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

1. Borrower. The term "***Borrower***" includes, without limitation, Borrower as a debtor-in-possession and any party hereafter appointed "*Receiver*" for Borrower or all or substantially all of its assets under any Debtor Relief Law.

2. Guaranteed Debt. The term "***Guaranteed Debt***" means all present and future indebtedness and obligations of every kind, nature, and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary, owed to the Guaranteed Parties by Borrower under the Loan Papers to which it is a party, and all instruments, agreements, and other documents of every kind and nature now or hereafter created in connection with the Credit Agreement (including all renewals, extensions and modifications thereof), including, without limitation, the Obligation, together with all interest accruing thereon, fees, costs, and expenses (including, without limitation, (a) all Attorney Costs incurred pursuant to, or in connection with the protection of Rights under, the Loan Papers to which Borrower is a party, and (b) amounts that would become due but for operation of Section 502, 506 or any other applicable provision of Title 11 of the U.S. Code), *together with* all pre- and post-maturity interest thereon (including, without limitation, all post-petition interest if Borrower voluntarily or involuntarily files for bankruptcy protection) and any and all costs, Attorney Costs, and expenses reasonably incurred by any Guaranteed Party to enforce Borrower's payment of any of the foregoing indebtedness. Administrative Agent's books and records showing the amount of the Guaranteed Debt shall be admissible in evidence in any action or proceeding, and shall be binding upon Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Debt.

3. Absolute Guaranty; Limit of Liability. This instrument is an absolute, irrevocable and continuing guaranty, and the circumstance that at any time or from time to time the Guaranteed Debt may be paid in full does not affect the obligation of Guarantor with respect to the Guaranteed Debt of Borrower thereafter incurred. NOTWITHSTANDING ANY CONTRARY PROVISION IN THIS GUARANTY, HOWEVER, THE OBLIGATIONS OF GUARANTOR HEREUNDER SHALL BE LIMITED TO AN AGGREGATE AMOUNT EQUAL TO THE LARGEST AMOUNT THAT WOULD NOT RENDER ITS OBLIGATIONS HEREUNDER SUBJECT TO AVOIDANCE UNDER SECTION 548 OF THE U.S. BANKRUPTCY CODE OR ANY COMPARABLE PROVISIONS OF ANY APPLICABLE STATE LAW.

4. No Setoff or Deductions; Taxes. Guarantor represents and warrants that it is incorporated or formed and resident in the United States of America. All payments by Guarantor hereunder shall be paid in full, without setoff or counterclaim or any deduction or withholding whatsoever, including, without limitation, for any and all present and future Indemnified Taxes. If Guarantor shall be required by any Laws to deduct any Indemnified Taxes from or in respect of any sum payable under this Guaranty to any Guaranteed Party, (i) the sum payable shall be increased as necessary so that after making all required deductions, each Guaranteed Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) Guarantor shall make such deductions, (iii) Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within 30 days after the date of such payment, Guarantor shall furnish to Administrative Agent (which shall forward the same to the applicable Guaranteed Parties) the original or a certified copy of a receipt evidencing payment thereof.

5. Representations and Warranties. Guarantor acknowledges that certain representations and warranties contained in the other Loan Papers (including, without limitation, ***Section 8*** of the Credit Agreement) apply to it and hereby represents and warrants to Administrative Agent and Lenders that each such representation and warranty is true and correct. In addition, Guarantor represents and warrants that (a) by virtue of its relationship with Borrower,

the execution, delivery and performance of this Guaranty is for the direct benefit of Guarantor and it has received adequate consideration for this Guaranty; and (b) the value of the consideration received and to be received by Guarantor under the Loan Papers is reasonably worth at least as much as its liability and obligation under this Guaranty, and such liability and obligation may reasonably be expected to benefit Guarantor directly or indirectly.

6. Waiver of Notices. Guarantor waives notice of the acceptance of this Guaranty and of the extension or continuation of the Guaranteed Debt or any part thereof. Guarantor further waives presentment, protest, notice, dishonor or default, demand for payment and any other notices to which such Guarantor might otherwise be entitled.

7. Reinstatement; Stay of Acceleration. Notwithstanding anything in this Guaranty to the contrary, upon the insolvency, bankruptcy, or reorganization of Borrower or any other Person, (a) this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any portion of the Guaranteed Debt is revoked, terminated, rescinded or reduced or must otherwise be restored or returned, as if such payment had not been made and whether or not Administrative Agent is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction, and (b) in the event that acceleration of the time for payment of any of the Guaranteed Debt is stayed, all such amounts shall nonetheless be payable by Guarantor immediately upon demand by Administrative Agent.

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

9. Other Indebtedness. If Guarantor becomes liable for any indebtedness owing by Borrower to any Guaranteed Party, *other than* under this Guaranty, such liability will not be in any manner impaired or affected by this Guaranty, and the Rights of the Guaranteed Parties under this Guaranty are cumulative of any and all other Rights that the Guaranteed Parties may ever have against Guarantor. The exercise by any Guaranteed Parties of any Right or remedy under this Guaranty or otherwise will not preclude the concurrent or subsequent exercise of any other Right or remedy.

10. Default; Exhaustion of Other Remedies Not Required. If a Default under the Credit Agreement exists, and as a result of such Default amounts are owing to any Guaranteed Party in respect of its Guaranteed Debt, Guarantor shall, on demand and without further notice of dishonor and without any notice having been given to Guarantor previous to such demand of either the acceptance by any Guaranteed Party of this Guaranty or the creation or incurrence of any Guaranteed Debt, pay the amount of the Guaranteed Debt then due and payable to the appropriate Guaranteed Party. The obligations of Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Debt. Guarantor waives diligence by Administrative Agent and action on delinquency in respect of the Guaranteed Debt or any part thereof, including, without limitation any provisions of Law requiring Administrative Agent to exhaust any Right or remedy or to take any action against Borrower, any other Guarantor, or any other Person or property before enforcing this Guaranty against Guarantor.

11. Subordinated Debt. All obligations of Borrower to Guarantor, whether now existing or hereafter arising, including without limitation any obligation of Borrower to Guarantor as subrogee of Administrative Agent or Lenders resulting from any Guarantor's performance under this Guaranty (the "***Subordinated Debt***"), are expressly subordinated to the full and final payment of the Guaranteed Debt. Guarantor agrees not to accept any payment of the Subordinated Debt from Borrower with respect thereto, if a Default exists; and, if Guarantor receives any payment of the Subordinated Debt in violation of the foregoing, Guarantor will hold any such payment in trust for Administrative Agent and promptly turn it over to Administrative Agent, in the form received (with any necessary endorsements), to be applied to the Guaranteed Debt in the manner contemplated by the Credit Agreement, but without reducing or affecting in any manner the liability of Guarantor under this Guaranty.

12. Subrogation and Contribution. Guarantor shall not exercise any Right of subrogation, contribution or similar Rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Debt and any amounts payable under this Guaranty are indefeasibly paid, the Total Commitment is terminated, and the Obligation is paid in full. If any amounts are paid to the Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of Guaranteed Parties and shall forthwith be paid to Administrative Agent, for the benefit of Lender to reduce the amount of the Guaranteed Debt, whether matured or unmatured.

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

14. Waiver of Right to Require Suit. Guarantor waives all Rights by which it might be entitled to require suit on an accrued Right of action in respect of any of the Guaranteed Debt or require suit against Borrower or others.

15. Independent Credit Investigation. Guarantor confirms that it has executed and delivered this Guaranty after reviewing the terms and conditions of the Loan Papers and such other information as it has deemed appropriate in order to make its own credit analysis and decision to execute and deliver this Guaranty. Guarantor confirms that it has the sole responsibility for, has adequate means of determining, and has made its own independent investigation with respect to, Borrower's creditworthiness, and is not executing and delivering this Guaranty in reliance on any representation or warranty by Administrative Agent or Lenders as to such creditworthiness. Guarantor expressly assumes all responsibilities to remain informed of the financial condition, business, and operations of Borrower and any circumstances affecting (a) Borrower's ability to perform under the Loan Papers to which it is a party or (b) any Collateral

securing all or any part of the Guaranteed Debt. Guarantor acknowledges and agrees that Administrative Agent has no duty, and Guarantor is not relying on Administrative Agent at any time, to disclose to Guarantor any information relating to the business, operations or financial condition of Borrower.

16. Expenses. Guarantor shall pay on demand all out-of-pocket expenses (including Attorney Costs) in any way relating to the enforcement or protection of Guaranteed Parties' Rights under this Guaranty, including any incurred in the preservation, protection or enforcement of any Rights of Administrative Agent or Lenders in any case commenced by or against Guarantor under Debtor Relief Laws. The obligations of Guarantor under the preceding sentence shall survive termination of this Guaranty.

17. Amendments. No provision of this Guaranty may be waived, amended, supplemented, or modified, except by a written instrument executed by Administrative Agent and Guarantor.

18. No Waiver; Enforceability. No failure by Administrative Agent to exercise, and no delay in exercising, any Right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any Right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other Right. The remedies herein provided are cumulative and not exclusive of any remedies provided by Law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein.

19. Setoff. If and to the extent any payment is not made when due hereunder, any Lender may setoff and charge from time to time any amount so due against any or all of Guarantor's accounts or deposits with such Lender.

20. No Discharge. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Debt now or hereafter existing and shall remain in full force and effect until all Guaranteed Debt and any other amounts payable under this Guaranty are indefeasibly paid and performed in full and any of the Commitments of Lenders are terminated. The Guaranteed Debt will not be reduced, discharged or released because or by reason of any existing or future offset, claim or defense (*except* for the defense of payment of the Guaranteed Debt) of Borrower or any other party against Administrative Agent or Lenders or against payment of the Guaranteed Debt, whether such offset, claim or defense arises in connection with the Guaranteed Debt or otherwise. Such claims and defenses include, without limitation, failure of consideration, breach of warranty, fraud, bankruptcy, incapacity/infancy, statute of limitations, lender liability, accord and satisfaction, usury, forged signatures, mistake, impossibility, frustration of purpose, and unconscionability. At Administrative Agent's option, all payments under this Guaranty shall be made to an office of Administrative Agent located in the United States and in U.S. Dollars.

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

22. Loan Paper. This Guaranty is a Loan Paper and is subject to the applicable provisions of ***Section 15*** of the Credit Agreement, all of which are incorporated into this Guaranty by reference the same as if set forth in this Guaranty verbatim.

23. Release of Guaranty. This Guaranty shall be released pursuant to and in accordance with the terms set forth in ***Section 6.3*** of the Credit Agreement.

[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

---

[1] Use if the Guaranty is required to be delivered on the Closing Date.

[2] Use if the Guaranty is required to be delivered pursuant to Sections 9.10 or 9.11 of the Credit Agreement.

Executed as of the date first written above.

GUARANTOR:

By:
Name:
Title:

EXHIBIT B-2

CONFIRMATION OF GUARANTY

THIS CONFIRMATION OF GUARANTY (this "***Confirmation***") is executed as of January 28, 2005, by each of the undersigned (each, a "***Guarantor***," and collectively, the "***Guarantors***"), in favor of Bank of America, N.A., as administrative agent (the "***Administrative Agent***") for the Lenders and their respective successors and assigns (collectively, the "***Lenders***") that are from time to time parties to the Credit Agreement (as hereinafter defined).

Capitalized terms not otherwise defined in this Confirmation shall have the meanings ascribed to such terms in the applicable Guaranty (as hereinafter defined).

R E C I T A L S

A. The Vail Corporation (d/b/a "Vail Associates, Inc."), a Colorado corporation (the "***Borrower***"), certain lenders party thereto, and Bank of America, N.A., as administrative agent, are parties to that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 10, 2003 (as the same may have been amended from time to time, the "***Existing Credit Agreement***").

B. In connection with the Existing Credit Agreement, (i) each Guarantor, other than Rockresorts Wyoming, LLC, a Wyoming limited liability company ("***Rockresorts Wyoming***"), executed and delivered to Administrative Agent, for the benefit of Lenders, that certain Amended and Restated Guaranty dated as of June 10, 2003 (as the same has been or may hereafter be from time to time amended, the "***Original Guaranty***"), and (ii) Rockresorts Wyoming executed and delivered to Administrative Agent, for the benefit of Lenders, that certain Guaranty dated as of August 29, 2003 (as the same has been or may hereafter be from time to time amended, the "***Rockresorts Wyoming Guaranty***"; the Rockresorts Wyoming Guaranty and the Original Guaranty are each, a "***Guaranty***," and collectively, the "***Guaranties***").

C. Concurrently herewith, the Existing Credit Agreement will be amended and restated pursuant to the Fourth Amended and Restated Credit Agreement (as the same may be restated, modified, amended, or supplemented from time to time, the "***Credit Agreement***"), by and among the Borrower, the Administrative Agent, and the Lenders.

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

E. In connection with the Credit Agreement, each Guarantor has agreed to ratify and confirm the Guaranty to which such Guarantor is party.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantors hereby agrees as follows:

1. Confirmation of Guaranty. Each Guarantor hereby (a) consents and agrees to the execution and delivery of the Credit Agreement and the related Loan Papers (as defined in the Credit Agreement), (b) ratifies and confirms that the Guaranty executed by such Guarantor is not released, diminished, impaired, reduced, or otherwise adversely affected by the Credit Agreement and continues to guarantee and assure the full payment and performance of all present and future obligations thereunder, and (c) agrees that the Guaranteed Debt includes, without limitation, the Obligation (as defined in the Credit Agreement).

2. Other Agreements. Each Guarantor (a) agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file, and record such additional guaranties, and other agreements, documents, instruments, and certificates as the Administrative Agent may reasonably deem necessary or appropriate in order to preserve and protect those guaranties and assurances previously guaranteed by such Guarantor pursuant to the Guaranty executed by such Guarantor, (b) represents and warrants to the Administrative Agent that such liability and obligation may reasonably be expected to directly or indirectly benefit such Guarantor, and (c) waives notice of acceptance of this Confirmation.

3. Continued Effect. All terms, provisions, and conditions of the Guaranties shall continue in full force and effect and shall remain enforceable and binding in accordance with the terms thereof.

4. Parties Bound. This Confirmation shall be binding upon and inure to the benefit of each Guarantor and the Administrative Agent, for the benefit of the Lenders, and their respective successors, permitted assigns, and legal representatives.

5. Headings. Section headings are for convenience of reference only and shall in no way affect the interpretation of this Confirmation.

6. Governing Law. THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THIS CONFIRMATION.

7. NOTICE OF FINAL AGREEMENT. THIS CONFIRMATION REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

Remainder of Page Intentionally Blank
Signature Pages to Follow

EXECUTED as of the day and year first above written.

GUARANTORS:

Vail Resorts, Inc.
Vail Holdings, Inc.
Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Beaver Creek Food Services, Inc.
Breckenridge Resort Properties, Inc.

Complete Telecommunications, Inc.
Gillett Broadcasting, Inc.
Grand Teton Lodge Company
Heavenly Valley Limited Partnership
Jackson Hole Golf and Tennis Club, Inc.
JHL&S LLC
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food & Beverage Company
Keystone Resort Property Management Company
Larkspur Restaurant & Bar, LLC
Lodge Properties, Inc.
Lodge Realty, Inc.
Mountain Thunder, Inc.
Property Management Acquisition Corp., Inc.
Rockresorts International, LLC
Rockresorts LLC
Rockresorts Cheeca, LLC
Rockresorts Equinox, Inc.
Rockresorts LaPosada, LLC
Rockresorts Wyoming, LLC
Rockresorts Casa Madrona, LLC
Rockresorts Rosario, LLC
Teton Hospitality Services, Inc.
The Village at Breckenridge Acquisition Corp., Inc.
Timber Trail, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
VA Rancho Mirage Resort, L.P.
Vail/Arrowhead, Inc.
Vail Associates Holdings, Ltd.
Vail Associates Investments, Inc.
Vail Associates Real Estate, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Vail Food Services, Inc.
Vail Resorts Development Company
Vail RR, Inc.
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
VAMHC, Inc.
VR Heavenly I, Inc.
VR Heavenly II, Inc.
VR Holdings, Inc.

By:

Name:

Title:

The undersigned, as Administrative Agent for the benefit of the Lenders, hereby accepts the foregoing Confirmation.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By:

Name:
Title:

EXHIBIT C-1

LOAN NOTICE

Bank of America, N.A., as Administrative Agent

Attn: Arlene Minor
Fax: 214-290-9412

Reference is made to the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, supplemented or restated from time to time, the "***Credit Agreement***"), among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc.", the Lenders, and Bank of America, N.A., as Administrative Agent for itself and the other Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby gives you notice pursuant to ***Section 2.2(a)*** of the Credit Agreement that it requests:

A borrowing of Loans A conversion or continuation of Loans

on (a Business Day),

in the amount of $,*

comprised of (Type of Loan requested),**

with an Interest Period of months (for LIBOR Loans).***

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

.]

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

Very truly yours,

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

By
Name:
Title:

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

** LIBOR Loan or Base Rate Loan.

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

**** Insert paragraph for any Loan Notice provided prior to a borrowing of Loans

EXHIBIT C-2

SWING LINE LOAN NOTICE

Bank of America, N.A., as Administrative Agent

Attn: Arlene Minor
Fax: 214-290-9412

Reference is made to the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, supplemented or restated from time to time, the "***Credit Agreement***"), among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc.", the Lenders, and Bank of America, N.A., as Administrative Agent for itself and the other Lenders. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. The undersigned hereby gives you notice pursuant to ***Section 2.4(b)*** of the Credit Agreement that it requests a Swing Line Loan:

on (a Business Day),

in the amount of $ *.

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

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

The Swing Line Borrowing requested herein complies with the requirements of the provisos to the first sentence of ***Section 2.4(a)*** of the Credit Agreement.

Very truly yours,

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

By
Name:
Title:

* Not less than 1,000,000

EXHIBIT D

COMPLIANCE CERTIFICATE
FOR _____ENDED _____

Bank of America, N.A., as Administrative Agent
901 Main Street, 67th Floor
Dallas, Texas 75202
Attn: Frank M. Johnson
FAX: 214/209-0980

Reference is made to the Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, supplemented or restated, the "***Credit Agreement***"), among THE VAIL CORPORATION, a Colorado corporation doing business as "Vail Associates, Inc.", the Lenders, and Bank of America, N.A., as Administrative Agent for itself and the other Lenders. Unless otherwise defined herein, all capitalized terms have the meanings given to such terms in the Credit Agreement.

This certificate is delivered pursuant to ***Section 9.1*** of the Credit Agreement.

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

(i) The financial statements attached hereto were prepared in accordance with GAAP (*except* for the omission of footnotes from financial statements delivered pursuant to ***Section 9.1(b)*** of the Credit Agreement) and present fairly, in all material respects, the consolidated financial condition and results of operations of the Companies as of, and for the _____ended on, _____ (the "***Subject Period***").

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

(iii) Evidence of compliance by Borrower with the covenants of ***Sections 10.8(m)*** and ***10.9(d)*** and the financial covenants of ***Section 11*** of the Credit Agreement as of the last day of the Subject Period, is set forth on the attached calculation worksheet.

Very truly yours,

Name:
Chief Financial Officer

Annex A to Exhibit D

CREDIT FACILITY COVENANTS CALCULATIONS

Subject Period: _____, 200_

		Months Ended - -
10.8(m)	**INVESTMENTS IN PERSONS**	
	(i)Investments during Subject Period in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses:	$
	(ii)Investments during prior Subject Periods in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses:	$
	(iii) Investments set forth on ***part (b)*** of ***Schedule 10.8***:	$
	(iv)(***10.8(m)(i)*** plus ***10.8(m)(ii)*** plus ***10.8(m)(iii)***):	$
	(v) $75,000,000:	$75,000,000
	(vi) Book value of Total Assets:	$
	(vii) 10% of ***10.8(m)(vi)***:	$
	(viii) Investment Limit (***10.8(m)(v)*** plus ***10.8(m)(vii)***):	$
	(ix) Net reductions in investments permitted under ***Section 10.8(m)*** in an aggregate amount not to exceed ***10.8(m)(viii)***:	$
	(x)Maximum permitted investments in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses permitted after the Closing Date, and investments set forth on ***part (b)*** of ***Schedule 10.8*** (***10.8(m)(viii)*** plus ***10.8(m)(ix)***):	$
	(xi) Fair market value of all assets owned by Restricted Subsidiaries on the Closing Date which have been contributed to Unrestricted Subsidiaries:	$
	(xii) Is ***10.8(m)(xi)*** less than $75,000,000?	Yes/No
	(xiii)Are investments in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses, and investments set forth on ***part (b)*** of ***Schedule 10.8*** (***10.8(m)(iv)***), less than or equal to the maximum amount permitted (***10.8(m)(x)***)?	Yes/No
10.9(d)	**DISTRIBUTIONS, LOANS, ADVANCES, AND INVESTMENTS**	
	(i)Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** during Subject Period:	$
	(ii)Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** during prior Subject Periods:	$
	(iii)Aggregate Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** (the sum of ***10.9(d)(i)*** plus ***10.9(d)(ii)***):	

$

(iv)Cumulative Net Income of the Restricted Companies on a consolidated basis from the last day of the first fiscal quarter ending after the Closing Date:

$

(v) To the extent SSI is not a Restricted Subsidiary, the percentage of the Net Income of SSI corresponding to the weighted average membership interest held by Borrower in SSI (expressed as a percentage) from the last day of the first fiscal quarter ending after the Closing Date:

$

(vi) Aggregate cash contributed in the form of equity by the Restricted Companies to Non-Consolidated Entities in order to fund losses of such Non-Consolidated Entities from the last day of the first fiscal quarter ending after the Closing Date:

$

(vii) 50% of the sum of ***10.9(d)(iv)*** plus ***10.9(d)(v)*** plus ***10.9(d)(vi)***: $

(viii) Aggregate net cash proceeds received by the Restricted Companies since the Closing Date from the issuance of Debt which constitutes "*Permitted Debt*" under ***clauses (d)*** and ***(g)*** of the definition thereof (excluding refinancings of Subordinated Debt):

$

(ix) Aggregate net cash proceeds received by VRI since the Closing Date from the issuance of Equity Interests to Persons (other than the issuance of Equity Interests to any Restricted Company and the issuance of any Disqualified Equity Interests):

$

(x)The amount of Distributions made by the Companies pursuant ***Section 10.9(h)*** (not to exceed $25,000,000):

$

(xi) Maximum permitted Distributions, loans, investments, and advances (the sum of ***10.9(d)(vii)*** plus ***10.9(d)(viii)*** plus ***10.9(d)(ix)*** minus ***10.9(d)(x)***):

$

(xii) Are aggregate Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** (***10.9(d)(iii)***) less than the maximum amount permitted (***10.9(d)(xi)***)?

Yes/No

Months Ended - -

11.1(a) RATIO OF FUNDED DEBT TO ADJUSTED EBITDA:

(i)All obligations of the Companies for borrowed money: $

(ii)Minus all obligations of the Unrestricted Subsidiaries for borrowed money (the sum of ***items 11.1(a)(ii)(A)*** through ***11.1(a)(ii)(K)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners, Inc. ($_____)
(K)[List other Unrestricted Subsidiaries] ($_____)

(iii)Plus the principal portion of all Capital Lease obligations of the Companies:

$_____

(iv)Minus the principal portion of the Capital Lease obligations for the following Unrestricted Subsidiaries (the sum of items ***11.1(a)(iv)(A)*** through ***11.1(a)(iv)(K)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)

(J)RT Partners, Inc. ($_____)
(K)[List other Unrestricted Subsidiaries] ($_____)

(v) Plus reimbursement obligations and undrawn amounts under Bond L/Cs supporting Bonds (other than Existing Housing Bonds) issued by Unrestricted Subsidiaries: $

(vi)Debt under Existing Housing Bonds: $

(vii)Funded Debt of the Restricted Companies (***11.1(a)(i)*** minus ***11.1(a)(ii)*** plus ***11.1(a)(iii)*** minus ***11.1(a)(iv)*** plus ***11.1(a)(v)*** minus ***11.1(a)(vi)***):

$

(viii)EBITDA of the Companies for the last four fiscal quarters: $

(ix)Plus insurance proceeds (up to a maximum of $10,000,000 in the aggregate for any fiscal year) received by the Restricted Companies under policies of business interruption insurance (or under policies of insurance which cover losses or claims of the same character or type):

$

(x)Plus *pro forma* EBITDA for assets acquired during such period: $

(xi)Minus *pro forma* EBITDA for assets disposed of during such period:

($_____)

(xii)Minus EBITDA for such period related to real estate activities: ($_____)

(xiii)Minus EBITDA for such period attributable to the following Unrestricted Subsidiaries (sum of items ***11.1(a)(xiii)(A)*** through ***11.1(a)(xiii)(K)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)
(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners Inc. ($_____)
(K)[List other Unrestricted Subsidiaries] ($_____)

(xiv)Resort EBITDA
(the sum of items ***11.1(a)(viii)*** plus ***11.1(a)(ix)*** plus ***11.1(a)(x)*** minus ***11.1(a)(xi)*** minus ***11.1(a)(xii)*** minus ***11.1(a)(xiii)***):

$

(xv)EBITDA for the Subject Period related to real estate activities of the Restricted Companies in an amount not greater than 33% of the Adjusted EBITDA:

$

(xvi)Adjusted EBITDA
(***11.1(a)(xiv)*** plus ***11.1(a)(xv)***): $

(xvii)Ratio of Funded Debt to Adjusted EBITDA
(Ratio of ***11.1(a)(vii)*** to ***11.1(a)(xvi)***):

(xviii)Maximum ratio of Funded Debt to Adjusted EBITDA permitted:

As of the last day of each fiscal quarter ending January 31, April 30 and July 31:

4.50 : 1.00

As of the last day of each fiscal quarter ending October 31: 5.00 : 1.00

(xix)Is the ratio of Funded Debt to Adjusted EBITDA less than the maximum ratio permitted?

Yes/No

11.1(b) RATIO OF SENIOR DEBT TO ADJUSTED EBITDA:

(i)Funded Debt of the Restricted Companies (***11.1(a)(vii)***): $

(ii)Minus Subordinated Debt of the Restricted Companies: ($_____)

(iii)Senior Debt of the Restricted Companies (***11.1(b)(i)*** minus ***11.1(b)(ii)***):

$

(iv)Adjusted EBITDA of the Restricted Companies (***11.1(a)(xvi)***): $

(v) Ratio of Senior Debt to Adjusted EBITDA
(Ratio of ***11.1(b)(iii)*** to ***11.1(b)(iv)***):

(vi)Maximum ratio of Senior Debt to Adjusted EBITDA permitted:

For each fiscal quarter ending January 31, April 30 and July 31: 3.25 : 1.00

As of the last day of each fiscal quarter ending October 31: 3.50 : 1.00

(vii)Is the ratio of Senior Debt to Adjusted EBITDA less than the maximum ratio permitted?
Yes/No

11.2 MINIMUM FIXED CHARGE COVERAGE RATIO:

(a)Adjusted EBITDA for the last four fiscal quarters (***11.1(a)(xvi)***): $

(b)Minus cash income Taxes paid (adjusted for any Tax refunds received with respect thereto):
($)

(c)Minus "Required Capital Expenditures" (as defined in ***Section 1.1*** of the Credit Agreement) for such period:
($30,000,000)

(d)Coverage
(***11.2(a)*** minus ***11.2(b)*** minus ***11.2(c)***): $

(e)Interest and principal on the Obligation and other Funded Debt for the last four fiscal quarters:
$

(f) Minus amortization of deferred financing costs and original issue discounts:
$

(g)Plus Distributions (other than of stock) made by VRI during such period:
$

(h) Fixed Charges
(***11.2(e)*** minus ***11.2(f)*** plus ***11.2(g)***): $

(i)Fixed Charge Coverage Ratio
(Ratio of ***11.2(d)*** to ***11.2(h)***):

(j)Minimum required Fixed Charge Coverage Ratio: 1.25 : 1.00

(k)Does the Fixed Charge Coverage Ratio exceed the minimum ratio permitted?
Yes/No

11.3 MINIMUM NET WORTH:

(a)Shareholders' Equity determined in accordance with GAAP: $

(b)$414,505,800: $414,505,800

(c)Restricted Companies' Net Income, if positive, for each fiscal year completed after October 31, 2004:
$
(d)75% of the total from ***11.3(c)***: $

(e)Net Proceeds received by any Restricted Company (other than from another Company) from the offering, issuance, or sale of equity securities of a Restricted Company after October 31, 2004:
$

(f)Minimum shareholders' equity permitted
(***11.3(b)*** plus ***11.3(d)*** plus ***11.3(e)***): $

(g)Does Shareholders' Equity exceed the minimum permitted? Yes/No

11.4 INTEREST COVERAGE RATIO

(a)Adjusted EBITDA for the last four fiscal quarters (***11.1(a)(xvi)***): $

(b)Interest on Funded Debt for the last four fiscal quarters: $

(c) Amortization of deferred financing costs and original issue discounts:
$

(d) ***11.4(b)*** minus ***11.4(c)***: $

(e) Interest Coverage Ratio (Ratio of ***11.4(a)*** to ***11.4(d)***):

(f) Minimum Interest Coverage Ratio permitted: 2.50 : 1.00

(g)Does the Interest Coverage Ratio exceed the minimum ratio permitted?

Yes/No

11.5 CAPITAL EXPENDITURES

(a)Aggregate capital expenditures of the Restricted Companies in the ordinary course of the business (excluding (i) normal replacements and maintenance which are properly charged to current operations, and (ii) such expenditures relating to real estate held for resale) during each fiscal year:

$

(b)Total Assets of the Restricted Companies as of the last day of the fiscal year:

$

(c)Maximum capital expenditures permitted (10% of Total Assets of the Restricted Companies set forth in ***11.5(b)***):

$

(d)Are aggregate capital expenditures less than the maximum amount permitted?

Yes/No

LETTERS OF CREDIT

Set forth on ***Schedule 1*** attached hereto is a list of all issued and outstanding letters of credit issued for the account of any of the Companies, and the drawn and undrawn amounts thereunder

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption (this "***Assignment and Assumption***") is dated as of the Effective Date set forth below and is entered into by and between *[Insert name of Assignor]* (the "***Assignor***") and *[Insert name of Assignee]* (the "***Assignee***"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (the "***Credit Agreement***"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in ***Annex 1*** attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by Administrative Agent as contemplated below: (a) all of the Assignor's Rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding Rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, the L/Cs and the Swing Line Loans included in such facilities); and (b) to the extent permitted to be assigned under applicable Law, all claims, suits, causes of action and any other Right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at Law or in equity related to the Rights and obligations sold and assigned pursuant to ***clause (i)*** above (the Rights and obligations sold and assigned pursuant to ***clauses (i)*** and ***(ii)*** above being referred to herein collectively as, the "***Assigned Interest***"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: _____
[Assignee is an Affiliate/Approved Fund of [identify Lender]] [3]

3. Borrower: The Vail Corporation (d/b/a "Vail Associates, Inc.")

4. Administrative Agent:Bank of America, N.A., as administrative agent under the Credit Agreement

5. Credit Agreement: Fourth Amended and Restated Credit Agreement dated as of January 28, 2005, among The Vail Corporation (d/b/a "Vail Associates, Inc."), Lenders party thereto, Bank of America, N.A., as Administrative Agent, and the other agents party thereto

6. Assigned Interest

Facility/Subfacility Assigned	Aggregate Amount of Commitments/Loans for all Lenders under such Facility/Subfacility[4]	Amount of Commitments /Loans Assigned under such Facility/Subfacility[2]	Percentage Assigned of Commitments/Loans[5]
	$	$	%
	$	$	%
	$	$	%

7. Trade Date: _____[6]

Effective Date: _____ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

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[3] Select or delete as applicable.

[4] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

[5] Set forth to at least 9 decimals as a percentage of the Commitments/Loans of all Lenders under such Facility/Subfacility.

[6] To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR:

[Name of Assignor]

By:

Name:

Title:

ASSIGNEE:

[Name of Assignee]

By:
Name:
Title:

Consented to and Accepted:

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

By:
Name:
Title:

Consented to:

L/C ISSUER:

By:
Name:
Title:

L/C ISSUER:

By:
Name:
Title:

SWING LINE LENDER:

By:
Name:
Title:

SWING LINE LENDER:

By:
Name:
Title:

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION AGREEMENT

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor: (a) represents and warrants that: (i) it is the legal and beneficial owner of the Assigned Interest; (ii) the Assigned Interest is free and clear of any Lien, encumbrance or other adverse claim; and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to: (i) any

statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Paper; (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Papers or any collateral thereunder; (iii) the financial condition of Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Paper; or (iv) the performance or observance by Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Paper.

1.2 Assignee. The Assignee: (a) represents and warrants that: (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement; (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement); (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder; (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to ***Section 9.1(a)*** and ***9.1(b)*** thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on Administrative Agent or any other Lender; and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that: (i) it will, independently and without reliance on Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Papers; and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Papers are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the Law of the State of New York.

1.

EXHIBIT F-1

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (the ***"Agreement"***) is entered into as of _____, between _____, a _____ _____ (with its successors, "***Debtor***") and BANK OF AMERICA, N.A., a national banking association, as Administrative Agent for the ratable benefit of the Lenders ("***Secured Party***").

A. The Vail Corporation, a Colorado corporation doing business as "Vail Associates, Inc." (the "***Borrower***"), the various financial institutions party to the Credit Agreement (defined below) (collectively, and as they may change from time to time in accordance with the terms of the Credit Agreement, the "***Lenders***"), and Secured Party, have entered into that certain Fourth Amended and Restated Credit Agreement dated as of January 28, 2005 (as amended, restated or supplemented from time to time, the "***Credit Agreement***").

B. Under the terms of the Credit Agreement, the Lenders have agreed, from time to time, to make loans to the Borrower and issue letters of credit for the account of Borrower.

C. Debtor is an Affiliate of Borrower. Borrower and Debtor are engaged in the same or substantially similar or related lines of business, have close business and financial transactions and connections with each other, and use common senior management and executive personnel and overall planning programs. The Credit Agreement will be a material benefit to the Debtor and Borrower and will result in direct business benefits to the Debtor.

D. Debtor has executed a Guaranty in favor of Secured Party, for the benefit of Lenders, guaranteeing the Obligation under, and as defined in, the Credit Agreement (as amended, restated or supplemented from time to time, the "***Guaranty***").

E. [The execution and delivery of this Agreement is an integral part of the transactions contemplated by the Loan Papers and is a condition precedent to Lenders' obligations to extend credit under the Credit Agreement.][7] [Debtor is required to deliver this Agreement pursuant to ***Section [9.10] [9.11]*** of the Credit Agreement.][8]

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, "***Borrower***," "***Credit Agreement***," "***Debtor***," "***Guaranty***," "***Lenders***," and "***Secured Party***" have the respective meanings indicated above. Other capitalized terms used, but not defined, in this Agreement and which are defined in the Credit Agreement, have the respective meanings given them in the Credit Agreement. Except as otherwise defined in this Agreement or in the Credit Agreement, all terms used in this Agreement which are defined in the UCC (as defined below and as in effect on the date of this Agreement) shall have the respective meanings given them in *Articles 8* and *9* of the UCC. In addition, as used in this Agreement:

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[7] Use if the Guaranty is required to be delivered on the Closing Date.

[8] Use if the Guaranty is required to be delivered pursuant to Sections 9.10 or 9.11 of the Credit Agreement.

Collateral means all of the property referred to in ***Section 3(a)***.

Issuer means an issuer of Pledged Securities.

Partnership Agreements means (a) those agreements listed on ***Annex A*** attached hereto and incorporated herein by reference (together with any modifications, amendments, or restatements thereof), and (b) partnership agreements or joint venture agreements for any of the partnerships or joint ventures described in ***clause (b)*** of the definition of *"Partnerships"* below (together with any modifications, amendments or restatements thereof), and ***Partnership Agreement*** means one of the Partnership Agreements.

Partnership Interests means all of Debtor's Right, title and interest now or hereafter accruing under the Partnership Agreements with respect to all distributions, allocations, proceeds, fees, preferences, payments, or other benefits, which Debtor now is or may hereafter become entitled to receive with respect to such interests in the Partnerships and with respect to the repayment of all loans now or hereafter made by Debtor to the Partnerships.

Partnerships means (a) those partnerships and joint ventures listed on ***Annex A*** attached hereto and incorporated herein by reference, as such partnerships exist or may hereinafter be restated, amended, or restructured, (b) any partnership or joint venture in which Debtor shall, at any time, become a limited or general partner or venturer, or (c) any partnership, joint venture, or corporation formed as a result of the restructure, reorganization, or amendment of the Partnerships.

Person means any individual, trustee, corporation, general partnership, limited partnership, limited liability company, joint stock company, trust, unincorporated organization, bank, business association, firm, joint venture or Tribunal.

Pledged Securities means (a) the Securities identified on ***Annex A*** (and the certificates or instruments, if any representing such Securities), (b) Securities issued to Debtor by any Issuer listed on ***Annex A*** or any other Person which becomes a Restricted Subsidiary, (c) any additional or substitute Securities issued to Debtor by any Issuer listed on ***Annex A*** or any other Person which becomes a Restricted Subsidiary after the date of this Agreement, and (d) all Securities required to be included in this definition pursuant to the provisions of ***Section 2(b)(vi)***.

Proceeds means all proceeds of, and all other profits, products, rentals and receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, the Collateral, whether now existing or hereafter arising.

Secured Obligation means (a) all obligations of Debtor under the Guaranty or this Agreement, and (b) all present and future indebtedness, obligations and liabilities, absolute or contingent, whether voluntary or involuntary, due or not due, incurred directly or indirectly, or acquired by a Lender by assumption or otherwise (including, without limitation, interest accruing after the maturity of such debts, obligations or liabilities), and all renewals, increases and extensions thereof, or any part thereof, now or hereafter owed to Secured Party or Lenders by Borrower under the Loan Papers to which it is a party (including the "*Obligation*" as defined in the Credit Agreement), together with all interest accruing thereon, fees, costs and expenses (including, without limitation, (i) all Attorney Costs incurred in the enforcement or collection thereof payable under the Loan Papers, or in connection with the protection of Rights under, the Loan Papers to which Borrower is a party, and (ii) amounts that would become due but for operation of Section 502, 506 or any other applicable provision of Title 11 of the United States Code), *together with* all pre- and post-maturity interest thereon (including, without limitation, all post-petition interest if Debtor or Borrower voluntarily or involuntarily files for bankruptcy protection, whether or not a claim for post-filing or post-petition interest is allowed in such bankruptcy proceeding) and any and all costs, Attorney Costs and expenses reasonably incurred by Secured Party or any Lender to enforce payment of any of the foregoing indebtedness.

Security means (a) a share of capital stock issued by a Person, (b) a membership interest issued by a Person, and (c) any other equity, ownership, or voting interest issued by a Person, and "***Securities***" means more than one Security.

Security Interests means the security interests granted under this Agreement securing the Secured Obligation.

UCC means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

2. Representations, Warranties and Certain Agreements.

(a) Debtor represents and warrants as follows:

(i) Debtor has good title to all of the Collateral purported to be owned by it, free and clear of any Liens (other than Permitted Liens), and will keep the Collateral free and clear of all Liens (other than Permitted Liens). The Pledged Securities described on ***Annex A*** include all Securities issued by each such Issuer to Debtor. All of the Pledged Securities have been duly authorized and validly issued, are fully paid and non-assessable, and are subject to no option to purchase or similar Rights of any Person. As of the date of this Agreement, Debtor is not a party to or otherwise bound by any agreement (*other than* this Agreement) which restrict in any manner the Rights of any present or future holder of any of the Pledged Securities with respect to transfers thereof or payments of dividends thereon. The Pledged Securities are not subject to any restrictions on transfer or manner of sale, any holding period or any notice requirements, other than restrictions and requirements under applicable securities Laws.

(ii) Each Partnership issuing a Partnership Interest is duly organized, currently existing, and in good standing under all applicable Laws; there have been no amendments, modifications, or supplements to any agreement or certificate creating any Partnership or any material contract relating to the Partnerships, of which Secured Party has not been advised in writing; no default or breach or potential default or breach has occurred and is continuing under any Partnership Agreement; and no approval or consent of the partners of any Partnership is required as a condition to the validity and enforceability of the Security Interest created hereby or the consummation of the transactions contemplated hereby which has not been duly obtained by Debtor. Debtor has good title to the Partnership Interests free and clear of all Liens and encumbrances (*except* for the Security Interest granted hereby). The Partnership Interests are validly issued, fully paid, and nonassessable and are not subject to statutory, contractual, or other restrictions governing their transfer, ownership, or control, *except* as set forth in the applicable Partnership Agreements or applicable securities Laws. All capital contributions required to be made by the terms of the Partnership Agreements for each Partnership have been made.

(iii) Contemporaneously with the execution and delivery of this Agreement, Debtor has delivered to Secured Party the Pledged Securities described on ***Annex A***. No Collateral is in the possession of any Person asserting any claim thereto or security interest therein that is not permitted under the Loan Papers, *except* that Secured Party or its designee may have possession of the Collateral.

(iv) Assuming that Secured Party is in continuous possession of the Pledged Securities, the Security Interests will constitute valid and perfected security interests in the Pledged Securities prior to all other Liens. Appropriate financing statements have been filed in the necessary jurisdictions with respect to all other Collateral, and the Security Interests, to the extent they may be perfected by filing financing statements in the necessary jurisdictions, constitute valid and continuing perfected security interests in such other Collateral to the extent a security interest can be created therein under the UCC, securing the payment of the Secured Obligation. All other actions necessary to perfect the Security Interests in each item of such Collateral have been duly taken to the extent a security interest can be created therein under the UCC as in effect in the applicable jurisdictions of the United States.

(v) Debtor's exact legal name is correctly set forth on the signature page hereof. Debtor will provide Secured Party with at least thirty (30) days prior written notice of any change in Debtor's name or identity.

(vi) Debtor's chief executive office is, and has been for the four-month period preceding the date hereof (or, if less, the entire period of the existence of Debtor), located in the state specified on the signature page hereof. In addition, Debtor is an organization of the type and (if not an unregistered entity) is incorporated in or organized under the Laws of the state specified on such signature page.

(b) Debtor agrees as follows:

(i) Debtor shall, at Debtor's expense, take all actions necessary or advisable from time to time to maintain the first priority and perfection of said security interest and shall not take any actions that would alter, impair or eliminate said priority or perfection. Debtor will not change the location of its chief executive office or chief place of business or change its jurisdiction of organization unless it shall have given Secured Party at least thirty (30) days prior notice thereof and (at Debtor's cost and expense) delivered an opinion of counsel with respect thereto prior to taking such action in customary form confirming the continued validity and perfection under the UCC (to the extent such Security Interests may be perfected under the UCC) of the Security Interests (which opinion may contain such exceptions and assumptions as are customary in a legal opinion of such type). Debtor shall at all times maintain its chief executive office within one of the 48 contiguous states in which Article 9 of the UCC is in effect. Debtor shall not in any event change the location of any Collateral if such change would cause the Security Interests in such Collateral to lapse or cease to be perfected unless prior to taking such action it shall have taken such actions as may be necessary to prevent such lapse in perfection or failure to be perfected.

(ii) Debtor shall (A) do or cause to be done all things necessary or appropriate to keep the Partnerships in full force and effect and the Rights of Debtor and Secured Party thereunder unimpaired; (B) except as expressly permitted by the Credit Agreement, not consent to any Partnership selling, leasing, or disposing of substantially all of its assets in a single transaction or a series of transactions; (C) notify Secured Party of the occurrence of any default or breach under any contract or agreement creating or relating to the Partnerships; (D) except as permitted by the Credit Agreement, not transfer, sell, or assign any of the Partnership Interests or any part thereof; (E) pledge hereunder, immediately upon Debtor's acquisition (directly or indirectly) thereof, any and all additional Partnership Interests of any Partnership granted to Debtor; and any and all additional shares of stock or other securities of each; (F) deliver to Secured Party a fully-executed Acknowledgment of Pledge, substantially in the form of ***Annex B***, for each Partnership Interest; and (G) take any commercially reasonable action necessary, required, or requested by Secured Party to allow Secured Party to fully enforce its Security Interest in the Partnership Interests, including, without limitation, the filing of any claims with any court, liquidator, trustee, custodian, receiver, or other like person or party.

(iii) Debtor may not change its name or corporate structure in any manner unless it shall have given Secured Party prior notice thereof and delivered an opinion of counsel in customary form with respect thereto prior to taking such action confirming the continued validity and perfection under the UCC (to the extent such Security Interests may be perfected under the UCC) of the Security Interests (which opinion may contain such exceptions and assumptions as are customary in a legal opinion of such type).

(iv) Debtor shall keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as Required Lenders may reasonably require in order to reflect the Security Interests.

(v) Debtor agrees to pay prior to delinquency all taxes, charges, Liens and assessments against the Collateral, other than taxes, charges and assessments which are being contested in good faith by lawful proceedings diligently conducted, against which reserve or other provision required by GAAP has been made; and, except as otherwise provided herein, upon the failure of Debtor to do so, Secured Party may pay any of them in such amount as it reasonably deems necessary to discharge the same.

(vi) The Pledged Securities will at all times include not less than the percentage of the issued and outstanding Securities of each Issuer shown on ***Annex A***, except to the extent any such Pledged Security shall have been released in accordance with the provisions of ***Section 11*** below.

(vii) Debtor shall not become a party to any agreement prohibited by the fourth sentence of ***Section 2(a)(i)***.

(viii) Debtor shall promptly notify Secured Party in writing in the event that any of the representations and warranties set forth herein is no longer true and correct.

3. The Security Interests.

(a) Debtor, to secure the full and punctual payment and performance of the Secured Obligation, and to induce Lenders to extend Debt under the Credit Agreement, hereby irrevocably and unconditionally grants to Secured Party, for the benefit of Lenders, a continuing first

priority security interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located (collectively, the ***"Collateral"***):

(i) all books and records of Debtor pertaining to any of the property described in this ***Section 3(a)***;

(ii) the Pledged Securities owned or held by Debtor and all of its Rights and privileges with respect thereto, including, without limitation, all dividends, interest, principal and other payments and distributions made upon or with respect to the Pledged Securities;

(iii) the Partnership Interests and all Rights of Debtor with respect thereto, including, without limitation, all Partnership Interests set forth on ***Annex A*** and all of Debtor's distribution Rights, income Rights, liquidation interest, accounts, contract Rights, general intangibles, notes, instruments, drafts, and documents relating to the Partnership Interests; and

(iv) all Proceeds of all or any of the property described in ***clauses (i)***, ***(ii)***, and ***(iii)*** of this ***Section 3(a)*** to the extent that such Proceeds consist of cash or other property which would constitute Collateral pursuant to such ***clauses (i)***, ***(ii)*** and ***(iii)***.

(b) The Security Interests are granted as security only and shall not subject Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the undersigned with respect to any of the Collateral or any transaction in connection therewith.

4. Delivery of Pledged Securities. If at any time or from time to time after the date of this Agreement Debtor shall receive any Security required to be pledged hereunder, it shall promptly:

(a) deliver to Secured Party the certificate or other instrument evidencing each such Security, accompanied by control letters and stock powers or any other instruments of transfer or assignment duly executed in blank, to be held by Secured Party for the benefit of Lenders as collateral for the Secured Obligation in accordance with this agreement; and

(b) execute, deliver, file and record any and all instruments, assignments, agreements, financing statements and other documents necessary, to the extent determined by and in form and substance satisfactory to Secured Party in its reasonable judgment, to perfect or continue the perfection of a security interest in such stock for the benefit of Lenders.

5. General Authority. Debtor hereby irrevocably appoints Secured Party its true and lawful attorney, with full power of substitution, in the name of the Debtor, Secured Party, Lenders, or otherwise, for the sole use and benefit of Secured Party and Lenders, but at Debtor's expense, to the extent permitted by Law to exercise, at any time and from time to time while a Default exists, all or any of the following powers (in addition to the powers specified in the Credit Agreement) with respect to all or any of the Collateral, but only to the extent directed to do so by Required Lenders:

(a) to ask for, demand, sue for, collect, endorse, receive, receipt and give acquittance for any and all moneys due or to become due thereon or by virtue thereof;

(b) to commence, settle, compromise, compound, adjust, prosecute or defend any claim, suit, action or proceeding with respect thereto;

(c) to exercise as to the Collateral all Rights, powers and remedies of an owner necessary to exercise its Rights under this Agreement, including, without limitation, the Right to sell, transfer, assign or otherwise deal in or with the same or any party thereof or the Proceeds or avails thereof;

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereof;

(e) to insure, process and preserve the Collateral;

(f) to participate in any recapitalization, reclassification, reorganization, consolidation, redemption, stock split, merger or liquidation of any issuer of the Pledged Securities, and in connection therewith to deposit or surrender control of the Collateral, accept money or other property in exchange for the Collateral, and to take such action as it deems proper in connection therewith, and any money or property received on account of or in exchange for the Collateral shall be applied to the Secured Obligation or held by Secured Party thereafter as Collateral pursuant to the provisions hereof; and

(g) to obtain from any custodian or securities intermediary (if any) holding the Collateral all information with respect to the Collateral, without any further consent of or notice to Debtor;

provided, however, that Secured Party shall give Debtor not less than ten days prior written notice of the time and place of any sale or other intended disposition of any of the Collateral pursuant to ***clause (c)*** of this ***Section 5*** and that Debtor agrees that such notice shall constitute "*reasonable notice*" thereof. The foregoing appointments shall be deemed coupled with an interest of Secured Party and shall not be revoked without Secured Party's written consent. To the extent permitted by Law, Debtor hereby ratifies all said attorney-in-fact shall lawfully do by virtue hereof.

6. Record Ownership of Pledged Securities and Partnership Interests; Notices.

(a) While a Default exists, Secured Party may at any time or from time to time at the direction of Required Lenders, cause any or all of the Pledged Securities and Partnership Interests to be transferred of record into the name of Secured Party or its nominee. If Secured Party transfers any Pledged Security or Partnership Interest into its name or the name of its nominee, Secured Party will thereafter promptly give Debtor copies of any notices and communications received by Secured Party with respect to any Pledged Security and Partnership Interests. If such Default is cured or waived, Secured Party shall then cause any Pledged Security and Partnership Interest so transferred into its name to be transferred into Debtor's name.

(b) If a Default exists, Debtor will promptly give to Secured Party copies of any notices and communications received by it with respect to any Pledged Security or Partnership Interest.

7. Right to Receive Distributions on Pledged Securities and Partnership Interests.

(a) While a Default exists, Secured Party shall have the Right to receive and retain as additional security hereunder all dividends, interest, principal and other payments and distributions made upon or with respect to the Pledged Securities and Partnership Interests. Debtor shall take all such action necessary or appropriate, or as Secured Party may reasonably request, to give effect to such Right. Any dividends, interest, principal and other payments and distributions which are received in respect of the Pledged Securities or Partnership Interests by Debtor while a Default exists shall be received in trust for the benefit of Required Lenders, and shall be segregated from other funds of Debtor and shall (to the extent so directed by Secured Party at the direction of Required Lenders) forthwith be paid over to Secured Party (with any necessary endorsement). Secured Party will not exercise its Rights under this subsection unless directed to do so by Required Lenders. All such dividends, interest, principal and other payments and distributions shall be delivered to Secured Party upon demand.

(b) So long as no Default exists, Debtor shall have full power and authority to receive and retain all dividends, distributions, and other payments in respect of the Pledged Securities and Partnership Interests pledged to Secured Party hereunder.

8. Right to Vote Pledged Securities and Partnership Interests; Releases.

(a) Unless a Default exists and Required Lenders have directed Secured Party not to permit Debtor to exercise such Rights, Debtor shall have the Right, from time to time, to vote and to give consents, ratifications and waivers with respect to the Pledged Securities and Partnership Interests and other Collateral that it owns and Secured Party shall, upon receiving a written request from an authorized financial officer of Debtor deliver to Debtor or as specified in such request, such proxies, powers of attorney, consents, ratifications and waivers as shall be reasonably requested by Debtor in respect of any of the Pledged Securities and Partnership Interests owned by it which are registered in the name of Secured Party or its nominee and any other Collateral owned by Debtor.

(b) If a Default exists, Secured Party shall have the Right, to the extent permitted by Law, to vote and to give consents, ratifications and waivers and take any other action with respect to all the Pledged Securities and Partnership Interests with the same force and effect as if Secured Party were the absolute and sole owner thereof. Debtor shall, at the request of Secured Party, take all such action as may be necessary or appropriate to give effect to the Rights granted to Secured Party pursuant to the immediate preceding sentence.

9. Remedies Upon Enforcement Notice.

(a) If a Default exists, Secured Party may (to the extent so directed by Required Lenders) exercise, on behalf of Lenders, all Rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such Rights are exercised) and, without limiting the foregoing, Secured Party may, at the direction of Required Lenders, without being required to give any notice, *except* as herein provided or as may be required by Law: (i) sell the Collateral or any part thereof at public or private sale, for cash, upon credit or for future delivery, and at such price or prices as Secured Party may deem satisfactory; (ii) declare the Secured Obligation immediately due and payable, without notice or demand; (iii) exercise as to any or all of the Collateral all the Rights, powers and remedies of an owner; (iv) enforce the security interest given hereunder pursuant to the UCC; (v) exercise any other remedy provided under this Agreement or by any applicable Law; or (vi) sell the Collateral without giving any warranties as to the Collateral.

(b) Secured Party or any Lender may be the purchaser of any or all of the Collateral sold pursuant to ***Section 9(a)(i)*** at any public sale (or, if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations, at any private sale). Debtor will execute and deliver such documents and take such other lawful actions Secured Party deems necessary or advisable in order that any such sale may be made in compliance with Law. Upon any such sale Secured Party shall have the Right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any claim or Right of whatsoever kind, including any equity or Right of redemption of Debtor which may be waived, and Debtor to the extent permitted by Law, hereby specifically waives all Rights of redemption, stay or appraisal which it has or may have under any Law now existing or hereafter adopted. The notice (if any) of such sale required by ***Section 5*** shall (1) in case of a public sale, state the time and place fixed for such sale, and (2) in the case of a private sale, state the day after which such sale may be consummated. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Secured Party may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as Secured Party may determine. Secured Party shall not be obligated to make any such sale pursuant to any such notice. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall not incur any liability in case of the failure of such purchaser to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may again be sold upon like notice. Secured Party, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at Law or in equity to foreclose the Security Interests and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

(c) Debtor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities Laws, Secured Party may be compelled, with respect to any sale of all or any part of the Pledged Securities, to limit purchasers to those who will agree, among other things, to acquire the Pledged Securities for their own account, for investment and not with a view to the distribution or resale thereof. Debtor acknowledges that any such private sales may be at prices and on terms less favorable to Secured Party than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that Secured Party shall have no obligation to engage in public sales and no obligation to delay the sale of any Pledged Securities for the period of time necessary to permit the issuer thereof to register it for public sale.

(d) For the purpose of enforcing any and all Rights and remedies under this Agreement, Secured Party may, subject to the provisions of the Credit Agreement, have access to and use Debtor’s books and records relating to the Collateral.

(e) All Rights and remedies herein provided are cumulative and not exclusive of any Rights or remedies otherwise provided by Law. Any single or partial exercise of any Right or remedy shall not preclude the further exercise of any other Right or remedy. Debtor and Borrower acknowledge that compliance with applicable state and federal Law shall not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

10. Application of Proceeds. During the time a Default exists, the proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be delivered to Secured Party for the benefit of Lenders.

11. Termination of Security Interests; Release of Collateral.

(a) Secured Party shall be under no obligation to permit any trading, redemption, exchange, distribution or substitution of the Collateral or, except as otherwise provided in the Credit Agreement, to permit the release of any Collateral or the proceeds thereof until the Secured Obligation has been paid in full. In no event shall any trading, withdrawal or substitution be allowed of any Collateral which is the subject of a Financial Hedge with a Lender or any Affiliate of a Lender without the prior consent of such Lender or an Affiliate of any Lender.

(b) At the time specified in ***Section 14.9(e)*** of the Credit Agreement for the reversion or release of the Collateral to Debtor, the Security Interests shall terminate and all Rights to the Collateral shall revert and be released to it. At any time and from time to time prior to such termination of the Security Interests, Secured Party may release any of the Collateral pursuant to the terms of the Credit Agreement.

(c) In the event that any Pledged Securities or Partnership Interests are sold or otherwise transferred in a transaction which is in compliance with the terms of the Credit Agreement, Secured Party will release its Security Interest in such Pledged Securities or Partnership Interests.

(d) Upon any such termination or release of the Security Interests or Collateral, Secured Party will, at the expense of the Borrower or Debtor, deliver to Debtor any Collateral so released that is in its possession and execute and deliver such documents, certificates or other instruments as the Borrower shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

(e) Secured Party may at any time deliver the Collateral or any part thereof to Debtor and the receipt of Debtor shall be a complete and full acquittance for the Collateral so delivered, and Secured Party shall thereafter be discharged from any liability or responsibility therefor.

12. Waivers; Estoppel; Non-Exclusive Remedies.

(a) No failure on the part of Secured Party to exercise, no delay in exercising, and no course of dealing with respect to, any Right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by Secured Party of any Right under this Agreement preclude any other or further exercise thereof or the exercise of any other Right.

(b) No delay or failure by Secured Party to enforce any provision hereunder shall preclude Secured Party from enforcing any such provision thereafter.

(c) Secured Party shall be under no duty or obligation whatsoever to give Debtor notice of, or to exercise, any subscription Rights or privileges, any Rights or privileges to exchange, convert or redeem or any other Rights or privileges relating to or affecting any Collateral.

(d) Debtor, to the extent it may lawfully do so, (i) agrees that it will not at any time, in any manner whatsoever, claim or take the benefit or advantage of any appraisement, valuation, stay, extension, moratorium, turnover or redemption Law, or any Law permitting it to direct the order in which the Collateral shall be sold, now or at any time hereafter in force, which may delay, prevent or otherwise affect the performance or enforcement of this Agreement, (ii) hereby waives all benefit or advantage of all such Laws and covenants, and (iii) agrees that it will suffer and permit the execution of every such power as though no such Law were in force.

(e) Debtor, to the extent it may lawfully do so, on behalf of itself and all who claim through or under it, including, without limitation, any and all subsequent creditors, vendees, assignees and lienors, waives and releases all Rights to demand or to have any marshalling of the Collateral upon any sale, whether made under any power of sale granted in this Agreement or pursuant to judicial proceedings or upon foreclosure or any enforcement of this Agreement and consents and agrees that all the Collateral may at any such sale be offered and sold as an entirety.

(f) Debtor waives, to the extent permitted by applicable Law, presentment, demand, protest and any notice of any kind (*except* notices explicitly required under this Agreement) in connection with this agreement and any action taken by Secured Party with respect to the Collateral.

(g) The Rights in this Agreement are cumulative and are not exclusive of any other remedies provided by Law or any other contract.

13. Successors and Assigns. This Agreement is for the benefit of Secured Party and Lenders and their respective successors and permitted assigns, and in the event of an assignment of all or any of the Secured Obligation, the Rights hereunder, to the extent applicable to the portion assigned, shall be transferred therewith. This Agreement shall be binding on the undersigned, Secured Party, Lenders, and their respective successors and permitted assigns.

14. Loan Paper. This Agreement is a Loan Paper and is subject to the applicable provisions of ***Section 15*** of the Credit Agreement, all of which are incorporated into this Agreement by reference the same as if set forth in this Agreement verbatim.

15. Costs. All advances, charges, costs and expenses, including reasonable Attorney Costs, incurred or paid by Secured Party in exercising any Right, power or remedy conferred by this Agreement or in the enforcement thereof, shall become a part of the Debt secured hereunder and shall be paid to Secured Party by Borrower and Debtor immediately and without demand, with interest thereon at an annual rate equal to the highest rate of interest of any Debt secured by this Agreement (or, if there is no such interest rate, at the maximum interest rate permitted by Law for interest on judgments).

16. Authority to file Financing Statements; Further Assurances.

(a) Debtor hereby authorizes Secured Party to file one or more financing statements describing all or part of the Collateral, and continuation statements, or amendments thereto, relative to all or part of the Collateral as authorized by applicable Law. Such financing statements, continuation statements and amendments will contain any other information required by the UCC for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Debtor is an organization, the type of organization and any organizational identification number issued to Debtor. Debtor agrees to furnish any such information to Secured Party promptly upon request.

(b) Debtor and Borrower shall, at the request of Secured Party, execute such other agreements, documents or instruments in connection with this Agreement as Secured Party may reasonably deem necessary to evidence or perfect the security interests granted herein, to maintain the first priority of the security interests, or to effectuate the Rights granted to Secured Party herein.

17. UCC. Any term used or defined in the UCC and not defined in this Agreement has the meaning given to the term in the UCC, when used in this Agreement.

18. NOTICE OF FINAL AGREEMENT. THIS WRITTEN SECURITY AGREEMENT AND ANY OTHER DOCUMENTS EXECUTED IN CONNECTION WITH THIS SECURITY AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

In Witness Whereof, Debtor has executed this Agreement by its duly authorized officer, as of the date first written above.

Debtor's Chief Executive Office:

Street Address

City State Zip

DEBTOR:

By:

Title:

Date:

Debtor's type of organization:

Debtor's state of incorporation or organization (if Debtor is a corporation, limited partnership, limited liability company or other registered entity):

Debtor's organizational identification number, if any, assigned by the state of incorporation or organization (if no organizational identification number has been assigned, enter "None"):

SECURED PARTY:

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

By:
Name:
Title:

ANNEX A TO AMENDED AND RESTATED PLEDGE AGREEMENT

PLEDGED SECURITIES

Issuer	Authorized and Outstanding Shares	Par Value	Pledged Stock\ Interest	Certificate Number	Percentage Owned	Other Liens

PARTNERSHIPS AND PARTNERSHIP AGREEMENTS

Partnership:

Partnership Agreements:

ANNEX B TO AMENDED AND RESTATED PLEDGE AGREEMENT

ACKNOWLEDGMENT OF PLEDGE

PARTNERSHIP: _____INTEREST OWNER:

BY THIS ACKNOWLEDGMENT OF PLEDGE, dated as of _____, _____ _ (the "***Partnership***") hereby acknowledges the pledge in favor of Bank of America, N.A. ("***Pledgee***"), in its capacity as Administrative Agent for certain Lenders and as Secured Party under that certain Pledge Agreement dated as of _____, against, and a security interest in favor of Pledgee in, all of _ 's (the "***Interest Owner***") Rights in connection with any partnership interest in the Partnership now and hereafter owned by the Interest Owner ("***Partnership Interest***").

A. Pledge Records. The Partnership has identified Pledgee's interest in all of the Interest Owner's Right, title, and interest in and to all of the Interest Owner's Partnership Interest as subject to a pledge and security interest in favor of Pledgee in the Partnership Records.

B. Partnership Distributions, Accounts, and Correspondence. The Partnership hereby acknowledges that (i) all proceeds, distributions, and other amounts payable to the Interest Owner, including, without limitation, upon the termination, liquidation, and dissolution of the Partnership shall be paid and remitted to the Pledgee upon demand, (ii) all funds in deposit accounts shall be held for the benefit of Pledgee, and (iii) all future correspondence, accountings of distributions, and tax returns of the Partnership shall be provided to the Pledgee. The Partnership acknowledges and accepts such direction and hereby agrees that it shall, upon the written demand by Secured Party, pay directly to Secured Party at such address any and all distributions, income, and cash flow arising from the Partnership Interests whether payable in cash, property or otherwise, subject to and in accordance with the terms and conditions of the Partnership. The Pledgee may from time to time notify the Partnership of any change of address to which such amounts are to be paid.

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Signature Page to Follow.

EXECUTED as of the date first stated in this Acknowledgment of Pledge.

By:
Name:
Title:

[PARTNERSHIP]

By: ,
as General Partner

By:
Name:
Title:

EXHIBIT F-2

CONFIRMATION OF PLEDGE AGREEMENT

THIS CONFIRMATION OF PLEDGE AGREEMENT (this "***Confirmation***") is executed as of January 28, 2005, by the undersigned debtor ("***Debtor***"), in favor of Bank of America, N.A., as administrative agent (the "***Administrative Agent***") for the Lenders and their respective successors and assigns (collectively, the "***Lenders***") that are from time to time parties to the Credit Agreement (as hereinafter defined).

Capitalized terms not otherwise defined in this Confirmation shall have the meanings ascribed to such terms in the Pledge Agreement (as hereinafter defined).

R E C I T A L S

A. The Vail Corporation (d/b/a "Vail Associates, Inc."), a Colorado corporation (the "***Borrower***"), certain lenders party thereto, and Bank of America, N.A., as administrative agent, are parties to that certain Third Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 10, 2003 (as the same may have been amended from time to time, the "***Existing Credit Agreement***").

B. In connection with the Existing Credit Agreement, Debtor executed and delivered to Administrative Agent, for the benefit of Lenders, an Amended and Restated Pledge Agreement dated as of June 10, 2003 (as the same has been or may hereafter be from time to time amended, the "***Pledge Agreement***").

C. Concurrently herewith, the Existing Credit Agreement will be amended and restated pursuant to the Fourth Amended and Restated Credit Agreement (as the same may be restated, modified, amended, or supplemented from time to time, the "***Credit Agreement***"), by and among the Borrower, the Administrative Agent, and the Lenders.

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

E. In connection with the Credit Agreement, Debtor has agreed to ratify and confirm its Pledge Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Debtor hereby agrees as follows:

1. **Confirmation of Pledge.** Debtor hereby (a) consents and agrees to the execution and delivery of the Credit Agreement and the related Loan Papers (as defined in the Credit Agreement), (b) ratifies and confirms that the Pledge Agreement is not released, diminished, impaired, reduced, or otherwise adversely affected by the Credit Agreement and continues to secure the full payment and performance of the Secured Obligation, (c) acknowledges the continuing existence and priority of the liens granted, conveyed, and assigned to Administrative Agent, for the benefit of Lenders, under the Pledge Agreement, and (d) agrees that the Secured Obligation includes, without limitation, the Obligation (as defined in the Credit Agreement).

2. **Other Agreements.** Debtor (a) agrees to perform such acts and duly authorize, execute, acknowledge, deliver, file, and record such additional pledges, and other agreements, documents, instruments, and certificates as the Administrative Agent may reasonably deem necessary or appropriate in order to preserve and protect those Security Interests granted by Debtor pursuant to the Pledge Agreement, (b) represents and warrants to the Administrative Agent that such liability and obligation may reasonably be expected to directly or indirectly benefit Debtor, and (c) waives notice of acceptance of this Confirmation.

3. **Continued Effect.** All terms, provisions, and conditions of each Pledge Agreement shall continue in full force and effect and shall remain enforceable and binding in accordance with the terms of such Pledge Agreement.

4. **Parties Bound.** This Confirmation shall be binding upon and inure to the benefit of Debtor and the Administrative Agent, for the benefit of the Lenders, and their respective successors, permitted assigns, and legal representatives.

5. **Headings.** Section headings are for convenience of reference only and shall in no way affect the interpretation of this Confirmation.

6. **Governing Law.** THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION OF THIS CONFIRMATION.

7. **NOTICE OF FINAL AGREEMENT.** THIS CONFIRMATION REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO ORAL AGREEMENTS BETWEEN THE PARTIES.

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Signature Page to Follow

EXECUTED as of the day and year first above written.

DEBTOR:

[ ]

By:

Name:

Title:

The undersigned, as Administrative Agent for the benefit of the Lenders, hereby accepts the foregoing Confirmation.

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By:

Name:

Title:

Exhibit 10.8(d)

LIMITED WAIVER, RELEASE, AND THIRD AMENDMENT TO FOURTH AMENDED AND RESTATED CREDIT AGREEMENT

THIS LIMITED WAIVER, RELEASE, AND THIRD AMENDMENT TO FOURTH AMENDED AND RESTATED CREDIT AGREEMENT (this "***Limited Waiver, Release, and Amendment***") is dated as of March 13, 2007, but effective as of the Effective Date (hereinafter defined), among **THE VAIL CORPORATION**, a Colorado corporation doing business as "Vail Associates, Inc." (the "***Company***"), the Lenders (as defined in the Credit Agreement referenced below) party hereto, and **BANK OF AMERICA, N.A.**, as Administrative Agent (hereinafter defined).

R E C I T A L S

A. The Company has entered into that certain Fourth Amended and Restated Credit Agreement dated as of January 28, 2005, with Bank of America, N.A., as Administrative Agent (in such capacity, the "***Administrative Agent***"), and certain other agents and lenders party thereto, as amended by that certain First Amendment to Fourth Amended and Restated Credit Agreement dated as of June 29, 2005, and that certain Second Amendment to Fourth Amended and Restated Credit Agreement dated as of February 17, 2006 (as amended, the "***Credit Agreement***"), providing for revolving credit loans, letters of credit, and swing line loans in the aggregate principal amount of up to $400,000,000. Unless otherwise indicated herein, all capitalized terms used herein shall have the meanings set forth in the Credit Agreement, and all Section references herein shall be references to sections in the Credit Agreement.

B. The Company has notified the Administrative Agent of the formation of the following new Unrestricted Subsidiaries: Colter Bay Convenience Store, LLC, a Wyoming limited liability company, Colter Bay General Store, LLC, a Wyoming limited liability company, Colter Bay Marina, LLC, a Wyoming limited liability company, Colter Bay Cafe Court, LLC, a Wyoming limited liability company, Jenny Lake Store, LLC, a Wyoming limited liability company, Jackson Hole Golf & Tennis Club Snack Bar, LLC, a Wyoming limited liability company, Stampede Canteen, LLC, a Wyoming limited liability company, Crystal Peak Lodge of Breckenridge, Inc., a Colorado corporation, and Hunkidori Land Company, LLC, a Colorado limited liability company (collectively, the "***New Unrestricted Subsidiaries***"). The Company did not deliver to the Administrative Agent an updated *Schedule 8.2* to the Credit Agreement within thirty (30) days after the formation of the New Unrestricted Subsidiaries, as required by *Section 9.10* of the Credit Agreement, and has requested that the Lenders waive any Default or Potential Default resulting from such failure.

C. The Company has also notified the Administrative Agent that the Company intends to transfer 100% of the capital stock (the "***Pledged CTI Securities***") of Complete Telecommunications, Inc. ("***CTI***") as part of the Company's disposition of its equity interest in RTP, LLC, an Unrestricted Subsidiary. In connection therewith, the Company has requested that the Administrative Agent, for the benefit of the Lenders, release its liens on the Pledged CTI Securities and release CTI from its obligations under the Guaranty executed by CTI.

D. The Company has also requested that the Lenders amend the Credit Agreement to, among other things, decrease the Total Commitment to $300,000,000, modify the interest rates, and extend the Termination Date to February 1, 2012.

E. The Lenders have agreed to the waiver, release, and amendments to the Credit Agreement as set forth herein.

In consideration of the foregoing and the mutual covenants contained herein, the Company, the Lenders, the Guarantors (by execution of the attached Guarantors' Consent and Agreement), and the Administrative Agent agree as follows:

1. Limited Waiver. The Lenders hereby waive any Default or Potential Default resulting from the Company's failure to deliver an updated *Schedule 8.2* to the Administrative Agent within thirty (30) days after the formation of the New Unrestricted Subsidiaries in accordance with *Section 9.10* of the Credit Agreement. Nothing herein shall, or shall be deemed to, waive any other provision of the Credit Agreement, except as set forth herein.

2. Releases.

(a) The Lenders hereby (i) discharge CTI as a "*Guarantor*" under the Credit Agreement and release CTI from any liability under the Credit Agreement and its Guaranty, including, but not limited to, payment or performance of the Guaranteed Debt (as defined in such Guaranty), and (ii) release the Liens on and security interests in the Pledged CTI Securities, and accordingly release the Company from its pledge of the Pledged CTI Securities pursuant to its Pledge Agreement, but only to the extent of its interests in the Pledged CTI Securities.

(b) The Administrative Agent agrees to execute and deliver UCC financing statement terminations and all further documents reasonably requested by the Company in order to effectuate the releases contemplated hereby.

(c) It is expressly agreed and understood that, except as set forth herein, this Limited Waiver, Release, and Amendment shall in no manner release, affect or impair the Administrative Agent's and the Lenders' rights, titles, interests, and Liens against the Restricted Companies' interests, properties or assets.

3. Amendments.

(a) New Definitions. *Section 1.1* (Definitions) is amended by inserting the following new definitions alphabetically to read as follows:

(i) "***Net Funded Debt*** means, on any date of determination, an amount equal to (a) Funded Debt *minus* (b) the amount of Unrestricted Cash in excess of $10,000,000."

(ii) "***Temporary Cash Investments*** means investments of the Restricted Companies permitted under ***clauses (b)*** through ***(g), (p)***, and ***(q)*** of ***Section 10.8*** hereof."

(iii) "***Unrestricted Cash*** means, on any date of determination, the aggregate amount of all cash and Temporary Cash Investments of the Restricted Companies not subject to any Lien or restriction (except for Liens of depository institutions securing payment of customary service charges, transfer fees, account maintenance fees, and charges for returned or dishonored items).

(b) Modifications of Existing Definitions. *Section 1.1* (Definitions) is further amended by modifying the following existing definitions as follows:

(i) The definition of "*Adjusted EBITDA*" is amended in its entirety to read as follows:

"***Adjusted EBITDA*** means, without duplication, on any date of determination, the *sum* of (a) EBITDA of the Restricted Companies (excluding non-recurring gains or losses), *plus* (b) a percentage of the EBITDA of SSI (with such percentage being the weighted average membership interest held directly or indirectly by Borrower in SSI (expressed as a percentage) during the applicable period of calculation), *plus* (c) insurance proceeds (up to a maximum of $10,000,000 in the aggregate in any fiscal year) received by the Restricted Companies under policies of business interruption insurance (or under policies of insurance which cover losses or claims of the same character or type)."

(ii) The definition of "*Applicable Margin*" is amended to cause the Applicable Margin to be calculated by reference to the ratio of Net Funded Debt to Adjusted EBITDA and to modify the pricing grid, as set forth on ***Annex A*** attached hereto.

(iii) The definition of "*Applicable Percentage*" is amended to cause the Applicable Percentage to be calculated by reference to the ratio of Net Funded Debt to Adjusted EBITDA and to modify the commitment fee grid, as set forth on ***Annex B*** attached hereto.

(iv) The definitions of "*Funded Debt*" and "*Net Income*" are amended by replacing the phrase "*held by Borrower*" in each definition with the phrase "*held directly or indirectly by Borrower*".

(v) The definitions of "*Required Capital Expenditures*" and "*Resort EBITDA*" are deleted.

(vi) The definition of "*SSI*" is amended by removing the words "*of Borrower*" at the end thereof.

(vii) The definition of "*Termination Date*" is amended to extend such date by replacing the reference to "*January 28, 2010*" therein with "*February 1, 2012*".

(c) Modification of Accordion Provision. *Section 2.5* (Increase in Total Commitment) is amended to modify the maximum Total Commitment to which the facility may be increased by replacing the reference to "*$500,000,000*" therein with "*$400,000,000*".

(d) Modification of Permitted Investments. *Section 10.8* (Loans, Advances and Investments) is amended by replacing the period at the end of *clause (o)* with a semi-colon and inserting the following thereafter:

"(p) short-term repurchase agreements with major banks and authorized dealers, fully collateralized to at least 100% of market value by 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.; and

(q) short-term variable rate demand notes that invest in tax-free municipal bonds of domestic issuers rated "*A-2*" or better by Moody's or "*A*" or better by S&P that are supported by irrevocable letters of credit 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."

(e) Modification of Limits on Acquisitions. The qualifiers to *clause (c)* of *Section 10.11* (Acquisitions, Mergers, and Dissolutions) are amended as follows:

(i) *Clause (i)* is amended in its entirety to read as follows:
"(i) the Purchase Price for such transaction, when aggregated with the Purchase Price of all other acquisitions or mergers consummated by the Restricted Subsidiaries after March 13, 2007, does not exceed an amount equal to the sum of (A) $400,000,000, *plus* (B) the lesser of (1) the aggregate consideration paid by Borrower to purchase the minority membership interest in SSI, and (2) $40,000,000."

(ii) *Clause (iv)* is amended to modify the threshold for delivery of documentation related to permitted acquisitions by replacing the reference to "*$25,000,000*" therein with "*50,000,000*".

(f) Modifications of Financial Covenants. *Section 11* (Financial Covenants) is amended as follows:

(i) *Section 11.1* (Maximum Leverage Ratios) is amended in its entirety to read as follows:
"11.1 Maximum Leverage Ratio. As calculated as of the last day of each fiscal quarter of the Restricted Companies, the Restricted Companies shall not permit the ratio of (a) the unpaid principal amount of Net Funded Debt existing as of such last day to (b) Adjusted EBITDA for the four fiscal quarters ending on such last day to exceed 4.50 to 1.00."

(ii) *Section 11.2* (Minimum Fixed Charge Coverage Ratio) is deleted in its entirety and substituted therefor is the following reference:

"11.2 [Reserved]".

(g) Modification of Commitments. The Commitments of the Lenders are revised so that the Total Commitment equals $300,000,000 as of the Effective Date.

(h) Modification of *Schedule 1*. *Schedule 1* (Parties, Addresses, Committed Sums and Wiring Information) is revised to (i) update contact information for the Borrower, the Administrative Agent, L/C Issuer and Swing Line Lender, as applicable, and (ii) reflect the Lenders' revised Commitments and Commitment Percentages, as set forth on ***Annex C*** attached hereto.

(i) Modification of *Schedule 7.1*. *Items 1* and *2* of *Schedule 7.1* (Post-Closing Items and Conditions) are revised to reflect that, following approval by the United States Department of the Interior, National Park Service, the Company will transfer its equity interests in Grand Teton Lodge Company ("***Grand Teton***") to National Park Hospitality Company, a Colorado corporation ("***NPHC***"), and NPHC shall pledge such interests to the Administrative Agent, for the benefit of the Lenders, as set forth on ***Annex D*** attached hereto.

(j) Modification of *Schedule 8.2*. *Schedule 8.2* (Corporate Organization and Structure) is revised as set forth on ***Annex E*** attached hereto.

(k) Modification of Compliance Certificate. *Annex A* to the Compliance Certificate is replaced with ***Annex F*** attached hereto.

4. Representations and Warranties. As a material inducement to the Lenders and the Administrative Agent to execute and deliver this Limited Waiver, Release, and Amendment, the Company represents and warrants to the Lenders and the Administrative Agent (with the knowledge and intent that Lenders are relying upon the same in entering into this Limited Waiver, Release, and Amendment) that: (a) the Company and the Guarantors have all requisite authority and power to execute, deliver, and perform their respective obligations under this Limited Waiver, Release, and Amendment and the Guarantors' Consent and Agreement, as the case may be, which execution, delivery, and performance have been duly authorized by all necessary action, require no Governmental Approvals, and do not violate the respective certificates of incorporation or organization, bylaws, or operating agreement, or other organizational or formation documents of such Companies; (b) upon execution and delivery by the Company, the Guarantors, the Administrative Agent, and the Lenders, this Limited Waiver, Release, and Amendment will constitute the legal and binding obligation of the Company and each Guarantor, enforceable against such entities in accordance with the terms of this Limited Waiver, Release, and Amendment, *except* as that enforceability may be limited by general principles of equity or by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally; (c) all representations and warranties in the Loan Papers are true and correct in all material respects as though made on the date hereof, *except* to the extent that any of them speak to a specific date or the facts on which any of them are based have been changed by transactions contemplated or permitted by the Credit Agreement; and (d) no Default or Potential Default has occurred and is continuing.

5. Conditions Precedent to Effectiveness. This Limited Waiver, Release, and Amendment shall be effective on the date (the "***Effective Date***") upon which the Administrative Agent receives each of the following items (*other than* the items listed on *Schedule 7.1*, as revised hereby, which items or conditions are hereby permitted to be delivered or satisfied after the Effective Date, but not later than the respective dates for delivery or satisfaction specified on *Schedule 7.1*):

(a) counterparts of this Limited Waiver, Release, and Amendment executed by the Company, the Administrative Agent, and Lenders;

(b) the Guarantors' Consent and Agreement executed by each Guarantor;

(c) a Revolver Note for each Lender requesting a Note, payable to the order of such requesting Lender, reflecting such Lender's revised Commitment;

(d) legal opinions of Martha D. Rehm, General Counsel of Vail Resorts, Inc., and Cahill Gordon & Reindel LLP, special New York counsel to the Company and the other Restricted Subsidiaries, each in form and substance satisfactory to the Administrative Agent;

(e) an Officers' Certificate for the Restricted Companies (i) attaching resolutions authorizing the transactions contemplated hereby, (ii) certifying that no changes have been made to the Restricted Companies' respective articles of incorporation or organization, bylaws, or operating agreements since the date such documents were previously provided to the Administrative Agent, as applicable, (iii) listing the names and titles of the Responsible Officers, and (iv) providing specimen signatures for such Responsible Officers;

(f) a certificate signed by a Responsible Officer certifying that (i) all of the representations and warranties of the Companies in the Loan Papers are true and correct in all material respects (unless they speak to a specific date or are based on facts which have changed by transactions contemplated or permitted by the Credit Agreement); (ii) no Default or Potential Default exists under the Credit Agreement or would result from the execution and delivery of this Limited Waiver, Release, and Amendment; (iii) there has been no event or circumstance since July 31, 2006 that has had or could be reasonably expected to result in, either individually or in the aggregate, a Material Adverse Event; and (iv) except as set forth on ***Schedule 8.7*** of the Credit Agreement, there is no action, suit, investigation, or proceeding pending or, to the knowledge of Borrower, threatened, in any court or before any arbitrator or Governmental Authority that could reasonably be expected to (A) materially and adversely affect the Companies, or (B) adversely affect any transaction contemplated by the Credit Agreement, the rights and remedies of the Administrative Agent, Lenders, and the L/C Issuers under the Credit Agreement, or the ability of the Companies or any other obligor under any Guaranty to perform their respective obligations under the Credit Agreement;

(g) evidence (in form and substance satisfactory to the Administrative Agent) that the Commitment Usage does not exceed the Total Commitment (as reduced hereby);

(h) such organizational documents, Guaranties, Pledge Agreements, financing statements, and other documents as the Administrative Agent may deem reasonably necessary to reflect the changes to *Schedule 8.2* (including, without limitation, the addition of NPHC as a Restricted Subsidiary); and

(i) payment of an extension fee for the benefit of the Lenders equal to the product of (a) five basis points (0.05%) *times* (b) the Total Commitment as of the Effective Date (after giving effect to the reduction in the Total Commitment contemplated by this Limited Waiver, Release, and Amendment).

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

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

8. **Parties.** This Limited Waiver, Release, and Amendment binds and inures to the benefit of the Company, the Guarantors, the Administrative Agent, the Lenders, and their respective successors and assigns.

The parties hereto have executed this Limited Waiver, Release, and Amendment in multiple counterparts as of the date first above written.

Remainder of Page Intentionally Blank.
Signature Pages to Follow.

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

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

By: /s/ Jeffrey W. Jones

Name: Jeffrey W. Jones

Title: Senior Executive Vice President & Chief Financial Officer

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

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

By: Illegible
Name: Illegible
Title: Illegible

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

BANK OF AMERICA, N.A.,
as an L/C Issuer, a Swing Line Lender, and a Lender

By: /s/ David McCautey
Name: David McCautey
Title: Principal

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

U.S. BANK NATIONAL ASSOCIATION,
as Co-Syndication Agent, a Swing Line Lender, and a Lender

By: /s/ Greg Blanchard
Name: Greg Blanchard
Title: Vice President

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Co-Syndication Agent, an L/C Issuer, and a Lender

By: /s/ Debbie A. Wright
Name: Debbie A. Wright
Title: Vice President

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

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

By: /s/ Steven P. Lapham
Name: Steven P. Lapham
Title: Managing Director

By: /s/ James Rolison
Name: James Rolison
Title: Director

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

LASALLE BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent and a Lender

By: /s/ Darren Lemkaw
Name: Darren Lemkaw
Title: SVP

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

JPMORGAN CHASE BANK, NA,
as a Lender

By: /s/ David L. Ericson
Name: David L. Ericson
Title: Senior Vice President

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

COLORADO STATE BANK & TRUST,
as a Lender

By: /s/ Kent M. Mustari
Name: Kent M. Mustari
Title: Senior Vice President

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

COMPASS BANK,
as a Lender

By: /s/ Eric R. Long
Name: Eric R. Long
Title: Senior Vice President

Signature Page to that certain Limited Waiver, Release, and Third Amendment to Fourth Amended and Restated Credit Agreement dated as of March 13, 2007, among The Vail Corporation (d/b/a "Vail Associates, Inc."), the other agents and Lenders party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

COMERICA WEST INCORPORATED,
as a Lender

By: /s/ Fatima Arshad
Name: Fatima Arshad
Title: Corporate Banking Officer

GUARANTORS' CONSENT AND AGREEMENT

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

Vail Resorts, Inc.
Vail Holdings, Inc.
Beaver Creek Associates, Inc.
Beaver Creek Consultants, Inc.
Beaver Creek Food Services, Inc.
Breckenridge Resort Properties, Inc.
Complete Telecommunications, Inc.
Gillett Broadcasting, Inc.
Grand Canyon Lodge Company North Rim
Grand Teton Lodge Company
Heavenly Valley, Limited Partnership
Jackson Hole Golf and Tennis Club, Inc.
JHL&S LLC
Keystone Conference Services, Inc.
Keystone Development Sales, Inc.
Keystone Food and Beverage Company
Keystone Resort Property Management Company
Larkspur Restaurant & Bar, LLC
Lodge Properties, Inc.
Lodge Realty, Inc.
Mountain Thunder, Inc.
National Park Hospitality Company
Property Management Acquisition Corp., Inc.
Rockresorts Arrabelle, LLC
Rockresorts International, LLC
Rockresorts LLC
Rockresorts Cheeca, LLC
Rockresorts Eleven Biscayne, LLC
Rockresorts Equinox, Inc.
Rockresorts LaPosada, LLC
Rockresorts Wyoming, LLC
Rockresorts Casa Madrona, LLC
Rockresorts Cordillera Lodge Company, LLC
Rockresorts Rosario, LLC
SOHO Development, LLC
SSV Holdings, Inc.
Teton Hospitality Services, Inc.
The Village at Breckenridge Acquisition Corp., Inc.
Timber Trail, Inc.
VA Rancho Mirage I, Inc.
VA Rancho Mirage II, Inc.
VA Rancho Mirage Resort, L.P.
Vail/Arrowhead, Inc.
Vail Hotel Management Company, LLC
Vail Associates Holdings, Ltd.
Vail Associates Investments, Inc.
Vail Associates Real Estate, Inc.
Vail/Beaver Creek Resort Properties, Inc.
Vail Food Services, Inc.
Vail Resorts Development Company
Vail RR, Inc.
Vail Summit Resorts, Inc.
Vail Trademarks, Inc.
VAMHC, Inc.
VR Heavenly I, Inc.
VR Heavenly II, Inc.
VR Holdings, Inc.

By: /s/ Jeffrey W. Jones
Name: Jeffrey W. Jones
Title: Executive Vice President & Chief Financial Officer

Guarantors' Consent and Agreement

ANNEX A

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

	Ratio of Net Funded Debt to Adjusted EBITDA	Applicable Margin for LIBOR Loans	Applicable Margin Base Rate Loans
I	Less than 1.50 to 1.00	0.50%	0.00%
II	Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	0.75%	0.00%
III	Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	1.00%	0.00%
IV	Greater than or equal to 2.50 to 1.00, but less than 3.00 to 1.00	1.25%	0.00%
V	Greater than or equal to 3.00 to 1.00, but less than 3.50 to 1.00	1.50%	0.25%
VI	Greater than or equal to 3.50 to 1.00, but less than 4.00 to 1.00	1.75%	0.50%
VII	Greater than or equal to 4.00 to 1.00	2.00%	1.00%

Prior to Administrative Agent's receipt of the Companies' consolidated Financial Statements for the Companies' fiscal quarter ended January 31, 2007, the ratio of Net Funded Debt to Adjusted EBITDA shall be fixed at Level III. Thereafter, the ratio of Net Funded Debt to Adjusted EBITDA shall be calculated on a consolidated basis for the Companies in accordance with GAAP for the most recently completed fiscal quarter of the Companies for which results are available. The ratio shall be determined from the Current Financials and any related Compliance Certificate and any change in the Applicable Margin resulting from a change in such ratio shall be effective as of the date of delivery of such Compliance Certificate. However, if Borrower fails to furnish to Administrative Agent the Current Financials and any related Compliance Certificate when required pursuant to ***Section 9.1***, then the ratio shall be deemed to be at Level VII until Borrower furnishes the required Current Financials and any related Compliance Certificate to Administrative Agent. Furthermore, if the Companies' audited Financial Statements delivered to Administrative Agent for any fiscal year pursuant to ***Section 9.1(a)*** result in a different ratio, such revised ratio (whether higher or lower) shall govern effective as of the date of such delivery. For purposes of determining such ratio, Adjusted EBITDA for any fiscal quarter shall include on a *pro forma* basis all EBITDA of the Restricted Companies for such period relating to assets acquired in accordance with this Agreement (including, without limitation, Restricted Subsidiaries formed or acquired in accordance with ***Section 9.10*** hereof, and Unrestricted Subsidiaries re-designated as Restricted Subsidiaries in accordance with ***Section 9.11(b)*** hereof) during such period, but shall exclude on a *pro forma* basis all EBITDA of the Restricted Companies for such period relating to any such assets disposed of in accordance with this Agreement during such period (including, without limitation, Restricted Subsidiaries re-designated as Unrestricted Subsidiaries in accordance with ***Section 9.11(a)*** hereof).

ANNEX B

Applicable Percentage means, for any day, the commitment fee percentage applicable under ***Section 5.4*** when commitment fees are determined under this Agreement. The Applicable Percentage is subject to adjustment (upwards or downwards, as appropriate) based on the ratio of Net Funded Debt to Adjusted EBITDA, as follows:

	Ratio of Net Funded Debt to Adjusted EBITDA	Applicable Percentage
I	Less than 1.50 to 1.00	0.100%
II	Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	0.125%
III	Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	0.150%
IV	Greater than or equal to 2.50 to 1.00, but less than 3.00 to 1.00	0.200%
V	Greater than or equal to 3.00 to 1.00, but less than 3.50 to 1.00	0.250%
VI	Greater than or equal to 3.50 to 1.00, but less than 4.00 to 1.00	0.250%
VII	Greater than or equal to 4.00 to 1.00	0.375%

Prior to Administrative Agent's receipt of the Companies' consolidated Financial Statements for the Companies' fiscal quarter ended January 31, 2007, the ratio of Net Funded Debt to Adjusted EBITDA (which shall be determined as described in the definition of "*Applicable Margin*") shall be fixed at Level III.

Annex B to
Limited Waiver, Release, and Third Amendment

ANNEX C

Schedule 1

Borrower and all other Companies

The Vail Corporation
390 Interlocken Crescent, Suite 1000
Broomfield, CO 80021

Contact:
Jeffrey P. Jones
Senior Executive Vice President and Chief Financial Officer
Phone: 303/404-1802
FAX: 303/404/6403

Wire Instructions:
Location of account: U.S. Bank National Association
ABA No.: 102000021
City/State: Denver, Colorado
Account No.: 122705422295

Copy to:
Fiona E. Arnold
Deputy General Counsel
Phone: 303/404-1892
FAX: 303/648-4787

Administrative Agent, L/C Issuer, and Swing Line Lender

Bank of America, N.A.
Mail Code: TX1-492-64-01
901 Main Street, 64th Floor
Dallas, Texas 75202

Credit Contact:
David L. McCauley
Mail Code: TX1-492-64-01
901 Main Street, 64th Floor
Dallas, Texas 75202
Phone: 214/209-0940
FAX: 214/209-0905

Agency Contact:
Rosanne Parsill
231 S. LaSalle Street,
Chicago, IL 60697
Phone: 312/923-1639
FAX: 877/206-8429

Swing Line Contact:
Arlene Minor
Mail Code: TX1-492-14-12
901 Main Street, 14th Floor
Dallas, Texas 75202
Phone: 214/209-9177
FAX: 214/290-9412

Operations Contact:
Arlene Minor
Mail Code: TX1-492-14-12
901 Main Street, 14th Floor
Dallas, Texas 75202
Phone: 214/209-9177
FAX: 214/290-9412

L/C Contact:
Stella Rosales
Mail Code: CA9-703-19-23
333 S. Beaudry Avenue
Los Angeles, California 90017-1466
Phone: 213/345-0141
Fax: 213/345-6684

Wire Instructions:
Bank of America, N.A.
ABA No.: 111000012
City/State: Dallas, Texas
Account No.: 1292000883
Attn: Credit Services
Ref: The Vail Corp

Copy to:
Haynes and Boone, LLP.
901 Main Street, Suite 3100
Dallas, Texas 75202-3789
Attn: Karen S. Nelson
Phone: 214/651-5648
FAX:: 214/200-0673

Swing Line Lender

U.S. Bank National Association
918 17th Street, 4th Floor
Denver, Co 80202

Annex C to
Limited Waiver, Release, and Third Amendment

Credit Contact:

Jennifer Kaufman
950 17th Street, 8th Floor
Denver, Colorado 80202
Phone: 303/585-4202
Fax: 303/585-6949

Swing Line Contact:
Hanny Nawawi
555 SW Oak
Portland, Oregon 97204
Phone: 503/275-7894
Fax: 503/275-8181

Wire Instructions:

U.S. Bank National Association
ABA No.: 123000220
BNF: Commercial Loan Services - West
Account No.: 00340012160600
Attn: Hanny Nawawi
Ref: The Vail Corporation

L/C Issuer

Wells Fargo Bank, National Association

Credit Contact:

Debbie Wright/Susan Petri
1740 Broadway
Denver, Colorado 80274
Phone: 303/863-4829
Fax: 303/863-6670

L/C Contact:
Debbie Wright/Susan Petri
1740 Broadway
Denver, Colorado 80274
Phone: 303/863-4829
Fax: 303/863-6670

Wire Instructions:

Wells Fargo Bank, National Association
ABA No.: 121000248
City/State: Denver, Colorado
Account No.: 029650720
Attn: WLS Denver
Ref: Vail Corporation

Annex C to
Limited Waiver, Release, and Third Amendment

Lenders and Commitments

LENDER	COMMITMENT	COMMITMENT PERCENTAGE
Bank of America, N.A.	$55,000,000	18.3%
U.S. Bank National Association	$50,000,000	16.7%
Wells Fargo Bank, National Association	$50,000,000	16.7%
Deutsche Bank Trust Company Americas	$40,000,000	13.3%
LaSalle Bank National Association	$40,000,000	13.3%
JPMorgan Chase Bank, NA	$20,000,000	6.7%
Colorado State Bank & Trust	$15,000,000	5.0%
Compass Bank	$15,000,000	5.0%
Comerica West Incorporated	$15,000,000	5.0%
Totals	$300,000,000	100.0000000%

Annex C to
Limited Waiver, Release, and Third Amendment

ANNEX D

Schedule 7.1

ITEM	*DATE FOR COMPLIANCE*
1.Borrower shall seek written consent from the United States Department of the Interior, National Park Service ("***Park Service***") to the pledge by National Park Hospitality Company ("***NPHC***") to the Administrative Agent (for the benefit of the Lenders) of the capital stock of Grand Teton Lodge Company, a Wyoming corporation ("***Grand Teton***"), issued to NPHC (the "***Park Service Consent***").	Not later than 30 days after the date upon which the Park Service consents to the transfer of ownership of Grand Teton from Borrower to NPHC.
2.NPHC shall execute and deliver to Administrative Agent a Pledge Agreement pledging the capital stock issued by Grand Teton to NPHC, accompanied by a certificate (or other instrument evidencing the capital stock) and a stock power or similar instrument of transfer or assignment duly executed in blank, each in form and substance satisfactory to Administrative Agent	On or before the thirtieth (30th) day after the date NPHC receives the Park Service Consent

ANNEX E

Schedule 8.2

(Attached)

Schedule 8.2
To Bank of America Forth Amended and
Restated Credit Agreement

Corporation	State of Incorp.	Affiliated Parent / LLC Member (% of Ownership)
Beaver Creek Associates, Inc.	CO	The Vail Corporation (100%)
Beaver Creek Consultants, Inc.	CO	The Vail Corporation (100%)
Beaver Creek Food Services, Inc.	CO	Beaver Creek Associates, Inc. (100%)
Boulder/Beaver, LLC	CO	Beaver Creek Food Services, Inc. (86%)
Breckenridge Resort Properties, Inc.	CO	VRDC (100%)
Colter Bay Corporation	WY	Grand Teton Lodge Company (100%)
Complete Telecommunications, Inc.	CO	The Vail Corporation (100%)
Eagle Park Reservoir Company	CO (non-profit)	The Vail Corporation (55%)
Forest Ridge Holdings, Inc.	CO	The Vail Corporation (100%)
Gillett Broadcasting, Inc.	DE	Vail Resorts, Inc. (100%)
Grand Teton Lodge Company	WY	The Vail Corporation (100%)
Gros Ventre Utility Company	WY	Grand Teton Lodge Company (100%)
Heavenly Valley, Limited Partnership	NV	VR Heavenly I, Inc. & VR Heavenly II, Inc. (together, 100%)
Jackson Hole Golf & Tennis Club	WY	Grand Teton Lodge Company (100%)
Jenny Lake Lodge, Inc.	WY	Grand Teton Lodge Company (100%)
JHL&S LLC	WY	Teton Hospitality Services, Inc. (51%)
Keystone Conference Services, Inc.	CO	Vail Summit Resorts, Inc. (100%)
Keystone Development Sales, Inc.	CO	Vail Summit Resorts, Inc. (100%)
Keystone Food and Beverage Company	CO	Vail Summit Resorts, Inc. (100%)
Keystone Resort Property Management Company	CO	Vail Summit Resorts, Inc. (100%)
Larkspur Restaurant & Bar, LLC	CO	The Vail Corporation (83% + or -)
Lodge Properties, Inc.	CO	The Vail Corporation (100%)
Lodge Realty, Inc.	CO	Lodge Properties, Inc. (100%)
Mountain Thunder, Inc.	CO	VR Holdings, Inc. (100%)
Property Management Acquisition Corp., Inc.	TN	Vail Summit Resorts, Inc. (100%)
RTP, LLC	CO	The Vail Corporation (54.5%)
RT Partners, Inc.	DE	RTP, LLC (51%)
Rockresorts Casa Madrona, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Cheeca, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Equinox, Inc.	VT	Rockresorts International LLC (100%)
Rockresorts International, LLC	DE	Vail RR, Inc. (100%)
Rockresorts LaPosada, LLC	DE	Rockresorts International LLC (100%)
Rockresorts LLC	DE	Rockresorts International LLC (100%)
Rockresorts Rosario, LLC	DE	Rockresorts International LLC (100%)
Rockresorts Wyoming, LLC	WY	Rockresorts International, LLC (100%)
SSI Venture LLC	CO	The Vail Corporation (52%)
Teton Hospitality Services, Inc.	WY	The Vail Corporation (100%)
Timber Trail, Inc.	CO	VR Holdings, Inc. (100%)
Vail/Arrowhead, Inc.	CO	The Vail Corporation (100%)
Vail Associates Holdings, Ltd.	CO	Vail Resorts Development Company (100%)
Vail Associates Investments, Inc.	CO	The Vail Corporation (100%)
Vail Associates Real Estate, Inc.	CO	Vail Resorts Development Company (100%)
Vail/Beaver Creek Resort Properties, Inc.	CO	The Vail Corporation (100%)
Vail Corporation, The	CO	Vail Holdings, Inc. (100%)
Vail Food Services, Inc.	CO	The Vail Corporation (100%)
Vail Holdings, Inc.	CO	Vail Resorts, Inc. (100%)
Vail Resorts Development Company	CO	The Vail Corporation (100%)
Vail Resorts, Inc.	DE	Publicly traded on the NYSE
Vail RR, Inc.	CO	The Vail Corporation (100%)
Vail Summit Resorts, Inc.	CO	The Vail Corporation (100%)
Vail Trademarks, Inc.	CO	The Vail Corporation (100%)
VAMHC, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage I, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage II, Inc.	CO	The Vail Corporation (100%)
VA Rancho Mirage Resort, L.P.	DE	VA Rancho Mirage I, Inc. – GP VA Rancho Mirage II, Inc. – LP (100%)
The Village at Breckenridge Acquisition Corp., Inc.	TN	Vail Summit Resorts, Inc. (100%)
VR Heavenly I, Inc.	CO	The Vail Corporation (100%)

VR Heavenly II, Inc.	CO	The Vail Corporation (100%)
VR Holdings, Inc.	CO	Vail/Arrowhead, Inc. (100%)

ANNEX F

Annex A to Exhibit D

CREDIT FACILITY COVENANTS CALCULATIONS

Subject Period: _____, 200_

		Months Ended - -
10.8(m)	**INVESTMENTS IN PERSONS**	
	(i)Investments during Subject Period in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses:	$
	(ii)Investments during prior Subject Periods in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses:	$
	(iii) Investments set forth on ***part (b)*** of ***Schedule 10.8***:	$
	(iv)(***10.8(m)(i)*** plus ***10.8(m)(ii)*** plus ***10.8(m)(iii)***):	$
	(v) $75,000,000:	$75,000,000
(vi)	Book value of Total Assets:	$
	(vii) 10% of ***10.8(m)(vi)***:	$
(viii)	Investment Limit (***10.8(m)(v)*** plus ***10.8(m)(vii)***):	$
	(ix) Net reductions in investments permitted under ***Section 10.8(m)*** in an aggregate amount not to exceed ***10.8(m)(viii)***:	$
	(x)Maximum permitted investments in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses permitted after the Closing Date, and investments set forth on ***part (b)*** of ***Schedule 10.8*** (***10.8(m)(viii)*** plus ***10.8(m)(ix)***):	$
	(xi) Fair market value of all assets owned by Restricted Subsidiaries on the Closing Date which have been contributed to Unrestricted Subsidiaries:	$
	(xii) Is ***10.8(m)(xi)*** less than $75,000,000?	Yes/No
	(xiii)Are investments in Unrestricted Subsidiaries, Housing Districts and Metro Districts not otherwise permitted under ***Section 10.8(j)(ii)***, and other Persons (other than Restricted Subsidiaries) involved in Similar Businesses, and investments set forth on ***part (b)*** of ***Schedule 10.8*** (***10.8(m)(iv)***), less than or equal to the maximum amount permitted (***10.8(m)(x)***)?	Yes/No
10.9(d)	**DISTRIBUTIONS, LOANS, ADVANCES, AND INVESTMENTS**	
	(i)Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** during Subject Period:	$
	(ii)Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** during prior Subject Periods:	$
	(iii)Aggregate Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** (the sum of ***10.9(d)(i)*** plus ***10.9(d)(ii)***):	$
	(iv)Aggregate amount of Restricted Payments (as defined in the VRI Indenture) that VRI and its Restricted Subsidiaries are permitted to make under, and in accordance with, *Section 4.10* of the VRI Indenture, as set forth in detail on ***Schedule I*** attached hereto:	$
	(v) Are aggregate Distributions under ***Section 10.9(d)***, and loans, advances, and investments made, which are not otherwise permitted under ***Section 10.8*** (***10.9(d)(iii)***) less than the maximum amount of Restricted Payments permitted (***10.9(d)(iv)***)?	Yes/No

11.1 RATIO OF NET FUNDED DEBT TO ADJUSTED EBITDA:

(i)All obligations of the Companies for borrowed money: $

(ii)Minus all obligations of the Unrestricted Subsidiaries for borrowed money (the sum of ***items 11.1(ii)(A)*** through ***11.1(ii)(W)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners, Inc. ($_____)
(K)Arrabelle at Vail Square, LLC ($_____)
(L)Gore Creek Place, LLC ($_____)
(M)The Chalets at the Lodge at Vail, LLC ($_____)
(N)RCR Vail, LLC ($_____)
(O) Colter Bay Convenience Store, LLC ($_____)
(P) Colter Bay General Store, LLC ($_____)
(Q) Colter Bay Marina, LLC ($_____)
(R) Colter Bay Cafe Court, LLC ($_____)
(S) Jenny Lake Store, LLC ($_____)
(T) Jackson Hole Golf & Tennis Club Snack Bar, LLC ($_____)
(U) Stampede Canteen, LLC ($_____)
(V) Crystal Peak Lodge of Breckenridge, Inc. ($_____)
(W) Hunkidori Land Company, LLC ($_____)

(iii)Plus the principal portion of all Capital Lease obligations of the Companies:

$_____

(iv)Minus the principal portion of the Capital Lease obligations for the following Unrestricted Subsidiaries (the sum of items ***11.1(iv)(A)*** through ***11.1(iv)(W)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners, Inc. ($_____)
(K)Arrabelle at Vail Square, LLC ($_____)
(L)Gore Creek Place, LLC ($_____)
(M)The Chalets at the Lodge at Vail, LLC ($_____)
(N)RCR Vail, LLC ($_____)
(O) Colter Bay Convenience Store, LLC ($_____)
(P) Colter Bay General Store, LLC ($_____)
(Q) Colter Bay Marina, LLC ($_____)
(R) Colter Bay Cafe Court, LLC ($_____)
(S) Jenny Lake Store, LLC ($_____)
(T) Jackson Hole Golf & Tennis Club Snack Bar, LLC ($_____)
(U) Stampede Canteen, LLC ($_____)
(V) Crystal Peak Lodge of Breckenridge, Inc. ($_____)
(W) Hunkidori Land Company, LLC ($_____)

(v) Plus reimbursement obligations and undrawn amounts under Bond L/Cs supporting Bonds (other than Existing Housing Bonds) issued by Unrestricted Subsidiaries: $

(vi)Minus Debt under Existing Housing Bonds: $

(vii)Funded Debt of the Restricted Companies (***11.1(i)*** minus ***11.1(ii)*** plus ***11.1(iii)*** minus ***11.1(iv)*** plus ***11.1(v)*** minus ***11.1(vi)***): $

(viii) Cash of the Companies: $

(ix) Minus cash of the Unrestricted Subsidiaries (the sum of ***items 11.1(ix)(A)*** through ***11.1(ix)(W)*** below): ($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners, Inc. ($_____)
(K)Arrabelle at Vail Square, LLC ($_____)
(L)Gore Creek Place, LLC ($_____)
(M)The Chalets at the Lodge at Vail, LLC ($_____)
(N)RCR Vail, LLC ($_____)
(O) Colter Bay Convenience Store, LLC ($_____)
(P) Colter Bay General Store, LLC ($_____)
(Q) Colter Bay Marina, LLC ($_____)
(R) Colter Bay Cafe Court, LLC ($_____)
(S) Jenny Lake Store, LLC ($_____)
(T) Jackson Hole Golf & Tennis Club Snack Bar, LLC ($_____)
(U) Stampede Canteen, LLC ($_____)
(V) Crystal Peak Lodge of Breckenridge, Inc. ($_____)
(W) Hunkidori Land Company, LLC ($_____)

(x) Investments of the Companies in 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:

$

(xi) Investments of the Companies in 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): $

(xii) Investments of the Companies in commercial paper and similar obligations rated *"P-1"* by Moody's or *"A-1"* by S&P:

$

(xiii)Investments of the Companies in readily marketable Tax-free municipal bonds of a domestic issuer rated *"A-2"* or better by Moody's or *"A"* or better by S&P, and maturing within one year from the date of issuance:

$

(xiv) Investments of the Companies in mutual funds or money market accounts investing primarily in items described in ***items 11.1(x)*** through ***(xiii)*** above: $

(xv)Investments of the Companies in demand deposit accounts maintained in the ordinary course of business:

$

(xvi)Investments of the Companies in short-term repurchase agreements with major banks and authorized dealers, fully collateralized to at least 100% of market value by 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.:

$

(xvii)Investments of the Companies in short-term variable rate demand notes that invest in tax-free municipal bonds of domestic issuers rated "*A-2*" or better by Moody's or "*A*" or better by S&P that are supported by irrevocable letters of credit 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:

$

(xviii)Temporary Cash Investments of the Companies (***11.1(x)*** plus ***11.1(xi)*** plus ***11.1(xii)*** plus ***11.1(xiii)*** plus ***11.1(xiv)*** plus ***11.1(xv)*** plus ***11.1(xvi)*** plus ***11.1(xvii)***):

$

(xix) Minus Temporary Cash Investments of the Unrestricted Subsidiaries (the sum of ***items 11.1(xix)(A)*** through ***11.1(xix)(W)*** below):

($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)

($_____)

(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)

(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
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(S) Jenny Lake Store, LLC ($_____)
(T) Jackson Hole Golf & Tennis Club Snack Bar, LLC ($_____)
(U) Stampede Canteen, LLC ($_____)
(V) Crystal Peak Lodge of Breckenridge, Inc. ($_____)
(W) Hunkidori Land Company, LLC ($_____)

(xx) Unrestricted Cash of the Restricted Companies (***11.1(viii)*** minus ***11.1(ix)*** plus ***11.1(xviii)*** minus ***11.1(xix)***):
$

(xxi) Unrestricted Cash of the Restricted Companies in excess of $10,000,000:
$

(xxii) Net Funded Debt (***11.1(vii)*** minus ***11.1(xxi)***): $

(xxiii)EBITDA of the Companies for the last four fiscal quarters: $

(xxiv)Plus insurance proceeds (up to a maximum of $10,000,000 in the aggregate for any fiscal year) received by the Restricted Companies under policies of business interruption insurance (or under policies of insurance which cover losses or claims of the same character or type):
$

(xxv)Plus *pro forma* EBITDA for assets acquired during such period: $

(xxvi)Minus *pro forma* EBITDA for assets disposed of during such period:
($_____)

(xxvii)Minus EBITDA for such period attributable to the following Unrestricted Subsidiaries (sum of items ***11.1(xxvii)(A)*** through ***11.1(xxvii)(W)*** below):
($_____)

(A)SSI Venture LLC (weighted average of the membership interest not held by a Company) (if SSI is not a Restricted Subsidiary)
($_____)
(B)Eagle Park Reservoir Company ($_____)
(C)Boulder/Beaver, LLC ($_____)
(D)Colter Bay Corporation ($_____)
(E)Gros Ventre Utility Company ($_____)
(F)Jackson Lake Lodge Corporation ($_____)
(G)Jenny Lake Lodge, Inc. ($_____)
(H)Forest Ridge Holdings, Inc. ($_____)
(I)Resort Technology Partners, LLC ($_____)
(J)RT Partners Inc. ($_____)
(K)Arrabelle at Vail Square, LLC ($_____)
(L)Gore Creek Place, LLC ($_____)
(M)The Chalets at the Lodge at Vail, LLC ($_____)
(N)RCR Vail, LLC ($_____)
(O) Colter Bay Convenience Store, LLC ($_____)
(P) Colter Bay General Store, LLC ($_____)
(Q) Colter Bay Marina, LLC ($_____)
(R) Colter Bay Cafe Court, LLC ($_____)
(S) Jenny Lake Store, LLC ($_____)
(T) Jackson Hole Golf & Tennis Club Snack Bar, LLC ($_____)
(U) Stampede Canteen, LLC ($_____)
(V) Crystal Peak Lodge of Breckenridge, Inc. ($_____)
(W) Hunkidori Land Company, LLC ($_____)

(xxviii)Adjusted EBITDA (***11.1(xxiii)*** plus ***11.1(xxiv)*** plus ***11.1(xxv)*** minus ***11.1(xxvi)*** minus ***11.1(xxvii)***):
$

(xxix)Ratio of Net Funded Debt to Adjusted EBITDA
(Ratio of ***11.1(xxii)*** to ***11.1(xxviii)***):

(xxx)Maximum ratio of Net Funded Debt to Adjusted EBITDA permitted: 4.50 : 1.00

(xxxi)Is the ratio of Net Funded Debt to Adjusted EBITDA less than the maximum ratio permitted?
Yes/No

11.2 [RESERVED]

11.3 MINIMUM NET WORTH:

(a)Shareholders' Equity determined in accordance with GAAP:	$
(b)$414,505,800:	$414,505,800
(c)Restricted Companies' Net Income, if positive, for each fiscal year completed after October 31, 2004:	$
(d)75% of the total from ***11.3(c)***:	$
(e)Net Proceeds received by any Restricted Company (other than from another Company) from the offering, issuance, or sale of equity securities of a Restricted Company after October 31, 2004:	$
(f)Minimum shareholders' equity permitted (***11.3(b)*** plus ***11.3(d)*** plus ***11.3(e)***):	$
(g)Does Shareholders' Equity exceed the minimum permitted?	Yes/No

11.4 INTEREST COVERAGE RATIO

(a)Adjusted EBITDA for the last four fiscal quarters (***11.1(xxviii)***):	$
(b)Interest on Funded Debt for the last four fiscal quarters:	$
(c) Amortization of deferred financing costs and original issue discounts:	$
(d) ***11.4(b)*** minus ***11.4(c)***:	$
(e) Interest Coverage Ratio (Ratio of ***11.4(a)*** to ***11.4(d)***):	
(f) Minimum Interest Coverage Ratio permitted:	2.50 : 1.00
(g)Does the Interest Coverage Ratio exceed the minimum ratio permitted?	Yes/No

11.5 CAPITAL EXPENDITURES

(a)Aggregate capital expenditures of the Restricted Companies in the ordinary course of the business (excluding (i) normal replacements and maintenance which are properly charged to current operations, and (ii) such expenditures relating to real estate held for resale) during each fiscal year:	$
(b)Total Assets of the Restricted Companies as of the last day of the fiscal year:	$
(c)Maximum capital expenditures permitted (10% of Total Assets of the Restricted Companies set forth in ***11.5(b)***):	$
(d)Are aggregate capital expenditures less than the maximum amount permitted?	Yes/No

LETTERS OF CREDIT

Set forth on ***Schedule 1*** attached hereto is a list of all issued and outstanding letters of credit issued for the account of any of the Companies, and the drawn and undrawn amounts thereunder

Annex F to
Limited Waiver, Release, and Third Amendment

Exhibit 10.20

SUMMARY OF VAIL RESORTS, INC. DIRECTOR COMPENSATION[1]
PER SUMMARY PREPARED BY CHAIRMAN OF THE BOARD, EFFECTIVE 8/1/03;
LAST REVISED BY COMPENSATION COMMITTEE 3/10/09

CASH AND EQUITY COMPENSATION (Excludes CEO)

Description of Compensation	To Whom	Amount
Annual Cash Retainer	Directors	$28,000
Additional Compensation	Chairman of the Board	$50,000
for Other Services	Audit Committee Chair	$25,000
	Audit Committee Members	$15,000
	Compensation Committee Chair	$7,500
	Nominating Committee Chair	$7,500
	Lead Director	$25,000
Meeting Fees (Per Meeting)	Directors (In Person)	$5,000
(Not Including Actions	Directors (By Telephone)	$1,000
Taken by Consent)	Compensation/Nominating Committee	$1,000
	Audit Committee Meeting	$2,000
Equity Compensation	All Directors	$119,025 Restricted Stock Units*

***** The grant value is determined and approved each year by the Compensation Committee; on September 23, 2008, the Compensation Committee granted each Board member RSUs with a value of $119,025. Based on the closing price of the Company's stock on the date of grant each director was issued 2,968 RSUs which vest in full on September 23, 2009.

PERQUISITES

Each director is entitled to an annual $30,000 allowance to be used at the Company's resorts in accordance with the terms of the Company's Executive Perquisite Fund Program, filed as Exhibit 10.27 of the Company's annual report on Form 10-K for the fiscal year ended July 31, 2007. Directors may draw against the account to pay for services, at the market rate for the applicable resort or services. Unused funds in each director's account at the end of each fiscal year will be forfeited.

[1] All taxes on director compensation are to be paid by Board member

Exhibit 10.22

Adopted December 29 2008;

Effective with respect to all amounts

deferred on or after January 1, 2005

TABLE OF CONTENTS

THE VAIL CORPORATION

2005 DEFERRED COMPENSATION PLAN

Purpose

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of The Vail Corporation, d/b/a Vail Associates, Inc., a Colorado corporation, and any of its affiliates or subsidiaries that adopts this Plan as a participating employer. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

The terms of this Plan shall govern all amounts deferred on or after January 1, 2005, including (i) any amounts previously credited to the Vail Corporation Deferred Compensation Plan adopted on September 15, 2000 ("Frozen Plan") that remained unvested after December 31, 2004 (the "Transfer Amount"), and (ii) any amounts that are deemed subject to Section 409A as a result of a modification of the Frozen Plan. This Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention. Consistent with the foregoing, and in order to transition the Plan to the requirements of Code Section 409A and related Treasury guidance and Regulations, the Committee has made available, or will make available, to Participants certain transition relief described more fully in Appendix A of this Plan.

ARTICLE 1

Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of (i) the Participant's Annual Accounts, and (ii) the Participant's Transfer Amount, if any, along with related earnings. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the following amount: (i) the sum of the Participant's Annual Deferral Amount and Company Contribution Amount for any one Plan Year, plus (ii) amounts credited or debited to such amounts pursuant to this Plan, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Salary (including any 401(k) Refund Offset, as defined below), Bonus and Director Fees that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year. In the event of a Participant's Separation from Service, Disability or death prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.4 "Annual Installment Method" shall be an annual installment payment over the number of years selected by the Participant in accordance with this Plan, calculated as follows: (i) for the first annual installment, the vested portion of each Annual Account shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, as determined by the Committee in its sole discretion, and (ii) for remaining annual installments, the vested portion of each applicable Annual Account shall be calculated on or around the first business day of each Plan Year following the Plan Year in which the Participant's first installment payment was distributed. Each annual installment shall be calculated by multiplying this balance by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. By way of example, if the Participant elects a ten (10) year Annual Installment Method as the form of Separation Benefit for an Annual Account, the first payment shall be 1/10 of the vested balance of such Annual Account, calculated as described in this definition. The following year, the payment shall be 1/9 of the vested balance of such Annual Account, calculated as described in this definition.

1.5 "Base Salary" shall mean the Participant's base cash compensation for services performed during any Plan Year, which, for purposes of clarity, excludes distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options and other equity incentive awards, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in Base Salary only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 8, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "Beneficiary Designation Form" shall mean the form, which may be electronic, established from time to time by the Committee, that a Participant completes and returns to the Committee to designate one or more Beneficiaries.

1.8 "Benefit Distribution Date" shall mean a date that triggers distribution of a Participant's vested benefits upon Separation from Service, death, or Disability. A Benefit Distribution Date for a Participant shall be determined upon the occurrence of any one of the following:

(a) If the Participant experiences a Separation from Service, the Benefit Distribution Date for his or her vested Account Balance shall be the last day of the six-month period immediately following the date on which the Participant experiences a Separation from Service; provided, however, in the event the Participant either changes the form of payment or postpones the time of payment of the Separation Benefit for one or more Annual Accounts in accordance with Section 5.2(c), the Benefit Distribution Date for such Annual Account(s) shall be postponed in accordance with such section 5.2(c); or

(b) If the Participant dies prior to the complete distribution of his or her vested Account Balance, the Participant's Benefit Distribution Date shall be the date on which the Committee is provided with proof that is satisfactory to the Committee of the Participant's death; or

(c) If the Participant becomes Disabled, the Participant's Benefit Distribution Date shall be the date on which the Participant becomes Disabled.

1.9 "Board" shall mean the board of directors of the Company.

1.10 "Bonus" shall mean compensation earned by a Participant under any Employer's cash bonus plans, and shall specifically include amounts described in Section 3.1(d), 3.1(e), and 3.1(f).

1.11 "Change in Control" shall mean any "change in control event" as defined in accordance with Code Section 409A and related Treasury guidance and Regulations.

1.12 "Claimant" shall have the meaning set forth in Section 13.1.

1.13 "Class 1 Participant" shall mean a Participant who has a salary grade level of 30 or above.

1.14 "Class 2 Participant" shall mean a Participant who has a salary grade level of less than 30.

1.15 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.16 "Committee" shall mean the committee described in Article 11.

1.17 "Company" shall mean The Vail Corporation, d/b/a Vail Associates, Inc., a Colorado corporation, and any successor to all or substantially all of the Company's assets or business.

1.18 "Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.19 "Director" shall mean any member of the board of directors of any Employer.

1.20 "Director Fees" shall mean the fees otherwise payable in cash to a Director by any Employer, including cash retainer fees and cash meetings fees, as compensation for serving on the board of directors.

1.21 "Disability" or "Disabled" shall mean that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically

determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident or health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration, or if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements in the preceding sentence.

1.22 "Disability Benefit" shall mean the benefit set forth in Article 6.

1.23 "Election Form" shall mean the form, which may be in electronic format, established from time to time by the Committee in its sole discretion, that a Participant completes and returns to the Committee in order to make elections under the Plan.

1.24 "Employee" shall mean a person who is a common-law employee of any Employer. Notwithstanding the foregoing, the term Employee shall not include any individual (a) who provides services to the Employer under an agreement, contract, or any other arrangement pursuant to which the individual is initially classified as an independent contractor, or (b) whose remuneration for services has not been treated initially as subject to the withholding of federal income tax pursuant to Code section 3401, even if the individual is subsequently reclassified as a common law employee as a result of a final decree of a court of competent jurisdiction or the settlement of an administrative or judicial proceeding.

1.25 "Employer(s)" shall mean the Company and/or any of its affiliates or subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a participating employer.

1.26 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.27 "401(k) Plan" shall mean, with respect to an Employer, a plan qualified under Code Section 401(a) that contains a cash or deferred arrangement described in Code Section 401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.

1.28 "Participant" shall mean any Employee or Director (i) who is selected to participate in the Plan, (ii) who completes the Enrollment Requirements and becomes eligible to participate in the Plan in accordance with Section 2.2, and (iii) whose Plan Agreement (if any) has not terminated.

1.29 "Plan" shall mean The Vail Corporation 2005 Deferred Compensation Plan, which shall be evidenced by this instrument and by each Plan Agreement, as they may be amended from time to time.

1.30 "Plan Agreement" shall mean an agreement, which may be amended from time to time, which is entered into by and between an Employer and a Participant. Each Plan Agreement between a Participant and the Participant's Employer shall provide for the entire benefit to which such Participant is entitled under the Plan; should there be more than one Plan Agreement, the Plan Agreement bearing the latest date of acceptance by the Employer shall supersede all previous Plan Agreements in their entirety and shall govern such entitlement. The terms of any Plan Agreement may be different for any Participant, and any Plan Agreement may provide additional benefits or distribution options not set forth in the Plan or limit the benefits or distribution options otherwise provided under the Plan; provided, however, that any such additional benefits or distribution options, or benefit limitations or distribution limitations, shall comply with Code Section 409A and must be agreed to by both the Employer and the Participant.

1.31 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.32 "Scheduled Distribution" shall mean the distribution set forth in Section 4.1.

1.33 "Separation Benefit" shall mean the benefit set forth in Article 5.

1.34 "Separation from Service" shall mean the separation from service with all Employers, voluntarily or involuntarily, for any reason other than Disability or death, as determined in accordance with Code Section 409A and related Treasury guidance and Regulations. If a Participant is both an Employee and a Director, then, except as otherwise required by Code Section 409A and related Treasury guidance and Regulations, a Separation from Service shall not occur prior to the termination of his or her services as both an Employee and a Director.

1.35 "Survivor Benefit" shall mean the benefit set forth in Article 7.

1.36 "Terminate the Plan" or "Termination of the Plan" shall mean a determination by an Employer's board of directors that (i) all of its Participants shall no longer be eligible to participate in the Plan, (ii) no new deferral elections for such Participants shall be permitted, and (iii) such Participants shall no longer be eligible to receive company contributions under this Plan.

1.37 "Trust" shall mean one or more trusts established by the Company in accordance with Article 14.

1.38 "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from (i) an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in Code Section 152(a)), (ii) a loss of the Participant's property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee.

ARTICLE 2

Selection, Enrollment, Eligibility

2.1 **Selection by Committee**

. Participation in the Plan shall be limited to Directors (who shall be eligible on and after January 1, 2007) and, as determined by the Committee in its sole discretion, a select group of management or highly compensated Employees. From that group, the Committee shall select, in its sole discretion, those individuals who are eligible to participate in this Plan and the date on which such individuals become eligible to participate.

2.2 Enrollment and Eligibility Requirements; Commencement of Participation

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(a) As a condition of participation, each Director or selected Employee who is eligible to participate in the Plan must (i) complete and return to the Committee an Election Form, and (ii) must complete such other enrollment requirements as the Committee determines, in its sole discretion (together the "Enrollment Requirements"), which, on and after January 1, 2007, shall include the completion and return to the Committee of a Plan Agreement and a Beneficiary Designation Form.

(b) A Director or selected Employee who is eligible to participate in the Plan effective as of the first day of a Plan Year shall complete the Enrollment Requirements prior to the first day of such Plan Year, or such other earlier deadline as may be established by the Committee in its sole discretion. Assuming timely completion of the Enrollment Requirements, as determined by the Committee in its sole discretion, the Director or selected Employee shall commence participation in the Plan as of such first day of the Plan Year.

(c) A Director or selected Employee who first becomes eligible to participate in this Plan after the first day of a Plan Year must complete the Enrollment Requirements within thirty (30) days after he or she first becomes eligible to participate in the Plan, or within such other earlier deadline as may be established by the Committee, in its sole discretion. The Director or selected Employee shall commence participation in the Plan on the date that the Committee determines, in its sole discretion, that the Director or selected Employee has timely satisfied the Enrollment Requirements. Notwithstanding the foregoing, the Committee shall process such Participant's deferral election as soon as administratively practicable after such deferral election is submitted to and accepted by the Committee.

(d) If a Director or a selected Employee fails to satisfy timely the Enrollment Requirements within the relevant period required, the Director or selected Employee shall not be eligible to participate in the Plan during such Plan Year and shall not commence participation until the first day of the Plan Year next following the date on which the Director or selected Employee does complete the Enrollment Requirements.

2.3 **Failure of Eligibility**

. If the Committee determines, in its sole and absolute discretion, that any Participant (i) shall no longer be eligible to participate in the Plan, or (ii) no longer qualifies as a member of a select group of management or highly compensated employees of the Employer, then the Participant shall cease active participation in the Plan and all contributions by or on the Participant's behalf shall cease on the date determined by the Committee, in its sole and absolute discretion, after taking into account (1) the requirements of Code Section 409A and related Treasury guidance and Regulations, and (2) the intent of the Plan to be a "top-hat" plan complying with Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA. The Committee's determination shall be final and binding on all persons.

ARTICLE 3

Deferral Elections /Company Contribution Amounts/

Minimum and Maximum Deferrals/Vesting/Crediting/Taxes

3.1 **Election to Defer; Effect of Election Form**

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(a) First Year of Plan Participation. In connection with a Participant's commencement of participation in the Plan, the Participant shall make an irrevocable election to defer Base Salary, Bonus, and/or Director Fees (as applicable) for the Plan Year in which the Participant commences participation in the Plan. For the election to be valid, the Election Form must be completed by the Participant and delivered timely to (and accepted by) the Committee along with the remainder of the Enrollment Requirements in accordance with Section 2.2 above.

The Participant's election shall not apply to compensation paid with respect to services performed prior to the date the Participant commences participation in the Plan, except to the extent permissible under Code Section 409A and related Treasury guidance or Regulations. For compensation that is earned based upon a specified performance period, the Participant's deferral election will apply solely to the portion of such compensation that is equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant commences participation in the Plan, and the denominator of which is the total number of days in the performance period.

(b) Subsequent Plan Years. For each succeeding Plan Year, a Participant may elect to defer Base Salary, Bonus, and/or Director Fees (as applicable), and make such other elections as the Committee deems necessary or desirable under the Plan, by delivering timely a new Election Form to the Committee, in accordance with its rules and procedures, before the December 31st preceding the Plan Year in which such compensation is earned, or before such earlier deadline established by the Committee in accordance with the requirements of Code Section 409A and related Treasury guidance or Regulations.

Any deferral election(s) made in accordance with this Section 3.1(b) shall be irrevocable; provided, however, that if the Committee requires Participants to make a deferral election for "performance-based compensation," "compensation subject to forfeiture," or "fiscal year compensation" by the deadline(s) described above, it may, in its sole discretion, and in accordance with Code Section 409A and related Treasury guidance or Regulations, permit a Participant to subsequently change his or her deferral election for such compensation by submitting an Election Form to the Committee no later than the deadline established by the Committee pursuant to Section 3.1(d), (e), or (f) below.

(c) 401(k) Refund Offset. In connection with each Participant's deferral election under the Plan for each Plan Year, the Participant shall be permitted to elect to defer an amount of Base Salary equal to the refund, if any, that the Participant receives from the Employer's 401(k) Plan during such Plan Year (the "401(k) Refund Offset').

(d) **Performance-Based Compensation**. Notwithstanding anything to the contrary herein, the Committee may, in its sole discretion, determine that an irrevocable deferral election pertaining to "performance-based compensation" based on services performed over a period of at least twelve (12) months, may be made by delivering timely an Election Form to the Committee, in accordance with its rules and procedures, no later than six (6) months before the end of the performance service period. "Performance-based compensation" shall be compensation, the payment or amount of which is contingent on pre-established organizational or individual performance criteria, which satisfies the requirements of Code Section 409A and related Treasury guidance or Regulations. In order to be eligible to make a deferral election for performance-based compensation, a Participant must perform services continuously from a date no later than the date upon which the performance criteria for such compensation are established through the date upon which the Participant makes a deferral election for such compensation. In no event shall an election to defer performance-based compensation be permitted after such compensation has become both substantially certain to be paid and readily ascertainable. For purposes of this Plan, including the minimum and maximum deferral limits below, "performance based compensation" deferred pursuant to this Section shall be treated as part of a Participant's Bonus and Annual Deferral Amount for the Plan Year in which the performance service period ends.

(e) **Compensation Subject to Risk of Forfeiture**. With respect to compensation (i) to which a Participant has a legally binding right to payment in a subsequent year, and (ii) that is subject to a forfeiture condition requiring the Participant's continued services for a period of at least twelve (12) months from the date the Participant obtains the legally binding right, the Committee may, in its sole discretion, determine that an irrevocable deferral election for such compensation may be made by delivering timely an Election Form to the Committee in accordance with its rules and procedures, no later than the 30th day after the Participant obtains the legally binding right to the compensation, provided that the election is made at least twelve (12) months in advance of the earliest date at which the forfeiture condition could lapse. For purposes of this Plan, including the minimum and maximum deferral limits below, compensation deferred pursuant to this Section shall be treated as part of a Participant's Bonus and Annual Deferral Amount for the Plan Year in which the forfeiture condition lapses.

(f) **Fiscal Year Compensation**. With respect to any Participant whose Employer uses a fiscal year other than the calendar year, the Committee may, in its sole discretion, permit the Participant to defer compensation relating to a period of service coextensive with one or more consecutive fiscal years of such Employer (of which no amount is paid or payable during the service period), by delivering timely an Election Form with respect to such compensation to the Committee not later than the close of the Employer's fiscal year next preceding the first fiscal year in which are performed any services for which such compensation is payable. For purposes of the Plan, including the minimum and maximum deferral limits below, compensation deferred pursuant to this Section shall be treated as part of a Participant's Bonus and Annual Deferral Amount for the Plan Year during which the payment is earned.

3.2 **Minimum Deferrals**

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(a) **Annual Deferral Amount**.

(i) Effective for Plan Years beginning prior to January 1, 2007, a Participant cannot elect to defer as his or her Annual Deferral Amount less than the following minimum amounts of Base Salary and Bonus:

Deferral	Minimum Amount
Base Salary (including any 401(k) Refund Offset) and/or Bonus	$1,000 aggregate

(ii) Effective for Plan Years beginning on and after January 1, 2007 through December 31, 2008, a Participant cannot defer as his or her Annual Deferral Amount less than the following minimum amounts of Base Salary, Bonus, and/or Director Fees:

Deferral	Minimum Amount
Base Salary (including any 401(k) Refund Offset) and/or Bonus	$2,000 aggregate
Director Fees	$0

(iii) If the Committee determines, in its sole discretion, prior to the beginning of a Plan Year that a Participant has made an election for less than the stated minimum amounts, or if no election is made, the amount deferred shall be zero. If the Committee determines, in its sole discretion, at any time after the beginning of a Plan Year that a Participant has deferred less than the stated minimum amounts for that Plan Year, any amount credited to the Participant's applicable Annual Account as the Annual Deferral Amount for that Plan Year shall, to the extent permitted by Code Section 409A and related Treasury guidance and Regulations, be distributed to the Participant within sixty (60) days after the last day of the Plan Year in which the Committee determination was made.

(b) **First Year of Plan Participation**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year beginning on or after January 1, 2007, the minimum deferral amounts shall be equal to the minimums set forth above, multiplied by a fraction, the numerator of which is the number of complete months remaining in the Plan Year and the denominator of which is 12.

3.3 **Maximum Deferral**

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(a) **Annual Deferral Amount**.

(i) Effective for Plan Years beginning prior to January 1, 2007, a Participant cannot elect to defer as his or her Annual Deferral Amount, compensation in excess of the following maximum amounts/percentages:

CLASS 1 PARTICIPANTS

Deferral	Maximum Percentage
401(k) Refund Offset	100%
Base Salary (not including any 401(k) Refund Offset)	95%
Bonus	95%

CLASS 2 PARTICIPANTS	
Deferral	**Maximum Percentage**
401(k) Refund Offset	100%
Base Salary (not including any 401(k) Refund Offset)	0%
Bonus	0%

(ii) Effective for Plan Years beginning on and after January 1, 2007, a Participant cannot defer as his or her Annual Deferral Amount, compensation in excess of the following maximum percentages:

Deferral	Maximum Percentage
401(k) Refund Offset	100%
Base Salary (not including any 401(k) Refund Offset)	80%
Bonus	100%
Director Fees	100%

(b) **First Year of Plan Participation**. Notwithstanding the foregoing, in the Participant's first year of Plan participation, the maximum deferral percentages above shall be applied to (i) prospective compensation **and** (ii) amounts earned prior to the deferral election, as long as (ii) can be permissibly deferred under Code Section 409A (e.g. performance-based compensation). For compensation that is earned based upon a specified performance period, the portion of such compensation earned with respect to services performed after the date the Participant commences participation in the Plan shall be deemed to include (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant commences participation in the Plan, and the denominator of which is the total number of days in the performance period.

3.4 **Withholding and Crediting of Annual Deferral Amounts**

. For each Plan Year, the Base Salary portion of the Annual Deferral Amount (excluding any 401(k) Refund Offset) shall be withheld from each regularly scheduled Base Salary payroll on a pro-rata basis. The 401(k) Refund Offset portion of the Annual Deferral Amount shall be withheld in full from the regularly scheduled Base Salary paydate next following the date on which the 401(k) refund is paid. The Bonus portion of the Annual Deferral Amount shall be withheld at the time the Bonus otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Director Fees shall be withheld on a pro-rata basis from regularly scheduled payments of retainer fees, or when such fees and any cash meeting fees are paid, as determined by the Committee, in its sole discretion. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.5 **Company Contribution Amount**

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(a) For each Plan Year, an Employer may be required to credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.5(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee, in its sole discretion.

3.6 **Crediting of Amounts after Benefit Distribution**

. Notwithstanding any provision in this Plan to the contrary, should the complete distribution of a Participant's vested Account Balance occur as a result of the Participant's Separation from Service, death, or Disability, prior to the date on which any portion of (i) the Annual Deferral Amount that a Participant has elected to defer in accordance with Section 3.1, or (ii) the Company Contribution Amount would otherwise be credited to the Participant's Account Balance, such amounts shall not be credited to the Participant's Account Balance, but shall be paid to the Participant in a manner determined by the Committee, in its sole discretion.

3.7 **Vesting**

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(a) A Participant shall at all times be 100% vested in his or her deferrals of Base Salary, Bonus and Director Fees.

(b) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts (pursuant to Section 3.8), in accordance with the vesting schedule(s) set forth in his or her Plan

Agreement, employment agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, a Participant shall vest in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts (pursuant to Section 3.8), in accordance with the vesting schedule declared by the Committee in its sole discretion. The Employer and the Committee may accelerate the vesting schedules of one or more Participants, at any time and for any reason, in their sole discretion.

(c) Notwithstanding anything to the contrary contained in this Section 3.7, in the event of a Change in Control, or upon a Participant's death while employed by an Employer, or Disability, any amounts that are not vested in accordance with the vesting schedules set forth in this Section 3.7, shall immediately become 100% vested (if it is not already vested in accordance with the above vesting schedules).

(d) Notwithstanding subsection 3.7(c) above, and except as set forth in Section 3.7(e) below, the vesting schedules set forth in this Section 3.7 shall not be accelerated upon a Change in Control to the extent that the Committee determines that such acceleration would cause the deduction limitations of Section 280G of the Code to become effective where they otherwise would not be. In the event of such a determination, the Participant may request independent verification of the Committee's calculations with respect to the application of Section 280G. In such case, the Committee must provide to the Participant within ninety (90) days of such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). The opinion shall state the Accounting Firm's opinion that any limitation in the vested percentage hereunder is necessary to avoid the limits of Section 280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company.

(e) Section 3.7(b) shall not apply if an employment agreement or other agreement between the Participant and the Employer (including any change in control severance plan or similar plan) contains provisions regarding the treatment of amounts that could be subject to Section 280G and the excise tax under Section 4999.

3.8 **Crediting/Debiting of Account Balances**

. In accordance with and subject to the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Measurement Funds**. The Committee shall select from time to time certain mutual funds, insurance company separate accounts, indexed rates or other methods (the "Measurement Funds") for purposes of crediting or debiting additional amounts to Participants' Account Balances. The Committee may discontinue, substitute or add a Measurement Fund, provided however, that (1) any decision to retain, discontinue or substitute a Measurement Fund shall be made in good faith and (2) there shall at all times be a minimum of eight Measurement Funds of materially different risk and return characteristics. Any discontinuance of a Measurement Fund will take effect not earlier than the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Committee gives Participants advance notice of such change, unless such advance notice cannot be given due to reasons beyond the control of the Company or the Committee, in which case notice of the change shall be given as soon as administratively practical.

(b) **Election of Measurement Funds**. A Participant, in connection with his or her initial deferral election in accordance with Section 3.1(a) above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.8(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance may automatically be allocated into a default Measurement Fund which is selected by the Committee. A Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee or by any other procedure approved by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to the Participant's Account Balance, or to change the portion of the Participant's Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall be implemented as soon as practical after receipt by the Committee and shall continue thereafter for each subsequent day in which there is an Account Balance with respect to the Participant, unless changed in accordance with the previous sentence. The Committee may limit the number of Measurement Fund changes that a Participant may elect, provided that a Participant shall be entitled to elect such a change not less frequently than quarterly. The Committee may provide that any change shall not take effect until a date that is not later than the first business day of the calendar quarter following the Committee's receipt of such an election.

(c) **Proportionate Allocation**. In making any election described in Section 3.8(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(d) **Crediting or Debiting Method**. The performance of each elected Measurement Fund (either positive or negative) will be determined by the Committee based on the performance of the Measurement Funds themselves. A Participant's Account Balance shall be credited or debited not less frequently than on a monthly basis based on the performance of each selected Measurement Fund for the corresponding period of time.

(e) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

(f) **Plan Expenses**. The Committee may, but need not, deduct from Participants' Account Balances expenses incurred in the administration and maintenance of the Plan. In such case, the Committee shall deduct expenses as follows:

(i) expenses that are attributable solely to an individual Participant may be deducted solely from that Participant's Account Balance or may be apportioned as Plan level expenses, below.

(ii) expenses that are not attributable solely to an individual Participant shall be plan level expenses that shall be deducted from all of the Account Balances of all Participants in the Plan in one of the following two methods, as selected by the Committee in its sole and absolute discretion:

(A) on a pro-rata basis from all of the Account Balances in the Plan based on the amount then held in each Account Balance in relation to the aggregate amount then held in all of the Account Balances under the Plan.

(B) equally among all of the Account Balances in the Plan

3.9 **FICA and Other Taxes**

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(a) **Annual Deferral Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary and/or Bonus that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section 3.9.

(b) **Company Contribution Amounts**. When a Participant becomes vested in a portion of his or her Account Balance attributable to any Company Contribution Amounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary and/or Bonus that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such amounts. If necessary, the Committee may reduce the vested portion of the Participant's Company Contribution Amount, as applicable, in order to comply with this Section 3.9.

(c) **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4

Scheduled Distribution; Unforeseeable Emergencies

4.1 **Scheduled Distribution**

. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a Scheduled Distribution, in the form of a lump sum payment from the Plan. Unless otherwise provided on an Election Form approved by the Committee in its sole discretion, a Scheduled Distribution election shall apply to 100% of a Participant's Annual Deferral Amount. The amount of a Scheduled Distribution shall be equal to the portion of the Annual Deferral Amount the Participant elected to have distributed as a Scheduled Distribution, plus amounts credited or debited in the manner provided in Section 3.8 above on that amount, calculated as of the close of business on or around the date on which the Scheduled Distribution becomes payable, as determined by the Committee in its sole discretion. Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out during a sixty (60) day period commencing immediately after the first day of any Plan Year designated by the Participant (the "Scheduled Distribution Date"). The Plan Year designated by the Participant must be at least three (3) Plan Years after the end of the Plan Year to which the Participant's deferral election described in Section 3.1 relates, unless otherwise provided on an Election Form approved by the Committee in its sole discretion. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts for the Plan Year commencing January 1, 2007, the earliest Scheduled Distribution Date that may be designated by a Participant would be January 1, 2011, and the Scheduled Distribution would become payable during the sixty (60) day period commencing immediately after such Scheduled Distribution Date.

4.2 **Postponing Scheduled Distributions**

. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a sixty (60) day period commencing immediately after an allowable alternative distribution date designated by the Participant in accordance with this Section 4.2. In order to make this election, the Participant must submit a new Scheduled Distribution Election Form to the Committee in accordance with the following criteria:

(a) Such Scheduled Distribution Election Form must be submitted to and accepted by the Committee in its sole discretion at least twelve (12) months prior to the Participant's previously designated Scheduled Distribution Date;

(b) The new Scheduled Distribution Date selected by the Participant must be the first day of a Plan Year, and must be at least five years after the previously designated Scheduled Distribution Date; and

(c) The election of the new Scheduled Distribution Date shall have no effect until at least twelve (12) months after the date on which the election is made.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions**

. Should a Benefit Distribution Date occur that triggers a benefit under Articles 5, 6 or 7, any Annual Deferral Amount that is subject to a Scheduled Distribution election under Section 4.1 shall not be paid in accordance with Section 4.1, but shall be paid in accordance with the other applicable Article. Notwithstanding the foregoing, the Committee shall interpret this Section 4.3 in a manner that is consistent with Code Section 409A and related Treasury guidance and Regulations.

4.4 **Unforeseeable Emergencies**

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(a) If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Committee to receive a partial or full payout from the Plan, subject to the provisions set forth below.

(b) The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Committee in its sole discretion, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

(c) If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant shall receive a payout from the Plan within sixty (60) days of the date of such approval, and the Participant's deferrals under the Plan shall be terminated as of the date of such approval.

(d) In addition, a Participant's deferral elections under this Plan shall be terminated to the extent the Committee determines, in its sole discretion, that termination of such Participant's deferral elections is required pursuant to Treas. Reg. § 1.401(k)-1(d)(3) for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan. If the Committee determines, in its sole discretion, that a termination of the Participant's deferrals is required in accordance with the preceding sentence, the Participant's deferrals shall be terminated as soon as administratively practicable following the date on which such determination is made.

(e) Notwithstanding the foregoing, the Committee shall interpret all provisions relating to a payout and/or termination of deferrals under this Section 4.4 in a manner that is consistent with Code Section 409A and related Treasury guidance and Regulations.

ARTICLE 5

Separation Benefit

5.1 **Separation Benefit**

. A Participant who experiences a Separation from Service shall receive, as a Separation Benefit, his or her vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date, as determined by the Committee in its sole discretion.

5.2 **Payment of Separation Benefit**

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(a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect the form in which his or her Annual Account for such Plan Year will be paid. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to an Annual Installment Method of up to ten (10) years. If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum.

(b) A Participant may subsequently elect to either change the form of payment or postpone the timing of payment for an Annual Account by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election shall have no effect until at least twelve (12) months after the date on which the election is made; and

(ii) The first payment related to such Annual Account shall be delayed at least five (5) years from the originally scheduled Benefit Distribution Date for such Annual Account, as described in Section 1.8(a).

For purposes of applying the requirements above, the right to receive an Annual Account in installment payments shall be treated as the entitlement to a single payment. The Committee shall interpret all provisions relating to an election described in this Section 5.2 in a manner that is consistent with Code Section 409A and related Treasury guidance or Regulations.

(c) The Election Form most recently accepted by the Committee that has become effective shall govern the payout of the applicable Annual Account; provided, however, that if the total value of Participant's vested Account Balance is less than $10,000 at the time of the Participant's Benefit Distribution Date, the Participant's entire vested Account Balance shall be distributed to the Participant in a lump sum payment notwithstanding a Participant's election to receive one or more Annual Accounts in installment payments.

(d) The lump sum payment shall be made, or installment payments shall commence, no later than sixty (60) days after the Benefit Distribution Date. Remaining installments, if any, shall continue in accordance with the Participant's election for each Annual Account, and shall be paid no later than sixty (60) days after the first day of each Plan Year following the Plan Year in which the Participant's first installment payment for such Annual Account was distributed.

ARTICLE 6

Disability Benefit

6.1 **Disability Benefit**

. Upon a Participant's Disability, the Participant shall receive a Disability Benefit, which shall be equal to the Participant's vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date, as selected by the Committee in its sole discretion.

6.2 **Payment of Disability Benefit**

. The Disability Benefit shall be paid to the Participant in a lump sum payment no later than sixty (60) days after the Participant's Benefit Distribution Date.

ARTICLE 7

Survivor Benefit

7.1 **Survivor Benefit**

. The Participant's Beneficiary(ies) shall receive a Survivor Benefit upon the Participant's death which will be equal to the Participant's vested Account Balance, calculated as of the close of business on or around the Participant's Benefit Distribution Date, as selected by the Committee in its sole discretion.

7.2 **Payment of Survivor Benefit**

. The Survivor Benefit shall be paid to the Participant's Beneficiary(ies) in a lump sum payment no later than sixty (60) days after the Participant's Benefit Distribution Date.

ARTICLE 8

Beneficiary Designation

8.1 **Beneficiary**

. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

8.2 **Beneficiary Designation; Change; Spousal Consent**

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(a) **General**. A Participant shall designate his or her Beneficiary by completing the Beneficiary Designation Form and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, and otherwise complying with, the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her current spouse as a Beneficiary, spousal consent shall be required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee, in order for the designation to be valid. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

(b) **Divorce**. If a Participant has designated his spouse as his Beneficiary, and the Participant and this spouse subsequently divorce, then the Beneficiary designation shall be void and of no effect on the day such divorce is final. The Participant may, however, re-designate such former spouse as a Beneficiary on a Beneficiary Designation Form completed after the divorce is final.

(c) **Death**. In the event a Beneficiary predeceases the Participant, then such Beneficiary shall cease to be a Beneficiary and shall cease to have any interest in the Participant's benefits hereunder as of the Beneficiary's death. For avoidance of doubt, the foregoing provisions shall supersede any inconsistent state law, and any putative state law interest in the benefits hereunder of a Beneficiary (including the Participant's spouse) who has predeceased the Participant shall automatically revert to the Participant (or shall, if applicable, automatically pass to the Participant's remaining and/or contingent Beneficiaries if the same would be consistent with the intent of the Participant's Beneficiary Designation Form); no such interest shall be transferable by the deceased Beneficiary in any manner, including but not limited to such Beneficiary's will, nor shall such interest pass under the laws of intestate succession.

8.3 **Acknowledgment**

. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

8.4 **No Beneficiary Designation**

. If a Participant fails to designate a Beneficiary as provided in Sections 8.1, 8.2 and 8.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be the same as the Participant's beneficiary under the Vail Resorts 401(k) Retirement Plan, or if none, the Beneficiary shall be the executor or personal representative of the Participant's estate.

8.5 **Doubt as to Beneficiary**

. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's

satisfaction.

8.6 **Discharge of Obligations**

. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant and his or her designated Beneficiary under the Plan, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 9

Leave of Absence

9.1 **Paid Leave of Absence**

. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, as determined by the Committee, (i) the Participant shall continue to be considered eligible for the benefits provided in Article 4, Article 5, Article 6 or Article 7 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.1.

9.2 **Unpaid Leave of Absence**

. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, as determined by the Committee, such Participant shall continue to be eligible for the benefits provided in Article 4, Article 5, Article 6 or Article 7 in accordance with the provisions of those Articles. However, the Participant shall be excused from fulfilling his or her Annual Deferral Amount commitment that would otherwise have been withheld during the remainder of the unpaid leave of absence, and, to the extent permitted under Code Section 409A and related Treasury guidance and Regulations, for the remainder of the Plan Year in which the unpaid leave of absence is taken. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.1 above.

9.3 **Leaves Resulting in Separation from Service**

. In the event that a Participant's leave of absence from his or her Employer constitutes a Separation from Service, as determined by the Committee, the Participant's vested Account Balance shall be distributed to the Participant in accordance with Article 5 and/or any other applicable provisions of this Plan.

ARTICLE 10

Termination of Plan, Amendment or Modification

10.1 **Termination of Plan**

. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to Terminate the Plan. In the event of a Termination of the Plan, the Measurement Funds available to affected Participants following the Termination of the Plan shall thereafter be comparable in number and type to those Measurement Funds available to affected Participants immediately prior to the Termination of the Plan. Following a Termination of the Plan, affected Participant Account Balances shall remain in the Plan until the Participant becomes eligible for the benefits provided in Article 4, Article 5, Article 6 or Article 7 in accordance with the provisions of those Articles. The Termination of the Plan shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of termination. Notwithstanding the foregoing, to the extent permissible under Code Section 409A and related Treasury guidance or Regulations, during the thirty (30) days preceding or within twelve (12) months following a Change in Control, an Employer shall be permitted to (i) terminate the Plan by action of its board of directors, and (ii) distribute the vested Account Balances to Participants in a lump sum no later than twelve (12) months after the Change in Control, provided that all other substantially similar arrangements sponsored by such Employer (and such related Employers as are required to be taken into account under Code Section 409A and related Treasury guidance and Regulations) are also terminated and all balances in such arrangements are distributed within twelve (12) months of the termination of such arrangements.

10.2 **Amendment**

.

(a) The Company may, at any time, amend or modify the Plan in whole or in part, provided that (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 10.2 or Section 11.2 of the Plan shall be effective.

(b) Notwithstanding Section 10.2, in the event that the Company determines that any provision of the Plan may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code Section 409A and related Treasury guidance or Regulations, the Company may (i) adopt such amendments to the Plan and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company determines necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan and/or (ii) take such other actions as the Company determines necessary or appropriate to comply with the requirements of Code Section 409A and related Treasury guidance or Regulations.

10.3 **Plan Agreement**

. Despite the provisions of Sections 10.1 and 10.2 above, if a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Participant's Employer shall have the sole authority to amend or terminate such provisions, but only with the written consent of the Participant.

10.4 **Effect of Payment**

. The full payment of the Participant's vested Account Balance under Article 4, Article 5, Article 6 or Article 7 of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 11

Administration

11.1 **Committee Duties**

. Except as otherwise provided in this Article 11, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall have the discretion and authority to (i) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (ii) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant, the Company, or any Employer.

11.2 **Administration Upon Change In Control**

. Within one hundred and twenty (120) days following a Change in Control, the individuals who comprised the Committee immediately prior to the Change in Control (whether or not such individuals are members of the Committee following the Change in Control) may, by written consent of the majority of such individuals, appoint an independent third party administrator (the "Administrator") to perform any or all of the Committee's duties described in Section 11.1 above, including without limitation, the power to determine any questions arising in connection with the administration or interpretation of the Plan, and the power to make benefit entitlement determinations. Upon and after the effective date of such appointment, (i) the Company must pay all reasonable administrative expenses and fees of the Administrator, and (ii) the Administrator may only be terminated with the written consent of the majority of Participants with an Account Balance in the Plan as of the date of such proposed termination.

11.3 **Agents**

. In the administration of this Plan, the Committee or the Administrator, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel.

11.4 **Binding Effect of Decisions**

. The decisions or actions of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

11.5 **Indemnity of Committee**

. All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator.

11.6 **Employer Information**

. To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee or Administrator may reasonably require.

ARTICLE 12

Other Benefits and Agreements

12.1 **Coordination with Other Benefits**

. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided therein.

ARTICLE 13

Claims Procedures

13.1 **Presentation of Claim**

. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for benefits with respect to the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

13.2 **Notification of Decision**

. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

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

(iv) an explanation of the claim review procedure set forth in Section 13.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

13.3 **Review of a Denied Claim**

. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

13.4 **Decision on Review**

. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

13.5 **Legal Action**

. A Claimant's compliance with the foregoing provisions of this Article 13 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 14

Trust

14.1 **Establishment of the Trust**

. In order to provide assets from which to fulfill its obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan (the "Trust").

14.2 **Interrelationship of the Plan and the Trust**

. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

14.3 **Distributions From the Trust**

. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 15

Miscellaneous

15.1 Status of Plan

. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance and Regulations.

15.2 **Unsecured General Creditor**

. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

15.3 **Employer's Liability**

. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

15.4 **Nonassignability**

. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse other than pursuant to an order that would be a domestic relations order, as defined in Code Section 414(p)(1)(B), if this Plan were a tax-qualified retirement plan under Code Section 401(a).

15.5 Not a Contract of Employment

. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

15.6 **Furnishing Information**

. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

15.7 **Terms**

. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

15.8 **Captions**

. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

15.9 **Governing Law**

. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Colorado without regard to its conflicts of laws principles.

15.10 **Notice**

. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

The Vail Corporation
Attn: 2005 Deferred Compensation Plan Committee
390 Interlocken Crescent, Suite 1000
Broomfield, CO 80021

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

Notices shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

15.11 **Successors**

. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

15.12 **Validity**

. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

15.13 **Incompetent**

. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

15.14 **Court Order**

. The Committee is authorized to comply with any court order in any action in which the Plan or the Committee has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with Code Section 409A and other applicable tax law. In addition, if necessary to comply with an order that would be a domestic relations order, as defined in Code Section 414(p)(1)(B), if this Plan were a tax-qualified retirement plan under Code Section 401(a), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee, in its sole discretion, shall have the right to distribute immediately the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

15.15 **Distribution in the Event of Income Inclusion Under 409A**

. If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to meet the requirement of Code Section 409A and related Treasury guidance or Regulations, the Participant may petition the Committee or Administrator, as applicable, for a distribution of that portion of his or her Account Balance that is required to be included in his or her income. Upon the grant of such a petition**,** which grant shall not be unreasonably withheld, the Participant's Employer shall distribute to the Participant immediately available funds in an amount equal to the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to meet the requirements of Code Section 409A and related Treasury guidance or Regulations, which amount shall not exceed the Participant's unpaid vested Account Balance under the Plan. If the petition is granted, such distribution shall be made within ninety (90) days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the Participant's benefits to be paid under this Plan.

15.16 **Deduction Limitation on Benefit Payments**

. If an Employer reasonably anticipates that the Employer's deduction with respect to any distribution from this Plan would be limited or eliminated by application of Code Section 162(m), then to the extent deemed necessary by the Employer to ensure that the entire amount of any distribution from this Plan is deductible, the Committee may delay payment of any amount that would otherwise be distributed from this Plan. Any amounts for which distribution is delayed pursuant to this Section shall continue to be credited/debited with additional amounts in accordance with Section 3.8 above. The delayed amounts (and any amounts credited thereon) shall be distributed to the Participant (or his or her Beneficiary in the event of the Participant's death) at the earliest date the Employer reasonably anticipates that the deduction of the payment of the amount will not be limited or eliminated by application of Code Section 162(m).

15.17 Insurance

. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as they may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

15.18 Legal Fees To Enforce Rights

. The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be comprised of new members), the Committee, or a shareholder of the Company, the Participant's Employer, or any successor corporation might cause or attempt to cause the Company, the Participant's Employer, or such successor corporation to refuse to comply with its obligations under the Plan and/or to seek to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan would be frustrated. Accordingly, if, following a Change in Control, a Participant or Beneficiary institutes any litigation or other legal action which seeks to recover benefits under the Plan or which otherwise asserts that the Committee, the Company, the Employer or any successor entity to the Company or the Employer has failed to comply with any of its obligations under the Plan or any agreement thereunder with respect to such Participant or Beneficiary, or if the Committee, the Company, the Employer or any other person takes any action to declare the Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant or Beneficiary the benefits intended to be provided under the Plan, and the Participant or Beneficiary retains counsel in connection with such litigation or legal action, then (unless and until there is a final decision of a court of competent jurisdiction or arbitrator that the Participant or Beneficiary's initiation or defense of such litigation or legal action was frivolous, based on the information known to the Participant or Beneficiary at the time of the initiation or defense) the Company and such Employer (who shall be jointly and severally liable) or their successors shall be required to pay the reasonable attorneys fees and expenses of the Participant or Beneficiary that are incurred during their lifetimes in connection with the initiation or defense of such litigation or legal action with respect to such matters, whether by or against the Committee, the Company, the Employer or any director, officer, shareholder or other person affiliated with the Company, the Employer or any successor thereto in any jurisdiction. The reasonable attorneys fees and expenses, if any, that become due and owing to the Participant (or Beneficiary) in accordance with this Section shall be paid no later than December 31st of the year following the year in which the fees and expenses were incurred, or, if sooner, on the tenth (10th) business day following the final decision of an arbitrator or court of competent jurisdiction with respect to such legal action (or if none, following the date on which the matter has been finally settled, dismissed, or otherwise terminated with prejudice). In the event that reimbursement is made in accordance with this paragraph and a court of competent jurisdiction or arbitrator later determines that the Participant or Beneficiary's initiation or defense of such litigation or legal action was frivolous, based on the information known to the Participant or Beneficiary at the time of the initiation or defense, the Participant or Beneficiary shall repay such fees and costs to the Company (or its successor, as the case may be) within 30 days of such determination.

IN WITNESS WHEREOF, the Company has caused its authorized officer to execute this Plan document on this 29 day of December, 2008.

"Company"
The Vail Corporation, d/b/a Vail Associates, Inc., a
Colorado corporation
By: /s/ Jeffrey W. Jones
Title: Senior Executive Vice President and Chief Financial Officer

APPENDIX A

LIMITED TRANSITION RELIEF MADE AVAILABLE IN ACCORDANCE WITH CODE SECTION 409A AND RELATED TREASURY GUIDANCE AND REGULATIONS

Unless otherwise provided below, the capitalized terms below shall have the same meaning as provided in Article 1 of the Plan.

1. **Opportunity to Make New Distribution Elections**

. Notwithstanding the required deadline for the submission of an initial distribution election described in Article 5, the Committee may, as permitted by Code Section 409A and related Treasury guidance or Regulations, provide a limited period in which Participants may make new distribution elections, by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than December 31, 2008. Any distribution election made in accordance with the requirements established by the Committee, pursuant to this section, shall not be treated as a change in the form or timing of a Participant's benefit payment for purposes Code Section 409A or the Plan.

The Committee shall interpret all provisions relating to an election submitted in accordance with this section in a manner that is consistent with Code Section 409A and related Treasury guidance or Regulations. If any distribution election submitted prior to December 31, 2006 in accordance with this section either (i) relates to payments that a Participant would otherwise receive in 2006, or (ii) would cause payments to be made in 2006, such election shall not be effective. If any distribution election submitted on or after January 1, 2007 and prior to December 31, 2007 in accordance with this section either (i) relates to payments that a Participant would otherwise receive in 2007, or (ii) would cause payments to be made in 2007, such election shall not be effective. If any distribution election submitted on or after January 1, 2008 and prior to December 31, 2008 in accordance with this section either (i) relates to payments that a Participant would otherwise receive in 2008, or (ii) would cause payments to be made in 2008, such election shall not be effective.

2. Termination of Plan Participation/Cancellation of Deferral Elections

. As permitted by Q&A-20 of Notice 2005-1, the Committee provided a limited period in which one or more Participants could elect to (i) terminate participation in the Plan for certain amounts subject to Code Section 409A, or (ii) cancel, in whole or in part, his or her deferral elections for certain amounts subject to Code Section 409A, as more fully described on an Election Form approved and accepted by the Committee prior to the deadline established by the Committee, but in no event later than December 31, 2005. All amounts subject to such an election shall be includible in the applicable Participant's income during 2005, or, if later, in the first taxable year in which the amounts become earned and vested.

SUBSIDIARIES [1]
OF
VAIL RESORTS, INC.

NAME	STATE OF INCORPORATION / FORMATION	DOING BUSINESS AS
ARRABELLE AT VAIL SQUARE, LLC	Colorado	
AVON PARTNERS II LIMITED LIABILITY COMPANY	Colorado	
BEAVER CREEK ASSOCIATES, INC.	Colorado	BEANO AT BEAVER CREEK, INC. HAY MEADOW AT BEAVER CREEK, INC. LATIGO AT BEAVER CREEK, INC. MCCOY PARK AT BEAVER CREEK, INC. RED TAIL AT BEAVER CREEK, INC. SPRUCE SADDLE RESTAURANT, INC. STRAWBERRY PARK AT BEAVER CREEK, INC.
BEAVER CREEK CONSULTANTS, INC.	Colorado	
BEAVER CREEK FOOD SERVICES, INC.	Colorado	GUNDER'S
BLACK DIAMOND INSURANCE, INC.	Arizona	
BRECKENRIDGE RESORT PROPERTIES, INC.	Colorado	BRECKENRIDGE RESORT PROPERTIES
BRECKENRIDGE TERRACE, LLC	Colorado	
BRYCE CANYON LODGE COMPANY	Colorado	BRYCE CANYON NATIONAL PARK LODGE COMPANY
COLTER BAY CAFÉ COURT, LLC	Wyoming	
COLTER BAY CONVENIENCE STORE, LLC	Wyoming	
COLTER BAY CORPORATION	Wyoming	
COLTER BAY GENERAL STORE, LLC	Wyoming	
COLTER BAY MARINA, LLC	Wyoming	
CRYSTAL PEAK LODGE OF BRECKENRIDGE, INC.	Colorado	CRYSTAL PEAK LODGE
DELIVERY ACQUISITION, INC.	Colorado	COLORADO MOUNTAIN EXPRESS CME CME PREMIER RESORT EXPRESS TRANSPORTATION MANAGEMENT SYSTEMS PREMIER VIP TRANSPORTATION WHEELS OF FORTUNE DESTINATIONS WEST CME DESTINATIONS WEST SKIER'S CONNECTION CMECOUPONS CMECOUPONS.COM CME PARTNERS ROCKY MOUNTAIN ART GUIDE ROCKY MOUNTAIN DINING GUIDE
EAGLE PARK RESERVOIR COMPANY	Colorado	
EVER VAIL, LLC	Colorado	
FOREST RIDGE HOLDINGS, INC.	Colorado	
GILLETT BROADCASTING, INC.	Delaware	
GORE CREEK PLACE, LLC	Colorado	
GRAND TETON LODGE COMPANY	Wyoming	
GROS VENTRE UTILITY COMPANY	Wyoming	

HEAVENLY VALLEY, LIMITED PARTNERSHIP	Nevada	HEAVENLY MOUNTAIN RESORT
HUNKIDORI LAND COMPANY, LLC	Colorado	
JACKSON HOLE GOLF AND TENNIS CLUB, INC.	Wyoming	
JACKSON HOLE GOLF AND TENNIS CLUB SNACK SHACK, LLC	Wyoming	
JACKSON LAKE LODGE CORPORATION	Wyoming	
JENNY LAKE LODGE, INC.	Wyoming	
JENNY LAKE STORE, LLC	Wyoming	
JHL&S LLC	Wyoming	
KEYSTONE CONFERENCE SERVICES, INC.	Colorado	
KEYSTONE DEVELOPMENT SALES, INC.	Colorado	
KEYSTONE FOOD AND BEVERAGE COMPANY	Colorado	ALPENTOP DELI, INC. KEYSTONE LODGE & SPA ONE SKI HILL PLACE THE CROW'S NEST, INC.
KEYSTONE RESORT PROPERTY MANAGEMENT COMPANY	Colorado	KEYSTONE CENTRAL RESERVATIONS, INC. KEYSTONE MOUNTAIN RESERVATIONS, INC. KEYSTONE PROPERTY MANAGEMENT, INC.
KEYSTONE/INTRAWEST, LLC	Delaware	KEYSTONE REAL ESTATE DEVELOPMENTS
KEYSTONE/INTRAWEST REAL ESTATE, LLC	Colorado	
LA POSADA BEVERAGE SERVICE, LLC	Delaware	
LARKSPUR RESTAURANT & BAR, LLC	Colorado	
LODGE PROPERTIES, INC.	Colorado	THE LODGE AT VAIL
LODGE REALTY, INC.	Colorado	
MESA VERDE LODGE COMPANY	Colorado	
MOUNTAIN THUNDER, INC.	Colorado	
NATIONAL PARK HOSPITALITY COMPANY	Colorado	
ONE RIVER RUN, LLC	Colorado	
ONE SKI HILL PLACE, LLC	Colorado	
PROPERTY MANAGEMENT ACQUISITION CORP., INC.	Tennessee	ROCKY MOUNTAIN RESORT LODGING COMPANY
RCR VAIL, LLC	Colorado	ROCKY MOUNTAIN RESIDENCES, LLC
ROCKRESORTS ARRABELLE, LLC	Colorado	
ROCKRESORTS CHEECA, LLC	Delaware	
ROCKRESORTS CORDILLERA LODGE COMPANY, LLC	Colorado	
ROCKRESORTS DR, LLC	Delaware	
ROCKRESORTS EQUINOX, INC.	Vermont	
ROCKRESORTS HOTEL JEROME, LLC	Colorado	
ROCKRESORTS INTERNATIONAL, LLC	Delaware	
ROCKRESORTS INTERNATIONAL MANAGEMENT COMPANY	Colorado	
ROCKRESORTS LAPOSADA, LLC	Delaware	

ROCKRESORTS ROSARIO, LLC	Delaware	
ROCKRESORTS SKI TIP, LLC	Colorado	
ROCKRESORTS (ST. LUCIA) INC.	St. Lucia	
ROCKRESORTS TEMPO, LLC	Florida	
ROCKRESORTS THIRD TURTLE, LTD.	Turks & Caicos Islands	
ROCKRESORTS WYOMING, LLC	Wyoming	
ROCKRESORTS, LLC	Delaware	
SLIFER SMITH & FRAMPTON/VAIL ASSOCIATES REAL ESTATE, LLC	Colorado	
SOHO DEVELOPMENT, LLC	Colorado	
SSV HOLDINGS, INC.	Colorado	
SSI VENTURE, LLC	Colorado	SPECIALTY SPORTS VENTURE LLC SPECIALTY SPORTS NETWORK BREEZE, INC. BREEZE SKI RENTALS, INC. BREEZE SKI & SPORT
STAGECOACH DEVELOPMENT, LLC	Nevada	
STAMPEDE CANTEEN, LLC	Wyoming	
TCRM COMPANY	Delaware	
TENDERFOOT SEASONAL HOUSING, LLC	Colorado	
TETON HOSPITALITY SERVICES, INC.	Wyoming	
THE CHALETS AT THE LODGE AT VAIL, LLC	Colorado	THE LODGE AT VAIL CHALETS
THE VAIL CORPORATION	Colorado	ARROWHEAD ALPINE CLUB AVAIL ADVENTURE OUTFITTERS, LTD. BACHELOR GULCH CLUB BACHELOR GULCH, INC. BEAVER CREEK CLUB PASSPORT CLUB PRATER LANE PLAY SCHOOL RED SKY GOLF CLUB RED SKY GOLF CLUB GUEST CLUBHOUSE PRO SHOP RED SKY GOLF CLUB MEMBER PRO SHOP THE PASSPORT CLUBHOUSE AT GOLDEN PEAK THE YOUNGER GENERATION, INC. VAIL ASSOCIATES, INC. VAIL CONSULTANTS, INC. VAIL RESORTS MANAGEMENT COMPANY VAIL SNOWBOARD SUPPLY
THE VILLAGE AT BRECKENRIDGE ACQUISITION CORP., INC.	Tennessee	
TIMBER TRAIL, INC.	Colorado	
VA RANCHO MIRAGE I, INC.	Colorado	
VA RANCHO MIRAGE II, INC.	Colorado	
VA RANCHO MIRAGE RESORT, L.P.	Delaware	
VAIL ASSOCIATES HOLDINGS, LTD.	Colorado	
VAIL ASSOCIATES INVESTMENTS, INC.	Colorado	WARREN LAKES VENTURE, LTD.
VAIL ASSOCIATES REAL ESTATE, INC.	Colorado	

VAIL FOOD SERVICES, INC.	Colorado	BISTRO 14 EXTRA EXTRA FOX HOLLOW GOLF COURSE CLUBHOUSE, INC. GOLDEN PEAK GRILL GOLDEN PEAK RESTAURANT AND CANTINA, INC. IN THE DOG HAUS INC. ONE ELK RESTAURANT, INC. SALSA'S, INC. THE LIONS DEN BAR & GRILL TWO ELK RESTAURANT, INC. VAIL MOUNTAIN DINING COMPANY WILDWOOD SMOKEHOUSE, INC.
VAIL HOLDINGS, INC.	Colorado	APRES LOUNGE, INC. AVON AT BEAVER CREEK, INC. AVON-VAIL COMPANY BEAVER CREEK ADVERTISING AGENCY, INC. BEAVER CREEK RESERVATION SERVICE, INC. BEAVER CREEK SKI AND SPORTS, INC. BEAVER CREEK SKI AREA, INC. BEAVER CREEK SKI CORPORATION BEAVER CREEK SKIING CORPORATION BEAVER CREEK SKI PATROL, INC. BEAVER CREEK SKI RENTAL, INC. BEAVER CREEK SKI REPAIR, INC. BEAVER CREEK SKI RESORT, INC. BEAVER CREEK SKI SCHOOL, INC. BEAVER CREEK SKI SERVICE, INC. BEAVER CREEK SKI SHOPS, INC. BEAVER CREEK SPORTING GOODS, INC. BEAVER CREEK SPORT SHOP, INC. BEAVER CREEK SPORTS, INC. BEAVER CREEK VACATION RESORT, INC. GAME CREEK CLUB, INC. LODGE AT BEAVER CREEK, INC. THE INN AT BEAVER CREEK, INC. THE ENCLAVE RESTAURANT, INC. THE INN AT BEAVER CREEK, INC. TRAIL'S END BAR, INC. VAIL ASSOCIATES DEVELOPMENT CORPORATION VAIL/BEAVER CREEK CENTRAL RESERVATIONS VAIL-BEAVER CREEK COMPANY VAIL BEAVER CREEK REAL ESTATE, INC. VAIL MOUNTAIN CLUB, INC. VAIL MOUNTAIN RESORT AND CONFERENCE CENTER, INC. VAIL MOUNTAIN RESORT, INC. VAIL PRODUCTIONS, INC. WILDWOOD SHELTER, INC
VAIL HOTEL MANAGEMENT COMPANY, LLC	Colorado	
VAIL RESORTS DEVELOPMENT COMPANY	Colorado	VAIL ASSOCIATES REAL ESTATE GROUP, INC.
VAIL RESORTS LODGING COMPANY	Delaware	VAIL RESORTS HOSPITALITY
VAIL RR, INC.	Colorado	
VAIL SUMMIT RESORTS, INC.	Colorado	BEAVER CREEK VILLAGE TRAVEL, INC. BRECKENRIDGE HOSPITALITY BRECKENRIDGE LODGING & HOSPITALITY BRECKENRIDGE MOUNTAIN RESORT,INC. BRECKENRIDGE SKI RESORT BRECKENRIDGE SKI RESORT CORPORATION BRECKENRIDGE SKI RESORT, INC. COLORADO VACATIONS, INC. KEYSTONE LODGE & SPA KEYSTONE RESORT KEYSTONE RESORT, INC. KEYSTONE TRAVEL RESERVATIONS FOR THE SUMMIT ROCKY MOUNTAIN RESORT RESERVATIONS ROCKY MOUNTAIN RESORT VACATIONS ROCKY MOUNTAIN SKI CONSOLIDATORS VAIL/BEAVER CREEK CENTRAL RESERVATIONS, INC.

		VAIL/BEAVER CREEK RESERVATIONS, INC. VAIL/BEAVER CREEK TRAVEL, INC.
VAIL TRADEMARKS, INC.	Colorado	
VAIL/ARROWHEAD, INC.	Colorado	
VAIL/BEAVER CREEK RESORT PROPERTIES, INC.	Colorado	ARROWHEAD PROPERTY MANAGEMENT COMPANY, INC. BACHELOR GULCH PROPERTY MANAGEMENT COMPANY, INC. BEAVER CREEK RESORT PROPERTIES BEAVER CREEK TENNIS CENTER, INC. TRAPPER'S CABIN, INC.
VAMHC, INC.	Colorado	
VR HEAVENLY CONCESSIONS, INC.	California	
VR HEAVENLY I, INC.	Delaware	
VR HEAVENLY II, INC.	Delaware	
VR HOLDINGS, INC.	Colorado	
ZION LODGE COMPANY	Colorado	

[1] Includes only those entities owned 50% or greater.

Exhibit 22

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-112601) and on Forms S-8 (Nos. 333-38321 and 333-145934) of Vail Resorts, Inc. of our report dated September 23, 2009 relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Denver, Colorado
September 23, 2009

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Robert A. Katz, certify that:

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

Date: September 24, 2009

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, Jeffrey W. Jones, certify that:

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

Date: September 24, 2009

/s/ JEFFREY W. JONES

Jeffrey W. Jones
Senior Executive Vice President and
Chief Financial Officer

Exhibit 32

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AND THE CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT
TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as an officer of Vail Resorts, Inc. (the "Company") that the Company's Annual Report on Form 10-K for the year ended July 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and the results of operations of the Company at the end of and for the periods covered by such Report.

Date: September 24, 2009

/s/ ROBERT A. KATZ

Robert A. Katz
Chief Executive Officer

Date: September 24, 2009

/s/ JEFFREY W. JONES

Jeffrey W. Jones
Senior Executive Vice President and
Chief Financial Officer

This certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is not a part of the Form 10-K to which it refers, and is, to the extent permitted by law, provided by each of the above signatories to the extent of his respective knowledge. This certification is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Vail Resorts, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing. A signed original of this written statement required by Section 906 has been provided to Vail Resorts, Inc. and will be furnished to the Securities and Exchange Commission or its staff upon request.