

Vail Resorts Files Amended Annual Report For Fiscal 2001 To Reflect Adjusted Club Revenues And Other Historical Financial Statement Adjustments

Company engaged new auditors PricewaterhouseCoopers LLP to re-audit the prior three fiscal years (2001-1999) Club initiation fee revenues to be amortized over 30 years Other adjustments, which decreased Resort EBITDA in two years and increased Resort EBITDA in one year, aggregate to a total of \$2.1 million in reduced Resort EBITDA and \$2.0 million in reduced net income over the historical three year period Cash balance unaffected by all the adjustments

VAIL, Colo. - October 25, 2002 - Vail Resorts, Inc. (NYSE: MTN) today filed an Amendment No.1 on Form 10-K/A (the "Amended 10-K") for the fiscal year ended July 31, 2001.

CLUB INITIATION FEES

As previously announced in its press release dated June 20, 2002, the Amended 10-K reflects the Company's change in accounting for recognizing revenue on initiation fees related to the sale of memberships in its private clubs. Under the new accounting, the Company will recognize the initiation fees as revenue over 30 years, the estimated life of the club facilities.

Historically, the Company had recognized the revenue from club initiation fees immediately or upon the completion of certain milestones, whichever occurred later. In its press release dated June 6, 2002, the Company provided an illustrative range of impacts using alternative amortization periods between 8 and 30 years, pending resolution of the issue. Based on the analyses at that time by the Company and its new auditors, the Company had announced that it would amortize the club initiation fee revenue over 12 years, which is the estimated life a member is expected to remain a member of a club. Nevertheless, to ensure the accuracy of its conclusion that club initiation fee revenue should be amortized over 12 years, the Company decided voluntarily to seek consultation from the accounting staff of the Securities and Exchange Commission regarding the alternatives that such amortization should be made over the average life of an individual membership (12 years) or the estimated life of the club itself (30 years). Based upon that consultation, the Company has now determined that the appropriate accounting is to recognize the initiation fee revenue over the life of the club facilities, which the Company has estimated at 30 years.

1999 - 2001 RE-AUDIT

In addition, the Company announced today that in connection with its change in auditors, it engaged PricewaterhouseCoopers LLP to re-audit the prior three fiscal years 2001, 2000 and 1999. As a result of the re-audit, the Company determined that several other historical adjustments should be made, which are also reflected in the Amended 10-K filed today and summarized below. The Company believed that it was prudent and in the best interests of the Company, its shareholders and other stakeholders to have PricewaterhouseCoopers LLP perform the re-audit in order to provide and foster confidence in the accuracy and completeness of the Company's historical financial statements.

As previously announced, the Company's historical cash balances were completely unaffected by the adjustment in club revenue, as well as the additional adjustments reflected in the Amended 10-K. The Company stated that the adjustment for club revenue constitutes approximately 86 percent of the pretax income adjustment included in the Amended 10-K. The other adjustments impacting Resort earnings before interest income and expense, income tax expense, depreciation and amortization ("EBITDA") aggregate only \$2.1 million for the three prior years combined.

The impacts of the 30-year amortization period for club revenue and the other adjustments included in the filing fall generally into three categories:

Statement of Operations:

Approximately 86 percent of the pretax adjustments to the Statement of Operations relate to the impact of the initiation fee revenue. In addition, adjustments in certain reserve amounts were made. Workers' compensation liabilities now reflect the Company's entire estimated liability for the claims rather than the estimates provided at the time by the Company and its third party administrator, which were incomplete. Medical expense reflects the incurred but not reported medical claims at the end of each fiscal year. Legal liabilities better reflect the timing of those actual expenses. The Company also made certain adjustments to record its equity losses with respect to its employee housing joint ventures. The effect on Resort EBITDA of the liability and equity loss adjustments was a decrease of \$1.3 million, an increase of \$0.4 million and a decrease of \$1.3 million in

1999, 2000 and 2001, respectively.

Reclassification of Income:

The Company reclassified, as separate line items on the Statement of Operations, equity investment income from non-consolidated joint ventures, for each of the Company's reporting segments. There is no impact on net income, earnings per share ("EPS") or EBITDA from the reclassification of those items. In the future, the Company will continue the new presentation of equity investment income.

Balance Sheet:

The majority of the restated balance sheet impacts, for the prior three years and the pre-1999 period, relate directly to the restatement of club initiation fee revenue, by recording deferred revenue for the actual receipt of the cash initiation fees, offset by a reduction to retained earnings in the amount corresponding to the restated reduction in revenue. The previously mentioned increases in liabilities were also reflected on the restated balance sheet. The remaining balance sheet adjustments pertain to the financial statement presentation of restricted stock grants and the income statement classification of equity income from unconsolidated subsidiaries. These adjustments had no impact on net income or EPS.

The following table summarizes the impact of the restatement on the Statement of Operations, including both club initiation fees and the other adjustments:

The balance sheet impact from both club initiation fees and the other adjustments is summarized as follows:

CONFERENCE CALL

The Company will hold its 2002 year-end earnings release conference call on Tuesday, October 29, at 11:00am EST, also available on live webcast at www.vailresorts.com. At that time, results for Fiscal 2002 will be discussed, along with the adjustments reflected in the Amended 10-K.

Vail Resorts, Inc. is the premier mountain resort operator in North America. The Company's subsidiaries operate the mountain resorts of Vail, Beaver Creek, Breckenridge and Keystone in Colorado, Heavenly Resort in California and Nevada and the Grand Teton Lodge Company in Jackson Hole, Wyoming. In addition, the Company's RockResorts luxury resort hotel company operates 10 resort hotels throughout the United States. The Vail Resorts corporate website is www.vailresorts.com and the consumer websites are www.snow.com and www.rockresorts.com. Vail Resorts is a publicly held company traded on the New York Stock Exchange (NYSE: MTN).

Statements in this press release, other than statements of historical information, are forward looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof. Such risks and uncertainties include but are not limited to general business and economic conditions; competitive factors in the ski and resort industries; failure to successfully integrate acquisitions; uncertainties and issues arising, positive or negative, related to the restatement of earnings, including the change in accounting for the revenue recognition of club membership fees; the impact of the September 11 terrorist attacks on the travel industry and the company and/or misinterpretation of same; the possibility of war or additional terrorist attacks; and the weather. Investors are also directed to other risks discussed in documents filed by the Company with the Securities and Exchange Commission.

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