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

FORM 10-Q. --QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[X] Quarterly Report Pursuant to Section 13 Or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended January 31, 2001

[_] Transition Report Pursuant to Section 13 Or 15(d) of the Securities Exchange Act of 1934 For the transition period from to

Commission File Number: 1-9614

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

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

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

None.
(Former name, former address and former fiscal year, if changed since last report)

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

As of March 12, 2001, 7,439,834 shares of Class A Common Stock and 27,493,797 shares of Common Stock were issued and outstanding.

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PART I   FINANCIAL INFORMATION

Item 1.   Financial Statements

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

	January 31, 2001	July 31, 2000	January 31, 2000
Assets			
Current assets:			
Cash and cash equivalents	$ 25,644	$ 18,668	$ 22,615
Receivables, net	43,163	39,427	42,648
Income taxes receivable	--	--	268
Inventories	27,580	24,092	26,257
Deferred income taxes	10,364	10,364	10,404
Other current assets	6,878	7,803	7,850
Total current assets	113,629	100,354	110,042
Property, plant and equipment, net	681,590	655,172	630,744
Real estate held for sale and investment	143,610	147,172	161,835
Deferred charges and other assets	43,234	30,260	32,515
Intangible assets, net	191,366	194,860	199,014
Total assets	$ 1,173,429	$ 1,127,818	$ 1,134,150
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 159,027	$ 105,502	$ 151,406
Income taxes payable	616	2,645	--
Long-term debt due within one year (Note 5)	2,044	2,037	1,458
Total current liabilities	161,687	110,184	152,864
Long-term debt (Note 5)	380,513	392,198	399,587
Other long-term liabilities	33,403	31,710	30,600
Deferred income taxes	88,924	92,577	75,993
Commitments and contingencies (Note 3)	--	--	--
Minority interest in net assets of consolidated investees	17,002	7,394	7,550
Stockholders' equity:			
Common stock--			
Class A common stock, $0.01 par value, 20,000,000 shares authorized, 7,439,834 shares issued and outstanding	74	74	74
Common stock, $0.01 par value, 40,000,000 shares authorized, 27,489,630, 27,182,123 and 27,177,698 shares issued and outstanding at January 31, 2001, July 31, 2000 and January 31, 2000, respectively	275	272	272
Additional paid-in capital	407,750	404,564	405,200
Retained earnings	83,801	88,845	62,010
Total stockholders' equity	491,900	493,755	467,556
Total liabilities and stockholders' equity	$ 1,173,429	$ 1,127,818	$ 1,134,150

See accompanying notes to consolidated condensed financial statements.

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

	Three Months Ended January 31, 2001	Three Months Ended January 31, 2000
Net revenues:		
Resort	$ 179,586	$ 161,128
Real estate	9,811	1,749
Total net revenues	189,397	162,877
Operating expenses:		
Resort	127,569	113,031
Real estate	6,732	3,745
Depreciation and amortization	16,183	15,023
Total operating expenses	150,484	131,799
Income from operations	38,913	31,078
Other income (expense):		
Investment income	613	343
Interest expense	(9,219)	(10,016)
Gain (loss) on disposal of fixed assets	96	(32)
Other expense	(9)	(73)
Minority interest in consolidated investees	(2,809)	(2,095)
Income before income taxes	27,585	19,205
Provision for income taxes	(11,448)	(8,258)
Net income	$ 16,137	$ 10,947
Net income per common share (Note 4):		
Basic	$ 0.46	$ 0.32
Diluted	$ 0.46	$ 0.31

See accompanying notes to consolidated condensed financial statements.

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

	Six Months Ended January 31, 2001	Six Months Ended January 31, 2000
Net revenues:		
Resort	$ 241,037	$ 217,987
Real estate	18,787	10,719
Total net revenues	259,824	228,706
Operating expenses:		
Resort	207,522	190,329
Real estate	11,041	9,608
Depreciation and amortization	31,826	29,923
Total operating expenses	250,389	229,860
Income (loss) from operations	9,435	(1,154)
Other income (expense):		
Investment income	1,286	698
Interest expense	(18,120)	(18,899)
Loss on disposal of fixed assets	(166)	(74)
Other expense	(18)	(90)
Minority interest in consolidated investees	(1,039)	(651)
Loss before income taxes	(8,622)	(20,170)
Benefit for income taxes	3,578	8,673
Net loss	$ (5,044)	$ (11,497)
Net loss per common share (Note 4):		
Basic	$ (0.14)	$ (0.33)
Diluted	$ (0.14)	$ (0.33)

See accompanying notes to consolidated condensed financial statements.

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

	Six Months Ended January 31, 2001	Six Months Ended January 31, 2000
Cash flows from operating activities:		
Net loss	$ (5,044)	$ (11,497)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	31,826	29,923
Non-cash cost of real estate sales	5,331	3,166
Non-cash compensation related to stock grants	210	81
Non-cash equity income	(2,027)	(3,143)
Deferred financing costs amortized	879	867
Loss on disposal of fixed assets	166	74
Deferred income taxes, net	(3,653)	(8,673)
Minority interest in consolidated investees	1,039	651
Changes in assets and liabilities:		
Receivables, net	(3,736)	(12,998)
Inventories	(3,488)	(3,452)
Accounts payable and accrued expenses	52,449	61,961
Income taxes payable	(2,029)	(1,901)
Other assets and liabilities, net	(4,895)	(5,944)
Net cash provided by operating activities	67,028	49,115
Cash flows from investing activities:		
Investments in/distributions from equity-method investees, net	5,205	--
Cash received from sale of fixed assets	539	252
Resort capital expenditures	(23,832)	(41,406)
Investments in real estate	(27,154)	(13,450)
Net cash used in investing activities	(45,242)	(54,604)
Cash flows from financing activities:		
Proceeds from the exercise of stock options	3,192	314
Cash financing provided to equity-method investees	(7,400)	--
Proceeds from the cancellation of interest rate swap agreements (Note 2)	1,076	--
Deferred financing costs paid	--	(393)
Proceeds from borrowings under long-term debt	111,600	105,750
Payments on long-term debt	(123,278)	(102,891)
Net cash provided by (used in) financing activities	(14,810)	2,780
Net increase (decrease) in cash and cash equivalents	6,976	(2,709)
Cash and cash equivalents:		
Beginning of period	18,668	25,324
End of period	$ 25,644	$ 22,615

See accompanying notes to consolidated condensed financial statements.

1. Basis of Presentation

Vail Resorts, Inc. ("Vail Resorts") is organized as a holding company and operates through various subsidiaries. Vail Resorts and its subsidiaries (collectively, the "Company") currently operate in two business segments: resorts and real estate. The Vail Corporation (d/b/a Vail Associates, Inc.), an indirect wholly owned subsidiary of Vail Resorts, and its subsidiaries (collectively, "Vail Associates") operate four of the world's largest skiing facilities on Vail, Breckenridge, Keystone and Beaver Creek mountains in Colorado. In addition to the ski resorts, Vail Associates owns and operates Grand Teton Lodge Company ("GTLC"), which operates three resorts within Grand Teton National Park (under a National Park Service concessionaire contract) and the Jackson Hole Golf & Tennis Club in Wyoming, and Snake River Lodge & Spa ("SRL&S") near Jackson, Wyoming. Vail Resorts Development Company ("VRDC"), a wholly owned subsidiary of Vail Associates, conducts the Company's real estate development activities. The Company's resort businesses are seasonal in nature. The Company's ski resort businesses and related amenities typically have operating seasons from late October through mid-May; the Company's operations at GTLC generally run from mid-May through mid-October.

In the opinion of the Company, the accompanying consolidated condensed financial statements reflect all adjustments necessary to present fairly the Company's financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. Results for interim periods are not indicative of the results for the entire year. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended July 31, 2000, included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2000.

2. Summary of Significant Accounting Policies

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

Reclassifications--Certain reclassifications have been made to the accompanying consolidated condensed financial statements as of July 31, 2000 and the three and six months ended January 31, 2000 to conform to the present period presentation.

Interest Rate Agreements--At July 31, 2000, the Company had in effect interest rate swap agreements ("Swap Agreements") with notional amounts totaling $75.0 million maturing in December 2002. In October 2000, the Company canceled the Swap Agreements in exchange for a cash payment of $1.1 million. The $1.1 million gain has been deferred and will be recognized over the original life of the Swap Agreements, in accordance with the Financial Accounting Standards Board ("FASB") Emerging Issues Task Force Issue No. 84-7, "Termination of Interest Rate Swaps". As of January 31, 2001, the Company has recognized $0.1 million of the total gain related to the cancellation of the Swap Agreements.

New Accounting Standards--In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 was to be effective for all fiscal quarters of fiscal years beginning after June 15, 1999. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. In July 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities -Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 137 deferred the effective date of SFAS No. 133 until fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an Amendment of FASB Statement No. 133". SFAS No. 138 addresses a limited number of issues causing difficulties in the implementation of SFAS No. 133 and is required to be adopted concurrently with SFAS No. 133. The Company has not engaged in hedging activities and therefore the adoption of SFAS No. 133 and SFAS No. 138 did not have a material impact on the Company's financial position or results of operations.

2. Summary of Significant Accounting Policies (Continued)

The Company is required to adopt Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements", in the fourth quarter of fiscal 2001. SAB 101 provides guidance on the application of existing accounting standards with respect to revenue recognition. The Company's current accounting policies and procedures comply with SAB 101, therefore the Company does not believe the adoption of SAB 101 will have a material impact on the Company's financial position or results of operations.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities--a Replacement of FASB Statement No. 125". SFAS No. 140 revises the standards for accounting for securitizations and other transfers of financial assets and collateral and requires certain disclosures, yet carries over the majority of the provisions of FASB Statement No. 125. SFAS No. 140 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001. The Company has not entered into transactions falling under the scope of SFAS No. 140 and therefore does not believe its adoption will have a material impact on its financial position or results of operations.

3. Commitments and Contingencies

Smith Creek Metropolitan District ("SCMD") and Bachelor Gulch Metropolitan District ("BGMD") were organized in November 1994 to cooperate in the financing, construction and operation of basic public infrastructure serving the Company's Bachelor Gulch Village development. SCMD was organized primarily to own, operate and maintain water, street, traffic and safety, transportation, fire protection, parks and recreation, television relay and translation, sanitation and certain other facilities and equipment of BGMD. SCMD is comprised of approximately 150 acres of open space land owned by the Company and members of the Board of Directors of SCMD. In two planned unit developments, Eagle County has granted zoning approval for 1,395 dwelling units within Bachelor Gulch Village, including various single-family homesites, cluster homes, townhomes, and lodging units. The developers' current plans, however, call for approximately 932 dwelling units to be constructed over the next 10 years. As of January 31, 2001, the Company has sold 104 single-family homesites and nineteen parcels to developers for the construction of various types of dwelling units. Currently, SCMD has outstanding $38.4 million of variable rate revenue bonds maturing on October 1, 2035, which have been enhanced with a $40.7 million letter of credit issued against the Company's Credit Facility (as defined herein). It is anticipated that, as Bachelor Gulch Village expands, BGMD will become self supporting and that within 25 to 35 years it will issue general obligation bonds, the proceeds of which will be used to retire the SCMD revenue bonds. Until that time, the Company has agreed to subsidize the interest payments on the SCMD revenue bonds. The Company has estimated the present value of the remaining aggregate subsidy to be $20.5 million at January 31, 2001. The Company has allocated $10.6 million of that amount to the Bachelor Gulch Village homesites which were sold as of January 31, 2001 and has recorded that amount as a liability in the accompanying financial statements. The total subsidy incurred as of January 31, 2001 and July 31, 2000 was $7.5 million and $6.5 million, respectively.

At January 31, 2001 the Company had various other letters of credit outstanding in the aggregate amount of $45.9 million.

The Company purchased a Reduced Skier Day Insurance Policy, a customized insurance product, for the 1999-2000 ski season. The policy provided for the Company to receive a fixed payment for each paid skier day below certain targeted levels for the season. The Company settled its claim under the Reduced Skier Day Insurance Policy in January 2001 for a total of $16.1 million. The entire settlement amount has been collected by the Company.

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

3. Commitments and Contingencies (Continued)

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

The Company has executed as lessee non-cancelable operating leases for the rental of office space, employee residential units and office equipment through fiscal 2009. For the six months ended January 31, 2001 and 2000, lease expense of $7.2 million and $7.1 million, respectively, related to these agreements was recorded and is included in the accompanying consolidated condensed statements of operations.

Future minimum lease payments under these leases as of January 31, 2001 are as follows (in thousands):

Due during fiscal years ending July 31:	
2001	$ 4,980
2002	6,382
2003	4,846
2004	3,512
2005	2,002
Thereafter	7,455
Total	$29,177

4. Net Earnings Per Common Share

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

	Three Months Ended January 31,			
	2001		2000	
	(In thousands, except per share amounts)			
	Basic	Diluted	Basic	Diluted
Net income per common share:				
Net income	$16,137	$16,137	$10,947	$10,947
Weighted average shares outstanding	34,980	34,980	34,618	34,618
Effect of dilutive stock options	--	283	--	227
Total shares	34,980	35,263	34,618	34,845
Net income per common share	$ 0.46	$ 0.46	$ 0.32	$ 0.31

	Six Months Ended January 31,			
	2001		2000	
	(In thousands, except per share amounts)			
	Basic	Diluted	Basic	Diluted
Net loss per common share:				
Net loss	$(5,044)	$(5,044)	$(11,497)	$(11,497)
Weighted average shares outstanding	34,838	34,838	34,573	34,573
Net loss per common share	$ (0.14)	$ (0.14)	$ (0.33)	$ (0.33)

The calculation of diluted EPS for the six months ended January 31, 2001 and 2000 does not include the effect of dilutive stock options, as such effect is actually anti-dilutive due to the net loss position of the Company.

5. Long-Term Debt

Long-term debt as of January 31, 2001 and July 31, 2000 is summarized as follows (in thousands):

	Maturity(e)	January 31, 2001	July 31, 2000
Industrial Development Bonds(a)	2003-2020	$ 63,200	$ 63,200
Credit Facilities (b)	2003	114,900	126,000
Senior Subordinated Notes (c)	2009	200,000	200,000
Other(d)	2001-2029	4,457	5,035
		382,557	394,235
Less: Maturities due within 12 months		2,044	2,037
		$ 380,513	$ 392,198

5. Long-Term Debt (Continued)

(a) The Company has $41.2 million of outstanding Industrial Development Bonds issued by Eagle County, Colorado that mature, subject to prior redemption, on August 1, 2019. These bonds accrue interest at 6.95% per annum, with interest due semi-annually on February 1 and August 1. In addition, the Company has outstanding two series of refunding bonds. The Series 1990 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of $19.0 million, which matures in installments in 2006 and 2008. These bonds bear interest at a rate of 7.75% for bonds maturing in fiscal 2007 and 7.875% for bonds maturing in fiscal 2009. The Series 1991 Sports Facilities Refunding Revenue Bonds have an aggregate outstanding principal amount of $3.0 million and bear interest at 7.125% for bonds maturing in fiscal 2003 and 7.375% for bonds maturing in fiscal 2011. Collectively, the bonds are referred to herein as the "Industrial Development Bonds".

(b) The Company's credit facilities consist of a revolving credit facility ("Credit Facility") that provides for debt financing up to an aggregate principal amount of $450 million. Borrowings under the Credit Facility bear interest annually at the Company's option at the rate of (i) LIBOR (5.57% at January 31, 2001) plus a margin or (ii) the agent's prime lending rate (8.50% at January 31, 2001) plus a margin. The Company also pays a quarterly unused commitment fee. The interest margins fluctuate based upon the ratio of the Company's total Funded Debt to the Company's Resort EBITDA (as defined in the underlying Credit Facility). The Credit Facility matures on December 19, 2002.

SSI Venture LLC's credit facility ("SSV Facility") provides debt financing up to an aggregate principal amount of $25 million. Vail Associates guarantees the SSV Facility. The SSV Facility consists of (i) a $15 million Tranche A revolving credit facility and (ii) a $10 million Tranche B term loan facility. The Tranche A revolving credit facility matures on the earlier of December 31, 2003 or the termination date of the Credit Facility discussed above. The principal amount outstanding on the Tranche B term loan was $8.0 million at January 31, 2001. Future minimum amortization under the Tranche B Term Loan Facility is $0.5 million, $1.0 million, $1.0 million and $5.5 million during fiscal years 2001, 2002, 2003, and 2004, respectively. The SSV Facility bears interest annually at the rates prescribed above for the Credit Facility. SSI Venture LLC also pays a quarterly unused commitment fee.

(c) The Company has outstanding $200 million of Senior Subordinated Notes (the "Notes"). The Notes have a fixed annual interest rate of 8.75%, with interest due semi-annually on May 15 and November 15. The Notes will mature on May 15, 2009 and no principal payments are due to be paid until maturity. The Company has certain early redemption options under the terms of the Notes. Substantially all of the Company's subsidiaries have guaranteed the Notes. The Notes are subordinated to certain of the Company's debts, including the Credit Facility, and will be subordinated to certain of the Company's future debts. The proceeds of the offering were used to reduce the Company's outstanding debt under the Credit Facility.

(d) Other obligations bear interest at rates ranging from 5.45% to 8.0% and have maturities ranging from 2001 to 2029.

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

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

Due during fiscal years ending July 31.	As of January 31, 2001
2001	$ 1,195
2002	1,545
2003	109,455
2004	5,558
2005	61
Thereafter	264,743
Total Debt	$ 382,557

6. Guarantor Subsidiaries and Non-Guarantor Subsidiaries

The Company's payment obligations under the 8.75% Senior Subordinated Notes due 2009 (see Note 5) are fully and unconditionally guaranteed on a joint and several, senior subordinated basis by substantially all of the Company's consolidated subsidiaries (collectively, and excluding the Non-Guarantor Subsidiaries (as defined below), the "Guarantor Subsidiaries") except for SSI Venture LLC ("SSV"), Vail Associates Investments, Inc. and Vail Resorts Holdings, Inc. (together, the "Non-Guarantor Subsidiaries"). SSV is a 51.9%-owned joint venture which owns and operates certain retail and rental operations. Vail Associates Investments, Inc. and Vail Resorts Holdings, Inc. are 100%-owned corporations which own certain real estate held for sale.

Presented below is the consolidated condensed financial information of Vail Resorts, Inc. (the "Parent Company"), the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries as of January 31, 2001 and July 31, 2000 and for the six months ended January 31, 2001 and 2000.

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

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

Supplemental Condensed Consolidating Balance Sheet
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
			January 31, 2001		
Current assets:					
Cash and cash equivalents	$	$ 25,348	$ 296	$ --	$ 25,644
Receivables, net	200	40,195	2,768	--	43,163
Inventories	--	8,308	19,272	--	27,580
Deferred income taxes	1,134	9,230	--	--	10,364
Other current assets	--	5,810	1,068	--	6,878
Total current assets	1,334	88,891	23,404	--	113,629
Property, plant and equipment, net	--	666,777	14,813	--	681,590
Real estate held for sale and investment	--	137,976	5,634	--	143,610
Deferred charges and other assets	6,098	36,895	241	--	43,234
Intangible assets, net	--	178,327	13,039	--	191,366
Investments in subsidiaries and advances to (from) subsidiaries	689,905	2,911	(5,144)	(687,672)	--
Total assets	$ 697,337	$1,111,777	$51,987	$ (687,672)	$1,173,429
Current liabilities:					
Accounts payable and accrued expenses	$ 4,722	$ 133,735	$20,570	$ --	$ 159,027
Income taxes payable	--	616	--	--	616
Long-term debt due within one year	--	1,044	1,000	--	2,044
Total current liabilities	4,722	135,395	21,570	--	161,687
Long-term debt	200,000	167,113	13,400	--	380,513
Other long-term liabilities	715	32,688	--	--	33,403
Deferred income taxes	--	88,924	--	--	88,924
Minority interest in net assets of consolidated investees	--	24,825	(7,823)		17,002
Total stockholders' equity	491,900	662,832	24,840	(687,672)	491,900
Total liabilities and stockholders' equity	$697,337	$1,111,777	$51,987	$ (687,672)	$1,173,429
			July 31, 2000		
Current assets:					
Cash and cash equivalents	$ --	$ 18,346	$ 322	$ --	$ 18,668
Receivables, net	200	38,591	636	--	39,427
Inventories	--	8,720	15,372	--	24,092
Deferred income taxes	1,134	9,230	--	--	10,364
Other current assets	--	7,122	681	--	7,803
Total current assets	1,334	82,009	17,011	--	100,354
Property, plant and equipment, net	--	643,680	11,492	--	655,172
Real estate held for sale and investment	--	141,538	5,634	--	147,172
Deferred charges and other assets	6,452	23,708	100	--	30,260
Intangible assets, net	--	182,492	12,368	--	194,860
Investments in subsidiaries and advances to (from) subsidiaries	691,670	(9,324)	(6,004)	(676,342)	--
Total assets	$ 699,456	$1,064,103	$40,601	$ (676,342)	$1,127,818
Current liabilities:					
Accounts payable and accrued expenses	$ 4,699	$ 89,962	$10,841	$ --	$ 105,502
Income taxes payable	--	2,645	--	--	2,645
Long-term debt due within one year	--	1,037	1,000	--	2,037
Total current liabilities	4,699	93,644	11,841	--	110,184
Long-term debt	200,000	179,198	13,000	--	392,198
Other long-term liabilities	1,002	30,708	--	--	31,710
Deferred income taxes	--	92,577	--	--	92,577
Minority interest in net assets of consolidated investees	--	100	7,294	--	7,394
Total stockholders' equity	493,755	667,876	8,466	(676,342)	493,755
Total liabilities and stockholders' equity	$ 699,456	$1,064,103	$40,601	$ (676,342)	$1,127,818

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

Supplemental Condensed Consolidating Statement of Operations
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	For the Six Months Ended January 31, 2001				
Total revenues	$ --	$ 213,013	$ 48,079	$ (1,268)	$ 259,824
Total operating expenses	278	205,989	45,390	(1,268)	250,389
Income (loss) from operations	(278)	7,024	2,689	--	9,435
Other expense	(9,103)	(7,279)	(636)	--	(17,018)
Minority interest in net income of consolidated investees	--	--	(1,039)	--	(1,039)
Income (loss) before income taxes	(9,381)	(255)	1,014	--	(8,622)
Benefit (provision) for income taxes	3,893	(315)	--	--	3,578
Net income (loss) before equity in income of consolidated subsidiaries	(5,488)	(570)	1,014	--	(5,044)
Equity in income of consolidated subsidiaries	444	1,014	--	(1,458)	--
Net income (loss)	$ (5,044)	$ 444	$ 1,014	$ (1,458)	$ (5,044)
	For the Six Months Ended January 31, 2000				
Total revenues	$ --	$ 188,502	$ 41,003	$ (799)	$ 228,706
Total operating expenses	1,050	190,622	38,987	(799)	229,860
Income (loss) from operations	(1,050)	(2,120)	2,016	--	(1,154)
Other expense	(8,701)	(9,002)	(662)	--	(18,365)
Minority interest in net income of consolidated investees	--	--	(651)	--	(651)
Income (loss) before income taxes	(9,751)	(11,122)	703	--	(20,170)
Benefit for income taxes	4,193	4,480	--	--	8,673
Net income (loss) before equity in income (loss)of consolidated subsidiaries	(5,558)	(6,642)	703	--	(11,497)
Equity in income (loss) of consolidated subsidiaries	(5,939)	703	--	5,236	--
Net income (loss)	$ (11,497)	$ (5,939)	$ 703	$ 5,236	$ (11,497)

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

Supplemental Condensed Consolidating Statement of Cash Flows
(in thousands)

	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	For the Six Months Ended January 31, 2001			
Cash flows provided by (used in) operating activities	$ (8,608)	$ 70,520	$ 5,116	$ 67,028
Cash flows from investing activities:				
Resort capital expenditures	--	(18,048)	(5,784)	(23,832)
Investments in real estate	--	(27,154)	--	(27,154)
Other investing activities, net	--	5,744	--	5,744
Net cash used in investing activities	--	(39,458)	(5,784)	(45,242)
Cash flows from financing activities:				
Other financing activities, net	3,192	(6,324)	--	(3,132)
Proceeds from borrowings under long-term debt	--	110,700	900	111,600
Payments on long-term debt	--	(122,778)	(500)	(123,278)
Advances (to) from affiliates	5,416	(5,658)	242	--
Net cash provided by (used in) financing activities	8,608	(24,060)	642	(14,810)
Net increase (decrease) in cash and cash equivalents	--	7,002	(26)	6,976
Cash and cash equivalents:				
Beginning of period	--	18,346	322	18,668
End of period	$ --	$ 25,348	$ 296	$ 25,644
	For the Six Months Ended January 31, 2000			
Cash flows provided by (used in) operating activities	$ (22,577)	$ 66,266	$ 5,426	$ 49,115
Cash flows from investing activities:				
Resort capital expenditures	--	(39,852)	(1,554)	(41,406)
Investments in real estate	--	(13,450)	--	(13,450)
Cash received from sale of assets	--	252	--	252
Net cash used in investing activities	--	(53,050)	(1,554)	(54,604)
Cash flows from financing activities:				
Other financing activities, net	(73)	(6)	--	(79)
Proceeds from borrowings under long-term debt	--	105,750	--	105,750
Payments on long-term debt	--	(100,141)	(2,750)	(102,891)
Advances (to) from affiliates	22,650	(22,886)	236	--
Net cash provided by (used in) financing activities	22,577	(17,283)	(2,514)	2,780
Net increase (decrease) in cash and cash equivalents	--	(4,067)	1,358	(2,709)
Cash and cash equivalents:				
Beginning of period	--	24,946	378	25,324
End of period	$ --	$ 20,879	$ 1,736	$ 22,615

7. Related Party Transactions

In November 2000, the Company invested in the purchase of a primary residence in the Vail Valley for Martin White, Senior Vice President, Marketing for the Company. The Company contributed $0.6 million towards the purchase price of the residence and thereby obtained an approximate 37.5% undivided ownership interest in such residence. In addition, the Company has agreed to fund certain future improvements to the property, not to exceed 50% of the fair value of the property. The Company shall be entitled to receive its proportionate share of the resale price of the residence, less certain deductions, upon the earlier of the resale of the residence or within approximately 18 months after Mr. White's termination of employment from the Company.

In February 2001, the Company invested in the purchase of a primary residence in Breckenridge, Colorado for Roger McCarthy, Chief Operating Officer for Breckenridge. The Company contributed $0.4 million towards the purchase price of the residence and thereby obtained an approximate 40% undivided ownership interest in such residence. The Company shall be entitled to receive its proportionate share of the resale price of the residence, less certain deductions, upon the earlier of the resale of the residence or within approximately 18 months after Mr. McCarthy's termination of employment from the Company.

8. Acquisitions and Business Combinations

On June 14, 1999, the Company purchased 100% of the outstanding shares of GTLC, a Wyoming corporation, from CSX Corporation for a total purchase price of $55 million. The acquisition was accounted for under the purchase method of accounting. GTLC operates four resort properties in northwestern Wyoming: Jenny Lake Lodge, Jackson Lake Lodge, Colter Bay Village and Jackson Hole Golf & Tennis Club. GTLC operates the first three resorts, all located within Grand Teton National Park, under a concessionaire contract with the National Park Service. Jackson Hole Golf & Tennis Club is located outside the park on property owned by GTLC and includes approximately 30 acres of developable land.

The following unaudited pro forma revenue for the six months ended January 31, 1999 assumes the acquisition of GTLC occurred on August 1, 1998. The pro forma revenue is not necessarily indicative of the actual revenue that would have been recognized, nor is it necessarily indicative of future revenue. The unaudited revenue for the six months ended January 31, 2001 and 2000 is provided for comparative purposes. Pro forma net income and EPS are not presented, as the pro forma adjustments are immaterial to the actual net income and EPS of the Company, and, in the opinion of the Company, would not provide additional meaningful information to the reader.

	Six Months Ended January 31, 2001	Six Months Ended January 31, 2000	Pro Forma Six Months Ended January 31, 1999
		(unaudited)	
Total revenue	$ 259,824	$ 228,706	$ 222,742

In October 2000, the Company invested in a newly formed Irish corporation whose purpose is to develop a resort-based reservations system which will enable the shopping, booking and distribution of packaged vacations. In return for an initial investment of $5 million, the Company received a 49% interest in the joint venture. The Company paid $0.8 million at closing and the remainder of the initial investment is due in quarterly installments over the following twelve-month period. The Company will be granted a free license to use the system and will be charged at favorable rates for ongoing maintenance and on-site support. In addition, the Company is obligated to provide certain levels of marketing assistance. The Company will also earn a commission for all customers referred. The Company anticipates that such system will be completed and ready for the Company's use in time for the 2002-03 ski season.

8. Acquisitions and Business Combinations (Continued)

Also in October 2000, the Company entered into a joint venture agreement with a venture led by an affiliate of Continental Gencom for the construction of The Ritz-Carlton, Bachelor Gulch (the "Hotel"). The Hotel, scheduled to open in late 2002, is being developed by The Athens Group, of Phoenix, Arizona, and will include a 238-room hotel, a 20,000-square-foot spa and fitness center, ski rental, lesson and retail space, restaurants plus meeting space. In addition, 23 privately owned luxury penthouse residences are being built above the hotel. All 23 of these penthouses are currently under contract. The Company will receive a 49% interest in the joint venture in return for a cash investment of $3.8 million, land contribution with a $3.4 million book value, and an interest-bearing loan to the joint venture of up to $4.5 million. Construction of the entire hotel project is expected to cost approximately $162 million. In order to cover construction costs, the joint venture is obtaining $97 million in debt financing from a syndicate of banks. The remainder is being funded by a combination of equity and debt contributed by the partners, mezzanine financing, and the sale of condominiums. Under the terms of the joint venture, the Company will provide golf, spa and club privileges for a fee of $3.7 million. The Company received $1.5 million in December 2000, and will receive $1.5 million when the golf course opens and $0.7 million as penthouse residences close. Separately, the Company will contract with the hotel joint venture to acquire the 20,000-square-foot spa, plus 8,000 square feet of skier services area, at the developer's cost of approximately $13 million. The majority of this expense is expected to be recouped through membership sales in the Bachelor Gulch Club.

In December 2000, the Company acquired a 51% interest in the Renaissance Resort and Spa near Jackson, Wyoming. The Company's initial equity investment was $9.0 million, and the Company also provided a $5.0 million loan at market rates to the new entity. The Company concurrently entered into a contract to manage the ongoing operations of the hotel and related facilities, and also has an option to purchase the 49% minority interest in five years. Renaissance Resort and Spa was renamed Snake River Lodge & Spa, and consists of a recently refurbished 101-room hotel which includes three restaurants and lounges, meeting and conference space, and a new 8,000 square foot indoor-outdoor pool complex. In addition, a 10,000 square foot spa and fitness center and an attached 43-unit luxury condominium project are both under construction and scheduled to open in summer 2001.

In March 2001, the Company acquired a 51% interest in a newly formed joint venture, Resort Technology Partners, LLC ("RTP"). The Company's investment consisted of $2.5 million cash plus the assets, services and staff groups from VailNet, InterNetWorks, and the Company's internal New Media department. The minority interest partner in RTP contributed its entire business of resort application software and e-commerce to the new entity. RTP has been formed to develop, sell and deliver technology-based products and services to hospitality and resort businesses.

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's July 31, 2000 Annual Report on Form 10-K and the consolidated condensed interim financial statements as of January 31, 2001 and 2000 and for the three and six months then ended, included in Part I, Item 1 of this Form 10-Q, which provide additional information regarding the financial position, results of operations and cash flows of the Company.

The Company's financial performance for the three and six months ended January 31, 2001 was favorably impacted by a number of factors: a) an 87% increase in the number of season passes sold compared to the 1999-2000 season, b) more normal early season snowfall in the 2000-01 ski season than in the previous two ski seasons, c) a return to more normal Christmas/New Year holiday travel patterns after concerns surrounding the millennium dampened holiday travel for the 1999-2000 season, and d) slight shifts in our skier demographic with respect to destination travelers which have had a favorable impact on margins. In addition, the completion of the Blue Sky Basin expansion at Vail Mountain and Vail's ranking as the number one ski resort in North America by Ski Magazine have both contributed to increased skier volumes at Vail Mountain.

The Company's four ski resorts currently have excellent ski conditions, good visitation and solid advance bookings for the remainder of the season. However, this favorable outlook is tempered by indications of an economic downturn, which could impact both the travel and real estate markets. To counter the potential effect of an economic slowdown on the Company's results of operations for fiscal 2001, the Company is tightly managing expenses to the extent possible without compromising the quality of the Company's product. However, as the Company has previously indicated, hourly wage rates for seasonal employees were increased significantly for the 2000-01 ski season in order to remain competitive in a tight labor market. In addition, there has been strong pressure during the 2000-01 ski season from the Company's primary Colorado competitor in terms of price discounting. The Company responds to competition and pricing as conditions warrant.

The Company's real estate revenue and operating income have grown significantly in fiscal 2001 as compared to fiscal 2000, primarily due to the sale of land for the construction of The Ritz-Carlton(R), Bachelor Gulch and the adjacent Ritz Carlton Residences, an interval ownership project. Real estate operations continue to trend favorably, as the Company currently has 122 reservations for 15 ski-in ski-out single-family homesites in Arrowhead Village at Beaver Creek and 197 reservations for an 80-unit condominium project in Breckenridge. Although the reservations for the Company's real estate developments do not create binding contracts to buy, the reservations are indicative of the level of consumer interest in the development. Additionally, an economic downturn could have a significant unfavorable impact on the real estate market.

While the Company is pleased with its fiscal 2001 financial performance through January 31, 2001, management recognizes that there are potential obstacles to continuing this favorable financial performance through the fiscal year end as noted above and in the "Cautionary Statement" section of this Form 10-Q.

Presented below is comparative data for the three and six months ended January 31, 2001 as compared to the three and six months ended January 31, 2000.

Three Months Ended January 31, 2001 versus Three Months Ended January 31, 2000

	Three Months Ended January 31, 2001	2000	Increase	Percentage Increase
	(unaudited) (dollars in thousands)			
Resort Revenue	$ 179,586	$ 161,128	$ 18,458	11.5
Resort Operating Expense	127,569	113,031	14,538	12.9

Resort Revenue. Resort revenue for the three months ended January 31, 2001 and 2000 is presented by category as follows:

	Three Months Ended January 31, 2001	2000	Increase (Decrease)	Percentage Increase (Decrease)
	(unaudited) (dollars and skier days in thousands, except ETP)			
Lift Ticket	$ 69,222	$ 57,385	$ 11,837	20.6
Ski School	17,806	14,966	2,840	19.0
Dining	21,250	18,491	2,759	14.9
Retail/Rental	35,345	29,813	5,532	18.6
Hospitality	20,395	18,131	2,264	12.5
Other	15,568	22,342	(6,774)	(30.3)
Total Resort Revenue	$ 179,586	$ 161,128	$ 18,458	11.5
Total Skier Days	2,245	1,956	289	14.8
ETP	$ 30.83	$ 29.34	$ 1.49	5.1

Lift ticket revenue increased due to a 14.8% increase in total skier days along with a 5.1% increase in ETP (effective ticket price ("ETP") is defined as total lift ticket revenue divided by total skier days). The increase in skier days is primarily due to a new discount season pass product, which generated a significant increase in the number of season passes sold for the 2000-01 ski season, along with momentum generated by good early-season snowfall. The increase in ETP is due to pricing increases over the 1999-2000 season. In addition, travel patterns were dampened during the Christmas/New Year holiday period for the 1999-2000 season due to concerns surrounding the millennium, which affected visitation at the Company's four ski resorts.

The increase in Ski School revenue is consistent with the increase in skier days. In addition, the Company developed several successful new ski school programs and packages for the 2000-01 season.

The increase in dining revenue can also be attributed to the increase in skier days. In addition, the operations of Larkspur Restaurant and Bar LLC ("Larkspur"), a restaurant joint venture which opened in November 1999, contributed to the increased revenue.

Retail/Rental revenue increased primarily due to the increased revenue generated by the Company's retail/rental outlets operated by SSV, a 51.9%-owned fully consolidated retail/rental joint venture. SSV's rental operations have benefited from the statewide increase in skier days, and SSV has also been able to achieve higher margins on retail goods. In addition, SSV acquired a large Colorado bicycle retailer in the first quarter of fiscal 2001.

Hospitality revenue increased due to the increase in skier days. In addition, an increase in the number of managed properties and the operations of SRL&S contributed to the increased revenue.

The decrease in Other revenue is primarily attributable to the estimated insurance claim for the quarter ended January 31, 2000 on the Company's Reduced Skier Day Insurance Policy which covered the 1999-2000 ski season. Revenue related to the Company's claim under the policy was recorded in Other revenue for the quarter ended January 31, 2000. The Company does not have a similar policy in place for the 2000-01 season. In addition, during the second quarter of fiscal 2000 the Company recognized initiation fees related to two new private membership clubs. The Company does not have similar activity in the quarter ended January 31, 2001.

Resort Operating Expense. Resort operating expense for the three months ended January 31, 2001 was $127.6 million, an increase of $14.5 million, or 12.9%, compared to the three months ended January 31, 2000. Operating expense increases as operating volumes increase, due to the variable cost nature of many of the Company's operations. In addition, the Company increased seasonal hourly wages and has experienced an increase in workers' compensation claims compared to the second quarter of fiscal 2000. The Company also incurred a $2.3 million one-time, non-recurring charge related to prior year taxes during the current quarter.

Real Estate Revenue. Revenue from real estate operations for the three months ended January 31, 2001 was $9.8 million, an increase of $8.1 million, or 460.9%. Revenue for the three months ended January 31, 2001 consists primarily of the sale of one Bachelor Gulch development site, revenue recognition of a Breckenridge development site, one residential condominium in Breckenridge, one residential condominium at the Lodge at Vail, and the profit share from the Company's investment in Keystone/Intrawest LLC. Profits generated by Keystone/Intrawest LLC during the three months ended January 31, 2001 included the sale of four village condominium units and six single family lots at the River Run development, and one single-family homesite surrounding the 18-hole River Run golf course. Revenue for the three months ended January 31, 2000 consisted primarily of the sale of one multi-family homesite at Bachelor Gulch Village and the Company's share of profit from the Company's investment in Keystone/Intrawest LLC. Profits generated by Keystone/Intrawest LLC during the quarter ended January 31, 2000 included the sale of six village condominium units, primarily at River Run, and one single-family homesite on the River Run golf course.

Real Estate Operating Expense. Real estate operating expense for the three months ended January 31, 2001 was $6.7 million, an increase of $3.0 million, or 79.8%, compared to the three months ended January 31, 2000. Real estate operating expense consists primarily of the cost of sales and related real estate commissions associated with the real estate sales detailed above for both fiscal 2001 and 2000. Profits generated by Keystone/Intrawest LLC are recorded using the equity method; therefore, no operating expenses are associated with this joint venture. Real estate operating expense also includes the selling, general and administrative expenses associated with the Company's real estate operations.

Depreciation and Amortization. Depreciation and amortization expense increased by $1.2 million, or 7.7%, for the three months ended January 31, 2001 as compared to the three months ended January 31, 2000. The increase is primarily attributable to an increased fixed asset base due to the completion of capital improvements.

Interest expense. During the three months ended January 31, 2001 and 2000, the Company recorded interest expense of $9.2 million and $10.0 million, respectively, relating primarily to the Senior Subordinated Notes, the Credit Facility, the SSV Facility and the Industrial Development Bonds. The decrease in interest expense for the quarter ended January 31, 2001 compared to the quarter ended January 31, 2000 is due to a decrease in the balance outstanding under the Credit Facility.

Six Months Ended January 31, 2001 versus Six Months Ended January 31, 2000

	Six Months Ended January 31, 2001	2000	Increase	Percentage Increase
	(unaudited) (dollars in thousands)			
Resort Revenue	$241,037	$217,987	$23,050	10.6
Resort Operating Expense	207,522	190,329	17,193	9.0

Resort Revenue. Resort Revenue for the six months ended January 31, 2001 and 2000 is presented by category as follows:

	Six Months Ended January 31, 2001	2000	Increase (Decrease)	Percentage Increase (Decrease)
	(unaudited) (dollars and skier days in thousands, except ETP)			
Lift Ticket	$ 69,408	$ 57,850	$ 11,558	20.0
Ski School	17,817	15,002	2,815	18.8
Dining	33,653	30,280	3,373	11.1
Retail/Rental	51,263	44,777	6,486	14.5
Hospitality	36,351	33,599	2,752	8.2
Other	32,545	36,479	(3,934)	(10.8)
Total Resort Revenue	$ 241,037	$ 217,987	$ 23,050	10.6
Total Skier Days	2,253	1,975	278	14.1
ETP	$ 30.81	$ 29.29	$ 1.52	5.2

Lift ticket revenue increased due to a 14.1% increase in total skier days along with a 5.2% increase in ETP. The increase in skier days is primarily due to a significant increase in the number of discount season passes sold for the 2000-01 ski season along with the momentum generated by good early-season snowfall. The increase in ETP is due to pricing increases over the 1999-2000 season. In addition, travel patterns were dampened during the Christmas/New Year holiday period for the 1999-2000 season due to concerns surrounding the millennium, which affected visitation at the Company's four ski resorts.

The increase in Ski School revenue is consistent with the increase in skier days. In addition, the Company developed several successful new ski school programs and packages for the 2000-01 season.

The increase in dining revenue can also be attributed to the increase in skier days. In addition, the operations of Larkspur contributed to the increased revenue and first quarter revenue related to banquet services increased as a result of increased conference business.

Retail/Rental revenue increased primarily because of the increased revenue generated by SSV's retail/rental operations. SSV's rental operations have benefited from the statewide increase in skier days, and SSV has also been able to achieve higher margins on retail goods. In addition, SSV acquired a large Colorado bicycle retailer in the first quarter of 2001.

Hospitality revenue increased as a result of the increase in skier days, increased conference bookings in the first fiscal quarter, an increase in the number of managed properties, and aggressive marketing strategies during the late summer and fall seasons.

The decrease in Other revenue is primarily attributable to the estimated insurance claim for the six months ended January 31, 2000 on the Company's Reduced Skier Day Insurance Policy for the 1999-2000 ski season and decreased brokerage revenue offset slightly by increased private club operations, the River Course golf course at Keystone which opened summer 2000, increased municipal and support operations, increased commercial leasing, and the revenue generated by VailNet, which was acquired November 1999.

Resort Operating Expense. Resort operating expense for the six months ended January 31, 2001 was $207.5 million, an increase of $17.2 million, or 9.0%, compared to the six months ended January 31, 2000. Operating expense increases as operating volumes increase, due to the variable cost nature of many of the Company's operations. In addition, the Company increased seasonal hourly wages and has experienced an increase in workers' compensation claims compared to the six months ended January 31, 2000. The Company also incurred a $2.3 million one-time, non-recurring charge related to prior year taxes during the second quarter of fiscal 2001.

Real Estate Revenue. Revenue from real estate operations for the six months ended January 31, 2001 was $18.8 million, an increase of $8.1 million, or 75.3%, compared to the six months ended January 31, 2000. Revenue for the six months ended January 31, 2001 consists primarily of the sale of two Bachelor Gulch development sites, revenue recognition of a Breckenridge development site, three residential condominiums in Breckenridge, one residential condominium at the Lodge at Vail, and the profit share from the Company's investment in Keystone/Intrawest LLC. Profits generated by Keystone/Intrawest LLC during the six months ended January 31, 2001 included the sale of 47 village condominium units and 26 single family lots at the River Run development, and four single-family homesites surrounding the 18-hole River Run golf course. Revenue for the six months ended January 31, 2000 consisted primarily of the sale of three multi-family homesites at Bachelor Gulch Village and one multi-unit development site at Arrowhead Village, and the Company's share of profits from the Company's investment in Keystone/Intrawest LLC. Profits generated by Keystone/Intrawest LLC during the six months ended January 31, 2000 included the sale of 35 village condominium units, primarily at River Run, and one single-family homesite on the River Run golf course.

Real Estate Operating Expense. Real estate operating expense for the six months ended January 31, 2001 was $11.0 million, an increase of $1.4 million, or 14.9%, compared to the six months ended January 31, 2000. Real estate operating expense consists primarily of the cost of sales and related real estate commissions associated with the real estate sales detailed above for both fiscal 2001 and 2000. Profits generated by Keystone/Intrawest LLC are recorded using the equity method; therefore, no operating expenses are associated with this joint venture. Real estate operating expense also includes the selling, general and administrative expenses associated with the Company's real estate operations.

Depreciation and Amortization. Depreciation and amortization expense increased by $1.9 million, or 6.4%, for the six months ended January 31, 2001 as compared to the six months ended January 31, 2000. The increase was primarily attributable to an increased fixed asset base due to the completion of capital improvements.

Interest expense. During the six months ended January 31, 2001 and January 31, 2000, the Company recorded interest expense of $18.1 million and $18.9 million, respectively, relating primarily to the Senior Subordinated Notes, the Credit Facility, the SSV Facility and the Industrial Development Bonds. The decrease in interest expense over fiscal 2000 is due primarily to a decreased balance outstanding under the Credit Facility.

Liquidity and Capital Resources

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

The Company's cash flows used for investing activities have historically consisted of payments for acquisitions, resort capital expenditures, and investments in real estate. During the six months ended January 31, 2001 the

Company made payments of $23.8 million for resort capital expenditures and $27.2 million for investments in real estate. The primary projects included in resort capital expenditures were (i) the expansion of Pete's Bowl in Blue Sky Basin at Vail, including a new high-speed four-passenger chairlift, (ii) implementation of an enterprise resource planning system, (iii) a new laundry facility at Keystone, (iv) expansion of the grooming fleet, and (v) upgrades and remodeling at the Village at Breckenridge and Lodge at Vail. The primary projects included in investments in real estate were (i) continued development of the Red Sky Ranch golf community, (ii) planning and construction of The Ritz-Carlton, Bachelor Gulch, and (iii) planning and development of projects in and around each of the Company's resorts.

The Company estimates that it will make resort capital expenditures totaling between $25 and $35 million during the remainder of fiscal 2001. The primary projects are anticipated to include (i) ski area expansion of Peak 7 at Breckenridge, (ii) expansion of Vail's snowmaking capabilities, (iii) new activities at and renovations to Adventure Ridge at Vail, (iv) expansion of the grooming fleet at Vail, Beaver Creek and Breckenridge, (v) base area amenity and parking improvements at Beaver Creek, (vi) upgrades to office and front line information systems, (vii) continued implementation of an enterprise resource planning system, and (viii) significant renovations of the Lodge at Vail. Investments in real estate during the remainder of fiscal 2001 are expected to total approximately $20 to $30 million. The primary projects are anticipated to include (i) planning and development of projects at Vail, Bachelor Gulch, Arrowhead, Avon, Breckenridge, Keystone and the Jackson Hole Valley, (ii) continued development of Red Sky Ranch, a golf community that will include two 18-hole golf courses, (iii) construction of The Ritz-Carlton, Bachelor Gulch, and (iv) investments in developable land at strategic locations at all four ski resorts. The Company plans to fund these capital expenditures and investments in real estate with cash flow from operations and borrowings under the Credit Facility.

During the six months ended January 31, 2001, the Company invested $1.9 million cash in a new technology joint venture in exchange for a 49% share of the entity. The Company also invested $1.8 million cash in a joint venture for the construction of The Ritz-Carlton(R), Bachelor Gulch. The Company received distributions from Keystone/Intrawest LLC totaling $8.9 million.

During the six months ended January 31, 2001, the Company used $14.8 million in cash in its financing activities consisting of $11.7 million in net long-term debt payments and $7.4 million in cash financing to equity-method investees, net of $3.2 million in proceeds from the exercise of stock options and $1.1 million from the cancellation of swap agreements. 307,480 employee stock options were exercised during the six months ended January 31, 2001 at exercise prices ranging from $10.00 to $21.13. Additionally, 4,194 shares of restricted stock were issued to management.

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

Other

The Company purchased a Reduced Skier Day Insurance Policy, a customized insurance product, for the 1999-2000 ski season. The policy provided for the Company to receive a fixed payment for each paid skier day below certain targeted levels for the season. The Company settled its claim under the Reduced Skier Day Insurance Policy in January 2001 for a total of $16.1 million. The entire settlement amount has been collected by the Company.

Cautionary Statement

Statements in this Form 10-Q, other than statements of historical information, are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as "may", "will", "expect", "plan", "intend", "anticipate", "believe", "estimate", and "continue" or similar words. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Such risks and uncertainties include, but are not limited to:

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

Readers are also referred to the uncertainties and risks identified in the Company's Registration Statement on Form S-4 for its Senior Subordinated Debt exchange notes (Commission File No. 333-80621) and the Annual Report on Form 10-K for the year ended July 31, 2000.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk. The Company's exposure to market risk is limited primarily to the fluctuating interest rates associated with variable rate indebtedness. At January 31, 2001, the Company had $114.9 million of variable rate indebtedness, representing 30% of the Company's total debt outstanding, at an average interest rate during the six months ended January 31, 2001 of 7.6% (see Note 5 of the Notes to Consolidated Financial Statements). Based on the average floating rate borrowings outstanding during the six months ended January 31, 2001 a 100 basis-point change in LIBOR would have caused the Company's monthly interest expense to change by $0.1 million.

PART II OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Index to Exhibits

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

Exhibit Number	Description	Sequentially Numbered Page
3.1	Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on the Effective Date. (Incorporated by reference to Exhibit 3.1 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No 33-52854) including all amendments thereto.)	
3.2	Amended and Restated By-Laws adopted on the Effective Date. (Incorporated by reference to Exhibit 3.2 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
4.1	Form of Class 2 Common Stock Registration Rights Agreements between the Company and holders of Class 2 Common Stock. (Incorporated by reference to Exhibit 4.13 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
4.2	Purchase Agreement, dated as of May 6, 1999 among Vail Resorts, Inc., the guarantors named on Schedule I thereto, Bear Sterns & Co. Inc., NationsBanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. (Incorporated by reference to Exhibit 4.2 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	

Exhibit Number	Description	Sequentially Numbered Page
4.3	Indenture, dated as of May 11, 1999, among Vail Resorts, Inc., the guarantors named therein and the United States Trust Company of New York, as trustee. (Incorporated by reference to Exhibit 4.3 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.4	Form of Global Note (Included in Exhibit 4.3 incorporated by reference to Exhibit 4.3 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.5	Registration Rights Agreement, dated as of May 11, 1999 among Vail Resorts, Inc., the guarantors signatory thereto, Bear Stearns & Co. Inc., NationsBanc Montgomery Securities LLC, BT Alex. Brown Incorporated, Lehman Brothers Inc. and Salomon Smith Barney Inc. (Incorporated by reference to Exhibit 4.5 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
4.6	First Supplemental Indenture, dated as of August 22, 1999, among the Company, the guarantors named therein and the United States Trust Company of New York, as trustee. (Incorporated by reference to Exhibit 4.6 of the Registration Statement on Form S-4 of Vail Resorts, Inc. (Registration No. 333-80621) including all amendments thereto.)	
10.1	Management Agreement by and between Beaver Creek Resort Company of Colorado and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.1 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.2	Forest Service Term Special Use Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.2 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.3	Forest Service Special Use Permit for Beaver Creek ski area. (Incorporated by reference to Exhibit 10.3 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.4	Forest Service Unified Permit for Vail ski area. (Incorporated by reference to Exhibit 10.4 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.5	Joint Liability Agreement by and among Gillett Holdings, Inc. and the subsidiaries of Gillett Holdings, Inc. (Incorporated by reference to Exhibit 10.10 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.6	Management Agreement between Gillett Holdings, Inc. and Gillett Group Management, Inc. dated as of the Effective Date. (Incorporated by reference to Exhibit 10.11 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.7	Amendment to Management Agreement by and among the Company and its subsidiaries dated as of November 23, 1993. (Incorporated by reference to Exhibit 10.12(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	

Exhibit Number	Description	Sequentially Numbered Page
10.8(a)	Tax Sharing Agreement between Gillett Holdings, Inc. dated as of the Effective Date. (Incorporated by reference to Exhibit 10.12 of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.8(b)	Amendment to Tax Sharing Agreement by and among the Company and its subsidiaries dated as of November 23, 1993. (Incorporated by reference to Exhibit 10.13(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.9	Form of Gillett Holdings, Inc. Deferred Compensation Agreement for certain GHTV employees. (Incorporated by reference to Exhibit 10.13(b) of the Registration Statement on Form S-4 of Gillett Holdings, Inc. (Registration No. 33-52854) including all amendments thereto.)	
10.10(a)	Agreement for Purchase and Sale dated as of August 25, 1993 by and among Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(a) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.10(b)	Amendment to Agreement for Purchase and Sale dated September 8, 1993 by and among Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(b) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.10(c)	Second Amendment to Agreement for Purchase and Sale dated September 22, 1993 by and among Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail Associates, Inc. (Incorporated by reference to Exhibit 10.19(c) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.10(d)	Third Amendment to Agreement for Purchase and Sale dated November 30, 1993 by and among Arrowhead at Vail, Arrowhead Ski Corporation, Arrowhead at Vail Properties Corporation, Arrowhead Property Management Company and Vail/Arrowhead, Inc. (Incorporated by reference to Exhibit 10.19(d) of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.11	1993 Stock Option Plan of Gillett Holdings, Inc. (Incorporated by reference to Exhibit 10.20 of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.12	Agreement to Settle Prospective Litigation and for Sale of Personal Property dated May 10, 1993, between the Company, Clifford E. Eley, as Chapter 7 Trustee of the Debtor's Bankruptcy Estate, and George N. Gillett, Jr. (Incorporated by reference to Exhibit 10.21 of the report on Form 10-K of Gillett Holdings, Inc. for the period from October 9, 1992 through September 30, 1993.)	
10.13	Employment Agreement dated October 1, 1996 between Vail Associates, Inc. and Andrew P. Daly. (Incorporated by reference to Exhibit 10.5 of the report on Form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	

Exhibit Number	Description	Sequentially Numbered Page
10.14	Employment Agreement dated July 29, 1996 between Vail Resorts, Inc. and Adam M. Aron. (Incorporated by reference to Exhibit 10.21 of the report on Form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.15(a)	Shareholder Agreement among Vail Resorts, Inc., Ralston Foods, Inc., and Apollo Ski Partners, L.P. dated January 3, 1997. (Incorporated by reference to Exhibit 2.4 of the report on Form 8-K of Vail Resorts, Inc. dated January 8, 1997.)	
10.15(b)	First Amendment to the Shareholder Agreement dated as of November 1, 1999, among Vail Resorts, Inc., Ralcorp Holdings, Inc. (f/k/a Ralston Foods, Inc.) and Apollo Ski Partners, L.P. (Incorporated by reference to Exhibit 10.17(b) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 2000.)	
10.16	1996 Stock Option Plan (Incorporated by reference from the Company's Registration Statement on Form S-3, File No. 333-5341).	
10.17	Agreement dated October 11, 1996 between Vail Resorts, Inc. and George Gillett. (Incorporated by reference to Exhibit 10.27 of the report on Form S-2/A of Vail Resorts, Inc. (Registration # 333-5341) including all amendments thereto.)	
10.18(a)	Sports and Housing Facilities Financing Agreement among the Vail Corporation (d/b/a "Vail Associates, Inc.") and Eagle County, Colorado, dated April 1, 1998. (Incorporated by reference to Exhibit 10 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.18(b)	Trust Indenture dated as of April 1, 1998 securing Sports and Housing Facilities Revenue Refunding Bonds by and between Eagle County, Colorado and US Bank, N.A., as Trustee. (Incorporated by reference to Exhibit 10.1 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1998.)	
10.19	Credit Agreement dated December 30, 1998 between SSI Venture LLC and NationsBank of Texas, N.A., (Incorporated by reference to Exhibit 10.24 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended January 31, 1999.)	
10.20(a)	Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), NationsBank, N.A. and NationsBanc Montgomery Securities LLC dated as of May 1, 1999. (Incorporated by reference to Exhibit 10.25 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 1999.)	
10.20(b)	First Amendment and Consent to Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Bank of America, N.A., and the lenders named therein dated as of December 31, 1999. (Incorporated by reference to Exhibit 10.20(b) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	
10.20(c)	Second Amendment to Amended and Restated Credit Agreement among The Vail Corporation (d/b/a "Vail Associates, Inc."), Bank of America, N.A., and the lenders named therein dated as of April 21, 2000 but effective as of February 1, 2000. (Incorporated by reference to Exhibit 10.20(c) of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	

Exhibit Number	Description	Sequentially Numbered Page
10.21	Employment Agreement dated October 28, 1996 by and between Vail Resorts, Inc. and James P. Donohue. (Incorporated by reference to Exhibit 10.24 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended October 31, 1999.)	
10.22	Vail Resorts, Inc. 1999 Long Term Incentive and Share Award Plan. (Incorporated by reference to the Company's registration statement on Form S-8, File No. 333-32320.)	
10.23	Vail Resorts Deferred Compensation Plan effective as of October 1, 2000. (Incorporated by reference to Exhibit 10.23 of the report on Form 10-K of Vail Resorts, Inc. for the year ended July 31, 2000.)	
21	Subsidiaries of Vail Resorts, Inc. (Incorporated by reference to Exhibit 27 of the report on Form 10-Q of Vail Resorts, Inc. for the quarter ended April 30, 2000.)	

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on March 14, 2001.

VAIL RESORTS, INC.

Date: March 14, 2001

By: /s/ James P. Donohue

James P. Donohue
Senior Vice President and
Chief Financial Officer